



THE IMPACT OF TALENT MANAGEMENT ON RETENTION

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ABSTRACT

American businesses face the challenge of replacing 70 million experienced and talented workers over the coming decades as the Baby Boomer generation retires. The challenge comes at the same time as seismic shifts in the ethnic composition of the American workforce, global economic stagnation, historically high U.S. unemployment, and global security threats. To remain competitive, executive management must develop stable, long-term talent management strategies to attract, hire, develop, and retain talent. This study sought to understand the challenges and successes of talent management programs and the reasons why some companies choose not to have a program. This study also tested the predictive power of job security, compensation and opportunity on retention rates.

The data in this study found that for the organizations sampled with a talent management program (69% of those studied), participants overwhelmingly recognized the strategic value of an effective talent management program despite significant challenges to implementation. Participants cited opportunity for job advancement as the most significant factor affecting retention rate. For the organizations sampled without a talent management program (the remaining 31% of those studied), while nearly all HR managers' support talent management, the primary reason given for the lack of a program is the absence of executive management support. The study further revealed that job security, compensation, and opportunity for advancement were not found to have predictive value for employee retention rates.

Keywords: Talent Management, Employee Retention, Job Security, Compensation

The Impact of Talent Management on Retention

During the last decade, a shortage has emerged of talent in the workplace (Frank & Taylor, 2004). As organizational leaders struggle to find talented workers, leaders will be faced with the dilemma of how to retain knowledgeable workers and replace the 70 million Baby Boomers who will be retiring from the workforce (Frank, Finnegan, & Taylor, 2004). Companies are now faced with the dilemma of how to address talent management and reformulate strategies

especially in today's global economy where every organizational leader must continually invest in human capital to combat the talent shortage (Temkin, 2008).

Human resources ("HR") leaders will have to work closely with senior management to attract, hire, develop, and retain talent. Yet, HR leaders must realize that the talent shortage presents both socio-economic and cultural challenges as talent crosses borders (McCauley & Wakefield, 2006). Socio-economic challenges include the changing demography, aging workforce (i.e., Baby Boomers), lack of comprehensive immigration legislation, global security concerns the global economic doldrums, and off shoring and outsourcing of jobs (Lockwood, 2006). Cultural challenges include cultural differences from country to country, the power of labor unions in different cultures, and management style differences (Frank et al.). Organization leaders must achieve long term stability from their talent management strategies to remain competitive in the global economy and not engage in short-term approaches that result in economic crisis, such as massive layoffs (Temkin, 2008).

Talent Management's Growing Importance

For most of the 20th century, the primary concerns of managers in the workplace were tangible resources, such as land, equipment, and money as well as intangibles such as brands, image, and customer loyalty (Dess & Picken, 1999). All their efforts were directed towards the efficiency of the two traditional factors of production-labor and capital, but the times have changed. In today's economy, 50% of domestic product (GDP) in developed economies is knowledge based, which is centered on intellectual assets and intangible people skills (Dess & Picken). These changes have led organizations to develop a highly integrated approach to talent management as a necessity to ensure productivity, profitability, and sustainable growth over time (Perrine, 2005). To be able to successfully develop talent management, organizational leaders must understand the drivers of talent management: (a) the labor pool, (b) retention, (c) the risk of self-selection, and (d) the effect of hiring on retention.

Attracting, selecting, engaging, developing and retaining employees are the five main focuses of talent management. In order for companies to gain a competitive advantage, the demand for human capital will continue to drive talent management (Towers Perrin, 2003). Although pay and benefits initially attract employees, top-tier leadership organizations focus on retaining and developing talent (Lockwood, 2006). The talent management process is used to control certain events that each employee experiences in the work place (Perrine, 2005).

Organizational strategies and talent management strategies will continue to be driven by workforce trends such as an increasingly global and virtual workforce, different generations working together, longer life expectancies and an empowered and autonomous workforce that have forever changed the workplace (Tucker, Kao, & Verna, 2005). Demographic changes have also caused the workforce to continue to diversify--from age, gender and ethnicity to lifestyles, migration patterns and cultural norms (Ward-Johnson, 2007). Retail organizations are already taking advantage of changing workplace trends according to Lockwood (2006, p. 2):

The Home Depot, Inc., the home improvement giant, focuses its staffing initiatives on older workers and partners with AARP for referrals; 15% of its workforce is over 50.

Talent management strategies also provide the context for diversity and inclusion. Proctor and Gamble, for example, feels that getting the right mix of people is a major part of talent management and hires many of its leaders as university recruits.

Anticipated skills shortage in the coming years is another factor that is driving talent management (Hickey & Dell, 2002) “While not all organizations, industries and professions will experience a lack of skills, organizations are already competing for talent. For example, customer service, health care, computer support and technology repair are areas where there is an anticipated acute talent shortage” (Lockwood, 2006). In addition, as noted in the Society for Human Resource Management’s (“SHRM’s”) 2005 Future of the U.S. Labor Pool Survey Report, the anticipated loss of talent in the next decade will vary by organization size, sector and industry (Collins, 2005). The study confirmed that large organizations--as compared with small and medium companies--are more concerned about loss of talent from the retirement of the baby boom generation (Rappaport, Bancroft, & Okum, 2003), public and government organizations are more concerned about the loss of potential talent than private companies(Morton, 2005).

Key business strategies also drive talent management (Morton).With the growing need for global technical expertise, Ford Motor Company links competency development to its organizational strategic goals. Corporate branding, a key organizational strategy, is another business strategy that drives talent management. Increasingly, firms are linking their brand to employees and corporate behavior. At JPMorgan Chase, for example, the concept of leadership for all employees is part of its corporate branding: ‘One Firm, One Team, Be a Leader. (Lockwood, 2006, p. 3)

To sustain outstanding business results in a global economy, organizations will rethink and reinvent their approaches to talent management (Ashton & Morton, 2005). Effective talent management calls for strong participatory leadership, organizational buy-in, employee engagement and workplace scorecards with talent management metrics (De Long & Davenport, 2003). Companies that master talent management will be well-positioned for long-term growth in workforce performance for years to come.

The Labor Pool

Even though the economic expansion and new job creation has averaged 2.5% over the last 10 years, the labor shortage will continue to be driven by the inexorable pull of demographics and a booming economy (Fischer, Sergevnin, & Zadorskaya, 2001). “The growth rate in the labor force will continue to shrink steadily and will actually turn negative by 2015” (Fischer et al., p. 21).

But this only reveals part of the story. Within critical age categories of 25-44, the labor pool is already shrinking, having an enormous effect on professional, high technology and service firms that traditionally draw their labor force from these age groups (Stokes & Cochran, 1984). The 35-45 year old category also provides the prime labor pool for executive talent in large corporations, suggesting a critical gap in executive recruiting and development for years to come. Many firms are already scrambling to identify the new pool of junior executives who will one day run their firm (Taylor, 2002).

The rapid growth in the 45-54 and 55-64 year old groups presents a different challenge. Employee benefit costs continue to rise, since older workers increasingly utilize benefit programs, including health care, 401(k) participation and traditional pension programs. Opportunities for career advancement may be limited within this pool, and keeping the workforce motivated is highly challenging (Hansen, 2001). The emergence of these two groups makes the current labor market even more confusing for traditional employers.

The sprout of the Internet based business and new technology development of the early 1990's led to what was known as "new economy," a catchall phrase that encompasses Internet-based commerce and new technology, providing new and alternative career paths for many employees ("IBM Institute for Business Values," n.d.). This generation of employees, which is referred to as generation Y, has caused the market valuations for such new economy firms as AOL and YAHOO to exceed the market valuations for the entire U.S. automotive, steel and railroad industries combined (Tucker et al., 2005). In effect, traditional businesses are competing for executive and professional talent with organizations that not only can provide a lively entrepreneurial work environment, but that can also provide the potential for rapid wealth creation through stock options and other nontraditional pay programs (Hansen, 2001).

At the same time, there are significant attitudinal differences between workforce generations. Unlike Boomers, a large portion of Gen X and Y children have grown up as latchkey children in households where both parents worked (Meyer & Allen, 1997). During the wave of corporate downsizing in the late 1980s and early 1990s, many of these children were also disillusioned by the experience of seeing parents laid off from organizations to which they had dedicated a significant portion of their careers (Cascio, 1993). Thus, loyalty to an organization is not seen as a rewarded value (Meyer & Allen). On the contrary, the Gen X employees are often skeptical of institutions and value relationships and individualism (Tucker et al., 2005). Gen Xers communicate easily through the Internet and are rapidly aware of new opportunities and developments. Thus, managing turnover and retention becomes a diversity issue in which organizational leaders have to create an employment proposition that attract 22-year-olds as well as to 60-year-olds, and everyone in between.

Retention

One of the primary concerns of many organizations today is employee retention. Retention is viewed as a strategic opportunity for many organizations to maintain a competitive workforce (De Long & Davenport, 2003; Schramm, 2006). Attracting and retaining a talented workforce keeps many vice presidents of HR thinking of possibilities and opportunities (Kaliprasad, 2006). Retention is improved when employees are offered compensation and benefits, have a supportive work culture, can develop and advance and balance work and life activities (Messmer, 2006).

"The war for talent" has almost become a cliché. The consulting industry has responded with countless articles, seminars and research studies. In the past few years, several major studies on employee retention have been completed, each purporting to identify the "top five reasons why employees leave" (Frank et al., 2004). While the studies vary in their details, they all tell the

same story. Employees depart because their current employment proposition--some mixture of tangibles (pay and benefits), and intangibles (supervisor relationship, work/life balance, work content, career path, trust in senior management)--is unsatisfactory, and they have the opportunity to join another organization where, presumably, that employment proposition is better (Kaliprasad).

When talent acquisition and retention are a problem, the senior team member consults HR for answers (Patel, 2002). For HR professionals, this provides a daunting challenge. Traditionally, the HR profession has been built around silos of expertise. Compensation experts focus on market equity, incentive pay, retention bonuses and stock options to solve retention problems. Similarly, a benefits expert will focus on the importance of flexible benefit plans communicated brilliantly and delivered seamlessly. The organizational design specialists address work/life balance, supervisor training, and career development” (Kates, 2006).

The best practice organizations treat employee retention as a strategic problem (Farley, 2005). These organizations have well-defined plans that prioritize the skills they wish to retain, and the employment proposition best suited to the purpose (Farley). The resources of the firm, ranging from the executive team, HR, employee communications, PR and line management are teamed together to tackle the issue cooperatively (Patel, 2002).

The Risk of Self-Selection

Our labor shortage discussion underlines the complex dynamics associated with labor markets and turnover. Due to the fact that the causes of turnover are diverse, “one size fits all” approaches and unilateral approaches to retention can have substantial unintended business consequences, creating pools of self-selected employees (Walker & LaRocco, 2002). This issue is best illustrated by an extreme case. The U.S. subsidiary of a foreign corporation dedicated to high-technology factory automation systems was having significant difficulty in hiring and retaining skilled mechanical and electronic engineers. Pay was observed to be fair, but not a differentiator. On further investigation, several significant organizational issues were uncovered, including frustration with lack of direction, performance management and cultural issues related to a foreign parent company.

The single bright spot for the organization was an extraordinarily rich traditional health indemnity plan (Hansen, 2001). In fact, employee opinion research showed that the health plan was a primary reason why employees stayed, despite significant frustration with other aspects of the organization (Hansen). Ironically, the health plan became a competitive disadvantage, because it prompted this organization to self-select for employees who were willing to tolerate a high degree of organizational dysfunction in return for a rich health plan--a work culture highly unattractive to the best-of-breed engineers so badly needed by this firm. In a different environment, these same benefits could have been positioned as a major selling point, or reallocated into different programs more attractive to the targeted audience (Bates, 2007). While extreme, this example is by no means unique. Well-designed cafeteria-style flex plans can create unintended self-selection issues if other aspects of the employment proposition are not justified.

The Effect of Hiring on Retention

Effective retention practices start with good hiring practices--qualified and motivated people will stay longer. Poor hiring practices increase turnover in two ways: new staff members that are mismatched and disoriented will leave quickly; experienced staff, on the other hand, can become highly frustrated at the revolving door of newcomers that places a continual burden on their time and performance (Branham, 2005). Employee orientation is a critical success factor in hiring, and a large proportion of orientation is related to communication and enrollment in benefits (Branham). Never again will a firm have such a clear-cut opportunity to communicate the quality and value of benefits provided, or to demonstrate concern for employee well-being (Chambers, Foulon, Harnfield-Jones, Hankin, & Michaels, 1998). Yet a shocking number of companies do not take advantage of this easy opportunity. Rich benefit plans are a significant competitive disadvantage if employees do not understand or appreciate what they receive. A rival firm could place a much higher proportion of total labor dollars into base pay, potentially drawing employees from other firms (Branham, 2005).

The Future of Talent Management

In view of workforce trends, such as shifting demographics, global supply chains, the aging workforce and increasing global mobility, forward-looking organizational leaders must rethink their approach to talent management to best harness talent (Frank & Taylor, 2004). By doing so, leaders will be positively positioned to succeed in a highly competitive marketplace. In addition, organizational culture, employee engagement and leadership development have a significant impact on talent retention (Frank & Taylor, 2004). Taking the factors into consideration, an integrated approach to talent management offers a pathway toward sustaining outstanding business results (Ashton & Morton, 2005).

Offering enormous business value, talent management is complex and continually evolving. Influenced by external factors such as the economy, global expansion, mergers, and acquisitions, critical success factors for effective talent management include alignment with strategic goals, active CEO participation and HR management. Over time, common themes around talent management are emerging, such as the role of line leaders in the development of talent. Overall, the main recurring themes are CEO involvement, culture, management, processes and accountability (Lockwood, 2006).

Anticipated workforce changes and cost-effective ways to access talent are keys to the next generation of talent management (Heinen & O'Neill, 2004). Predictive workforce monitoring will lead to effective strategic talent decision-making. Factors such as flexible talent sourcing, customized and personalized rewards, distributed and influential leadership, and unified and compassionate workplace cultures will be important for successful talent management (Frank & Taylor, 2004). Companies will increasingly utilize different types of employment relationships, and nonstandard employment models will continue to evolve. Free agency employment relationships--contracting for the best talent on an as-needed basis--will become more common (Kaliprasad, 2006). To benefit from the knowledge, skills and corporate memory of mature workers, phased retirement will become prevalent. Keeping workers engaged--particularly the next generations--may call for HR to redesign the workweek, benefits packages

and reward programs (Hansen, 2001). Scenario planning and talent-match databases will become essential planning tools (Taylor, 2002).

Scope of Talent Management

The scope of talent management fall into five major categories: recruitment, performance management, succession planning, training and development and retention. Each of the five components plays a significant role in talent management, but are viewed as a complete set of processes an organization must employ to successfully manage the talent needed to execute the business strategy (“A Framework for Talent Management,” 2007; see Table 1). The five categories that shape talent management form a process an organization must employ to identify, acquire, deploy, develop, and manage the employees needed to successfully gain a competitive edge (“A Framework for Talent Management”).

With the challenges that every organization are now facing or will face in the immediate future, organizations must realize that the right people will not simply come to their organizations, and that the right people must be proactively sought by those organizations with their recruitment strategy. Organizational leaders must develop a learning organization that will continue to allow the employee to develop self, deploy a performance management system that is fair, transparent and allow for continuing coaching and feedback, create an environment that allows for leadership development through succession planning, and use all means to retain employees (Kaliprasad, 2006).

Table 1

<i>Talent Management Process</i>	
Organizational achievements	Employee
Recruitment	Right employees
Performance management	Performing the right job
Succession planning	Right time
Training and development	Right place
Retention	Right skills and ability

Note. From “A Framework for Talent Management,” 2007, *Workforce Management*, 86(12), pp. 7-8.

Methodology

The objective of this study was to identify a causative relationship between an independent variable (talent management) and a dependent variable (employee retention), but because researchers have no complete control over the independent variables, their relationship can be more suggestive than proven (Gay & Airasian, 2003). In view of workforce trends, such as shifting demographics, global supply chains, the aging workforce and increasing global mobility, forward-looking organizational leaders must rethink their approach to talent management to best harness talent (Frank & Taylor, 2004). An integrated approach to talent management offers a pathway toward sustaining outstanding business results (Ashton & Morton,

2005). Our study sought to measure these relationships in order to help establish the efficacy of such programs.

The causal comparative method was used, because we were trying to find out how having talent management program affects retention (Cooper & Schindler, 2003). Groups are not randomly assigned to treatments and participants are not randomly assigned to groups. We could have used statistical controls for confounding influences if we had gathered data on confounding variables and used them as covariates in our analysis, but we decided that was beyond the limit of our immediate concerns.

Selection of Subjects

According to the quantitative research approach, the survey technique was the most appropriate to select participants for our study. The survey was constructed to address the issues surrounding talent management programs compared to the retention rate before and after deployment of the program. With the sample population being the organizations with talent management programs already in place, approximately 200 emails were randomly sent directing potential participants to the online survey. Potential participants included human resources personnel, such as HR generalists, managers, and directors.

The research sample included HR personnel from 36 organizations out of the targeted 200 organizations with the majority of the respondents located in the Southeast (45.7%) and with the next two largest regions being the northeast (22.9%) and the Midwest (17.1%). The survey respondents included senior HR personnel at the targeted organizations, including HR generalists, managers and directors.

Instrumentation

Survey questionnaires were used to evaluate the talent management and retention as well as to analyze how the retention in the organization had changed since those organizations implemented talent management programs compared against their retention rate when the organizations had no talent management program in place. Questionnaires are a useful research tool when a large sample or even a population needs to be surveyed. Each person was asked to respond to the same set of questions, providing an efficient way of collecting responses from a large sample. Other advantages of questionnaires are that they require less skill and sensitivity to administer than interviews and they reduce the possibility of interviewer bias. Therefore, our study was based on the questionnaires investigation. The two main purposes of the questionnaires were recognized to be: to draw accurate information from the respondent; to provide a standard format within which facts, comments and attitudes could be recorded.

The research questions could have been formulated in a number of ways. The researcher understands that the selection of questionnaire methods is very critical to the success of the survey. A questionnaire is essentially a data capturing instrument. It lists all the questions to which the researcher wants the respondents to answer and it records the response of the interviewee. The questionnaire was designed to have open-ended, closed-ended, dichotomous questions and multiple-choice questions.

Open-ended questions are asked to obtain unprompted opinions, which are categorized as qualitative data. In other words, no predetermined set of responses exists, and the participant is free to answer however the participant chooses (Pannell & Pannell, 1999). Open format questions are effective to solicit subjective data or when the range of responses is not tightly defined (Pannell & Pannell). An obvious advantage is that the variety of responses should be wider and more truly reflect the opinions of the respondents. The method increases the likelihood of receiving unexpected and insightful suggestions when predicting the full range of opinion is impossible. A questionnaire usually concludes with an open format question asking the respondent for ideas for changes or improvements (Pannell & Pannell).

Fixed response questions force the respondent to choose one or more responses from a number of possible replies provided in the question (Pannell & Pannell, 1999). Closed ended questions usually provide quantitative data (Pannell & Pannell, 1999). Two broad groups of closed questions include: dichotomous and multiple choice. Dichotomous questions allow only two possible answers: yes or no, true or false, and so forth. The dichotomous questions are the simplest of all closed questions. Multiple choice questions present a list of possible responses from which the respondent may choose. Multiple choice questions must be designed carefully to incorporate all possible answers. By offering an “other, please specify” category, that can be collated, that was not originally conceived, or responses that do not fit neatly into the imposed structure (Pannell & Pannell, 1999).

The type of questions that were used in this investigation was a mixture of both open and closed questions. The majority of the questions were closed ended questions, because closed format questions offer many advantages in both time and money. By restricting the answer set, it is easy to calculate percentages and other hard statistical data over the whole group or over any subgroup of participants. Closed format questions also make it easier to track opinion over time by administering the same questionnaire to different, but similar participant groups at regular intervals. Closed format questions allow the researcher to filter out useless or extreme answers that might occur in an open format question.

Central Research Questions:

- R₁. What are some of the challenges that your organization faced in the war of talent?
- R₂. What are the factors that are driving retention rate in your organization?
- R₃. What reasons do organizational leaders give for implementing a talent management plan?
- R₄. What has been the outcome of deploying talent management programs?

Supporting Questions:

- R₅. What is the level of agreement (or rank order) of Challenges, Retention, Program in Place, and Decide to Implement survey questions?
- R₆. Does Retention predict Retention Total Scores?
- R₇. Does Opportunity predict Retention Total Scores?
- R₈. Does Compensation predict Retention Total Scores?
- R₉. Does Job security predict Retention Total Scores?

The participating HR personnel answered an 18-question online survey about various factors, talent management program characteristics, resources, programs, and practices that may impact employee retention. Survey data was collected utilizing two types of closed-ended questions. The first type of questions asked the organizational respondents to rank the various factors by levels of importance with regards to causality or effect on a certain attribute. The second type of question asked the organizational respondents to rank how strongly they agreed or disagreed with a number of statements regarding talent management programs within their own organizations.

Procedures

The data was collecting through the web/online. The questionnaire was posted online with a link where the respondent could just click on the link to answer the survey. The survey targeted HR managers, HR directors, and vice presidents of HRs. The e-mail messages were designed to invite potential candidates to participate in the web-based survey by providing a unique password that protects against multiple responses by the same respondent. The survey was administered through a secure server to protect the privacy of the respondents.

Primary and secondary data was collected to describe the impact talent management has on retention. The research instruments were administered personally to managers and human resources personnel to ensure that all entries were filled to avoid invalidating the process. In the survey portion, the respondents were asked to rate their answers according to the Likert scale. The interview questions included background information, positioning, brand central idea, communication, management and employers skills. For secondary data, information was obtained from magazines and websites. The survey did provide data to populate a very rich database, which enables researchers to give possible answers that are important for management recruitment and retention.

Results

In a competitive marketplace, talent management is a primary driver for organizational success (Lockwood, 2006). Companies doing the best job of managing their talent deliver far better results for shareholders. Companies scoring in the top quintile of talent-management practices outperform their industry's mean return to shareholders by a remarkable 22 percentage points. Talent management isn't the only driver of such performance, but it is clearly a powerful one (Chambers et al., 2001). Retaining knowledgeable employees is a key goal of senior management and one of the primary motivators for having a talent management program. Although pay and benefits initially attract employees, top-tier leadership organizations focus on retaining and developing talent (Lockwood, 2006). Improving an organization's retention rates represents a significant opportunity for an organization to improve its bottom line and it serves as one of the primary focuses of a well-designed talent management program.

While there are a number of factors that affect the retention rates of valued employees, it is widely believed that the most important factor is the way in which an organization and their HR department administers its talent management program. Awareness of exactly how important these programs are to an organization and an understanding of how the various aspects of talent

management programs impact retention are both useful for management as they seek to determine the costs and benefits of implementing various HR programs. The present study sought to investigate the perceptions of HR managers on the usefulness of talent management on retention within their organizations.

In particular, this study sought to determine the quality and effectiveness of talent management programs by examining: i) Organizational attitudes towards talent management programs; ii) Employee retention and the causes of employee turnover (negative retention); iii) Organizational experience with having a talent management program and their organizational outcomes after having implemented the talent management programs; iv) Finally, the predictive ability of the various aspects of talent management programs on retention were measured.

Attitudes Toward Talent Management

Organizations and their HR departments have direct control over a number of variables that may be important to retaining valued employees. It is sensible to assume that their choices with regard to the variables under their control may be driven by their viewpoint of the effectiveness of these variables on retention rates as opposed to the costs of implementing them. Management and HR departments both need to be convinced of the efficacy of talent management on retention before these policies can be implemented.

The overall sample of HR personnel regarded corporate strategy as the primary reason why their organization did not have a talent management program, indicating that HR personnel perceived that explicit corporate policy that did not value talent management or a policy that did not allocate the requisite resources or money towards a talent management program were the biggest impediments to utilizing those programs within their organizations. The perspective that talent management is not worth the cost is at odds with prevailing corporate wisdom. Research shows that organizations increasingly focus on talent management. Moving from reactive to proactive, companies are working hard to harness talent. According to SHRM's 2006 Talent Management Survey Report, 53% of organizations have specific talent management initiatives in place. Of these companies, 76% consider talent management a top priority (Lockwood, 2006). The number of organizations in America convinced of the usefulness of these types of programs is only slightly over half of all organizations. This means that a meaningful consensus has yet to be reached on this topic and that more research needs to be done in order to convince the talent management hold-outs of the value of such programs.

In the view of the HR departments in this study, corporate strategy and leadership commitments are the top reasons why talent management is not a strategic priority for their organizations. The belief in talent and its impact on the bottom line are at the heart of talent management. To be effective, the talent mindset must be embedded throughout the organization, starting with the CEO (Lockwood, 2006). Quite simply, if the senior management of an organization buys into the talent management concept, it will be entrenched into the fabric of the corporate culture. Alternatively, if senior management is not a believer, the firm's scarce resources will be allocated to other pet projects.

Employee Retention

In addition to ranking attitudes towards talent management programs, HR department personnel expressed their views on the relative causes of employee turnover. The data confirms Lockwood's findings that although pay and benefits initially attract employees, it is not the primary reason given for retaining them. There have been a handful of studies on this topic over the past few years and while the studies vary in their details, they all tell the same story. Employees depart because their current employment proposition--some mixture of tangibles (pay and benefits), and intangibles (supervisor relationship, work/life balance, work content, career path, trust in senior management)--is unsatisfactory, and they have the opportunity to join another organization where, presumably, that employment proposition is better (Kaliprasad). All of the reasons listed for why employees leave organizations fall under the purview of talent management and understanding employee hot buttons should provide insight into where organizations could deploy resources to reduce turnover.

The opportunity for advancement, job security and compensation were the top three reasons given by the survey respondents for leaving an organization in order of relative importance. The fact that compensation was not the most important factor corroborates other studies and validates the proposition that an effective talent management program should address opportunity for advancement as well as job security and that merely having a competitive compensation scheme is not an adequate employee retention program. Clearly there are other more important factors other than compensation that organizations should focus on improving in order to reduce turnover.

Implementing a Talent Management Program

In addition to ranking attitudes towards talent management programs and retention, the study examined the programs that are already in place within the organizations that responded to the questionnaire. In particular, the study asked if an organization had a specific talent management program and asked the respondents about their views on the efficacy of these programs.

The majority of the respondents' organizations did in fact have a talent management program in place. Furthermore, the respondents indicated that they generally agreed that the core tenants of talent management were valued by their organization and were deemed important. In particular, the respondents agreed that retention is a leadership priority; that retaining workers depends on talent management; and that their organizations are committed to promotion from within (which was the primary reason given previously for turnover). Interestingly, the data revealed that respondents did not think that their organizations offered job security, which was listed previously as one of the major causes for turnover, suggesting that these organizations could stand to improve their current talent management programs. Finally, the respondents did not agree that their organizations offered comparable compensation to similar firms in their local. Given that the compensation is listed as one of the lesser reasons for employee turnover, it makes sense that being strictly competitive in this area might not be a particular priority for an organization given that there are other more important retention factors.

Respondents were equally divided on whether their organizations knew how to measure talent performance and productivity while they overwhelmingly believed that emphasis on effective talent management will pay off in the long run. This would seem to indicate that there has been significant progress made with regards to convincing HR personnel of the value of these concepts; however more improvement is still needed in attaining agreement on implementation strategies.

Talent Management's Predictive Ability

Due to its intuitive appeal, the researcher sought to determine if the responses from some of the specific questions regarding each of the different aspects of talent management could predict the retention composite score calculated earlier in the study using regression analysis. The responses to the questions did not predict the retention composite score in a statistically significant way. This does not mean that there is no link between the variables, only that the way that we defined the variables and gathered the data in our specific study did not have any predictive ability.

Conclusions and Recommendations

As changing demographics have inexorably altered the business landscape, it is generally accepted that organizations are currently dealing with the daunting task of replacing knowledgeable and talented workers. Furthermore, the consensus is that there has become a shortage of talent in the workforce and that companies will have to actively wage war for talent in order to get the right people with the right skills into their organizations. Many American companies are already suffering a shortage of executive talent. Three-quarters of corporate officers surveyed said their companies had "insufficient talent sometimes" or were "chronically talent-short across the board" (Chambers, et al., 1998). Due to these issues, senior management focuses a substantial portion of their resources on attracting, hiring, developing, and retaining talent in order to remain competitive. Human resource ("HR") departments are at the center of these personnel acquisition and retention efforts by being responsible for coordinating talent management programs, although buy-in is required across the organization in order for these programs to be effective. Broadly defined, talent management is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs. The data and analyses contained in this research suggest a number of valuable and insightful conclusions regarding the impact of talent management.

HR personnel surveyed recognize that retaining key employees is vital to the health and profitability of their organizations and they overwhelmingly believe that effective talent management will pay off in the long run for their organizations. Various programs within organizations are always competing for scarce resources and management must always seek to find the right balance between cost and benefit and in the opinion of the HR personnel that responded to our survey, the benefits outweigh the costs when it comes to talent management. Although there seems to be unanimity regarding the theoretical usefulness of these programs, there appears to be some room for improvement for the implementation of talent management

programs as organizations are equally divided among those who understand how to measure talent performance and those who don't.

There are slightly more organizations with talent management programs than those without. In our study, we found a higher percentage of organizations using talent management (approximately two thirds) than previous studies where this number was barely above one half (Lockwood, 2006). HR department personnel firmly agreed that retaining workers is dependent upon having talent management programs and they also agreed that the organization had to internalize and embrace the basic aspects of talent management as well. Despite the fact that HR department personnel tend to agree that talent management systems are an essential ingredient in successful organizations, many organizations (nearly one third according to our research) still do not have talent management programs. For organizations without talent management systems, the primary reason given for this absence is the lack corporate strategy or the lack of corporate leadership. This would indicate that although HR personnel have near complete buy-in to the concept of talent management, senior management on the other hand would seem to be divided on the efficacy of these programs. HR personnel recognize that there are multiple factors that are important with regards to the retention of employees. The most significant of these, in their view, is the opportunity for advancement as well as job security with compensation falling further down the list.

Future Research

The current study was exploratory and descriptive in nature, and therefore helped to define some of the parameters and patterns of the perceptions of HR personnel regarding what matters in employee retention. Future research should extend the examination of this study to more definitively answer several important questions.

Further research is suggested to inspect what, if any programs or practices help improve the present factors that HR personnel perceive to be fundamental to employee retention. Our study focused on our ideas on what may help improve employee retention, but it did not address their ideas. In particular, research is recommended to determine how best organizations (those with the lowest turnover) can facilitate the meeting of employee needs and improve retention.

Additionally, the current study does not directly assess all of the potential factors relevant to employee retention, but uses the preconceived ideas of the researcher. In too many cases the answer "other" was used indicating that perhaps a wider number of potential factors should be included in the analysis.

Further research is also recommended to examine the usefulness of talent management programs on other important aspects within the programs themselves. Since the war for talent focuses on four main facets, it would be similarly useful to measure the impact of talent management on attracting, hiring and developing employees as well as on retaining employees.

Another idea that might be explored would be to compare and contrast the experiences of different organizations that utilize talent management systems against those that do not. In our study we combined the attitudes and perceptions of HR personnel regardless of whether they had

a talent management program in place or not. Separating the two groups might provide insight as to whether perception and reality are similar.

Moreover, it would be useful to examine the dissonance between the HR personnel's agreement in the usefulness of talent management programs versus their self-perceived inability to correctly measure talent performance. It would be interesting to know why they do not seem able to correctly measure talent performance when it is deemed critical to the organization.

Finally, investigating the reasons why management does not have the same conviction with regards to the usefulness of talent management programs that the HR department has would be beneficial. HR personnel are in near unanimity regarding the usefulness of talent management programs, yet a large percentage of companies fail to implement these programs. Understanding the underlying reasons for management's resistance to these concepts might open the door for more widespread adoption of talent management programs.

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