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## THE ROLE OF TALENT MANAGEMENT ON EMPLOYEE RETENTION IN THE IT SECTOR OF KERALA

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### ABSTRACT:

"Every organisations need creative and innovative human resource for gaining competitive advantage in today's highly competitive business world. For that, proper attention should be given not only while attracting the prospective candidate, but also to retain the talent and making them capable of being contributing their level best to the organisation. This study aims to identify the role of talent

management practices on employee retention in the IT sector in Kerala. For the study, four major IT firms operating in Kerala are identified and a total sample of 100 respondents(25 from each firm) is selected for the collection of primary data and study is done like a comparative analysis between the talent management practices such as compensation, training and development, succession planning adopted by these four IT firms. The overall finding of the study shows that talent management practices has a positive impact on employee retention. The paper also suggest various measures to retain employees to a greater extent".

**KEYWORDS:** Talent Management, Succession Planning, Employee Retention, Compensation, Training and Development

### INTRODUCTION

IT sector is becoming one of the major pillar for the development of technological background of Kerala. For every organization, human capital is the most valuable resource, which have the capacity to take the firm to the next level. As per the IT sector is concerned, talented human resource plays a significant role in the existence and development of the industry and it is one of the

may cause adverse effect to the organisation. Here is the need for talent management arises. Talent management is the ability of a concern to recruit, hire, retain, and develop the most talented and superior employees available in the market. The organisations practicing proper talent management policies may believed to have low labour turnover rates and they can retain their employees for a long period without any interruption in the operations of the business. Every organisations need talented employees to gain sustainable competitive advantage the cut throat competition in the modern

creative employees always contributes to the goodwill of the organisation. Today, high labour turnover is the most serious issue, where every organisations especially IT sector have to give more concentration. Because, if a highly talented employee leaves the organisation or if majority of the employees leaves the organisation frequently, it may definitely cause adverse effect to the organisation. It is believed that adoption of proper talent management practices may help the organisation to retain the talented employee for a long period. Therefore, these paper intends to identify the role or impact of talent management

field where, the labour turnover | business world. Innovative and | practices on employee retention in the IT sector of Kerala.

## REVIEW OF LITERATURE

1. **Mehdi Fallah Nosh Abadi, Seyed Mehdi Khadem, Abbas Sadeghnia**(2013) made a case study of talent management and the way for maintaining talented human resources in Kashan University of medical science. The population of research include senior managers, supervisors, assistants and head of affiliated hospitals in Kashan and the sample size is 63. The paper examined the role of talent management on the talent pool, organisation leaving, job stability and safety and avoid to keep positions etc. The findings of the study shows that talent management has a significant relationship with the above factors. The suggestions of the study are giving focus on critical jobs, integrating the job development plans of employment, evaluating technology solutions etc.
2. **Alice Waithiegeni Kibui, Hazel Gachunga, G.S. Namusonge**(2014) made an empirical study in Kenya through a survey of State corporations on the role of talent management on employee retention. The study is descriptive and based on secondary data and the conclusions are made according to the literature review. The study revealed that talent management plays a very crucial in the retention of employees in the state corporation of Kenya.
3. **Megha Mehta**(2013) conducted a case study on Talent Management Practices in the service sector. The study covered four vertices of service sector such as Banking and Insurance, hotels, Organised Retail and IT and ITES. The stratified sampling technique is used to draw sample from all four prominent vertices of service sector from state of Punjab, Haryana and Chandigarh (UT). The result of the study shows that the talent Management practices has a positive impact on the efficiency and profitability of the service sector.
4. **Dikshagarh, Kavitha Rani** (2014) conducted an empirical research on Talent Management. In the article, they explained the concept "Talent Management" and the various stages of development of the concept. The study intended to find out the concept of Talent Management, importance and benefits of Talent Management and the different surveys of Talent Management. The result of the study shows that the companies master talent management will be well positioned for long term growth in workforce performance for years to come.
5. **Dr. Manisha Purohit**(2016) made a study on employee's turnover in IT sector with special emphasis on Wipro and Infosys. The paper discusses about reasons of high employee turnover, who it affects the most, and the solutions to reduce high employee turnover. The findings of the study shows that the most important reason behind the turnover is dissatisfaction with work or working conditions. The study suggests that IT companies should be alert and frame necessary strategies to reduce attrition so that they reduce the expenditure of employees for recruitment, training and development.

## STATEMENT OF THE PROBLEM

Talented human resource is a very crucial element in every type of business and sometimes, it gives the organisation a strong competitive advantage over its competitors. The strength of every organisation depends up on the outstanding performance or talent of its employee. It can be considered as the success of an organisation, if it can retain its key employees for a great extent. It is believed that proper talent management practices may help the organisation to recruit, hire, select, and retain etc. the key talented employees. Several studies has been conducted all around the world about employee retention, talent management and IT sector giving focus on different aspects. This paper aims to identify the role of talent management on employee retention in the IT sector in Kerala.

## OBJECTIVES

- ❖ To find out the role of talent management on employee retention in the selected IT Companies in Kerala.

- ❖ To make a comparative analysis on the selected IT firms on the basis of various talent management practices adopted.

### RESEARCH METHODOLOGY

Both primary and secondary data were used in the study. Secondary data were collected from various articles, thesis, journals, books, websites etc. and Primary data were collected through a questionnaire and convenient sampling method is used for selecting the sample. A total sample of 100 respondents were selected from four major IT companies (25 each) operating in Kerala.

### DATA ANALYSIS

**Table 1**  
**PERSONAL PROFILE OF THE RESPONDENTS**

1. GENDER WISE CLASSIFICATION									
	NO.OF RESPONDENTS					PERCENTAGE			
	Firm 1	Firm2	Firm3	Firm4	Total	Firm 1	Firm2	Firm3	Firm4
Female	10	8	12	7	37	40	32	48	28
Male	15	17	13	18	63	60	68	52	72
Total	25	25	25	25	100	100	100	100	100
2. EDUCATIONAL QUALIFICATION									
	NO.OF RESPONDENTS					PERCENTAGE			
	Firm 1	Firm2	Firm3	Firm4	Total	Firm 1	Firm2	Firm3	Firm4
+2/Below	3	3	4	1	11	12	12	16	4
Degree/ B.tech	10	9	10	11	40	40	36	40	44
P.G/ M.tech	12	13	11	13	49	48	52	44	52
Total	25	25	25	25	100	100	100	100	100
3. POSITION WISE CLASSIFICATION									
	NO.OF RESPONDENTS					PERCENTAGE			
	Firm 1	Firm2	Firm3	Firm4	Total	Firm 1	Firm2	Firm3	Firm4
Top level	2	3	2	4	11	8	12	8	16
Middle level	10	6	5	7	28	40	24	20	28
Lower level	13	16	18	14	61	52	64	72	56
Total	25	25	25	25	100	100	100	100	100
4. AGE WISE CLASSIFICATION									
	NO.OF RESPONDENTS					PERCENTAGE			
	Firm 1	Firm2	Firm3	Firm4	Total	Firm 1	Firm2	Firm3	Firm4
Below 25	3	5	4	2	14	12	20	16	8
25-35	10	11	8	12	41	40	44	32	48
35-45	6	5	6	7	24	24	20	24	28
Above 45	6	4	7	4	21	24	16	28	16
Total	25	25	25	25	100	100	100	100	100

**Source:** Primary data

Above table shows that, Out of 100 respondents (25 from each firm), the percentage of male respondents from firm 1, firm 2, firm 3, firm 4 were 40%, 32%, 48%, 28% respectively and female respondents were 60%, 68%, 52%, 72%. Overall, Majority of the respondents were male as compared to female.

In the case of educational qualification, Out of 100 respondents (25 from each firm), the percentage of respondents qualified +2 or below from firm 1, firm 2, firm 3, firm 4 were 12%, 12%, 16%, 4% respectively and percentage of graduates were 40%, 36%, 40%, 44% and percentage of post graduated respondents were 48%, 52%, 44%, 52%. Overall, Majority of the respondents were graduated and post graduated as compared to below +2 qualified group.

In the case of position wise classification, Out of 100 respondents (25 from each firm), the percentage of respondents working in the top level from firm 1, firm 2, firm 3, firm 4 were 8%, 12%, 8%, 16% respectively and percentage of respondents working in the middle level were 40%, 24%, 20%, 28% and percentage of respondents working in the lower level were 52%, 64%, 72%, 56%. Overall, Majority of the respondents were selected from lower levels as compared to middle and top level. In the case of age wise classification, Out of 100 respondents (25 from each firm), majority of the respondents are in between the age group of 25-35 in all the firms.

## 2) DURATION OF EMPLOYMENT IN PRESENT FIRM.

TABLE NO.2

	1.EMPLOYMENT DURATION								
	NO.OF RESPONDENTS					PERCENTAGE			
	Firm 1	Firm2	Firm3	Firm4	Total	Firm 1	Firm2	Firm3	Firm4
Up to 6 Months	2	8	2	11	23	8	32	8	44
6 Months to 1 Yrs	3	10	5	7	25	12	40	20	28
1-3 Yrs	8	4	8	4	24	32	16	32	16
Above 3 Yrs	12	3	10	3	28	48	12	40	12
Total	25	25	25	25	100	100	100	100	100

Source: Primary data

Above table shows that, Out of 100 respondents (25 from each firm), the duration of employment of majority of the respondents from Firm1 is above 3 years (48%) and about 32% are in between the duration of 1-3 years. In the case of firm 2, the majority of respondent's duration is between 6 months to 1 year and about 32% are of the duration up to 6 months. In the case of Firm 3, majority of the respondents are in the duration of up to 6 months and about 28% are in between 6 months to 1 years. And in the case of firm 4, majority of the respondents are of the duration up to 6 months, and about 28% are in between 6 months to 1 year. From these we can say that, Firm 1 and Firm 3 can retain their employees up to a greater extent because, majority of the employees working there are continuing their job even above 3 years while, Firm 2 and Firm 4 may be facing high labour turnover as the majority of the respondents are included in the duration up to 1 year and the percentage of employees above 1 years is very low.

## 3) SATISFACTION REGARDING COMPENSATION AND INCREMENTAL POLICIES

TABLE NO.3

	COMPENSATION AND INCREMENTAL POLICIES								
	NO.OF RESPONDENTS					PERCENTAGE			
	Firm1	Firm2	Firm3	Firm4	Total	Firm1	Firm2	Firm3	Firm4
Highly Satisfied	8	3	11	3	25	32	12	44	12
Satisfied	12	4	9	4	29	48	16	36	16
Dissatisfied	4	10	3	11	28	16	40	12	44
Highly	1	8	2	7	18	4	32	8	28

Satisfied									
Total	25	25	25	25	100	100	100	100	100

Source : Primary data

Above table shows that Out of 100 respondents (25 from each firm), Majority of the respondents from Firm 1 is satisfied (about 48%) with salary increment policies adopted by the firm and about 32% are highly satisfied with this and in the case of Firm 3, majority (44%) are highly satisfied and about 36% are satisfied with the salary incremental policies of the firm. But, in the case of Firm 2 and Firm 4 Majority of respondents were dissatisfied and the percentage of highly dissatisfied employees are also high.

#### 4) SATISFACTION REGARDING TRAINING AND CAREER DEVELOPMENT PROGRAMME

TABLE NO.4

	TRAINING AND CAREER DEVELOPMENT PROGRAMME								
	NO.OF RESPONDENTS					PERCENTAGE			
	Firm1	Firm2	Firm3	Firm4	Total	Firm1	Firm2	Firm3	Firm4
Highly Satisfied	12	4	9	2	27	48	16	36	8
Satisfied	8	3	10	5	26	32	12	40	20
Dissatisfied	3	8	3	7	21	12	32	12	28
Highly Satisfied	2	10	3	11	26	8	40	12	44
Total	25	25	25	25	100	100	100	100	100

Source: Primary data

Above table shows that, Out of 100 respondents (25 from each firm), Majority of the respondents from Firm 1 is highly satisfied (48%) and about 32% are satisfied with the training and career development programmes adopted by the organisation. And in the case of Firm 3 also majority of the respondents are satisfied and about 36% are highly satisfied with this. But in the case of Firm 2 and Firm 4 majority of the above 40% are highly dissatisfied with the training and career development programmes adopted by the organisation.

#### 5) SATISFACTION REGARDING ORGANISATION'S COMMITMENT TOWARDS SUCCESSION PLANNING

TABLE NO. 5

	COMMITMENT TOWARDS SUCCESSION PLANNING								
	NO.OF RESPONDENTS					PERCENTAGE			
	Firm1	Firm2	Firm3	Firm4	Total	Firm1	Firm2	Firm3	Firm4
Highly Satisfied	12	2	13	4	31	48	8	52	16
Satisfied	8	4	7	4	23	32	16	28	16
Dissatisfied	3	13	2	12	30	12	52	8	48
Highly Satisfied	2	6	3	5	16	8	24	12	20
Total	25	25	25	25	100	100	100	100	100

Source: Primary data

Above table shows that, Out of 100 respondents (25 from each firm), in Firm 1 and Firm 3, majority of the respondents are highly satisfied (viz. 48% and 52% respectively) and about 32% and

28% respectively were satisfied with the commitment of organisation towards succession planning. But, in Firm 2 and in Firm 4, majority of the respondents are dissatisfied with these variable (viz. 52% and 48% respectively). Overall, the adoption of various talent management practices shows a positive relationship with employee retention. That is why the respondents of Firm1 and Firm3 are satisfied and highly satisfied in several aspects of talent management as compared to Firm2 and Firm 4.

### FINDINGS

Overall findings of the study shows that, the adoption of various talent management practices shows a positive relationship with employee retention. That is why the respondents of Firm1 and Firm3 are satisfied and highly satisfied in several aspects of talent management as compared to Firm2 and Firm 4. And if we compare four firms, Firm 3 has a strong positive correlation between its talent management practices and employee retention. The other findings based on the study are as follows:

- ❖ Majority of the employees working in Firm1 and Firm 3 are continuing their job even above 3 years while, Firm 2 and Firm 4 may be facing high labour turnover as majority of the respondents are included in the duration up to 1 year and the percentage of employees above 1 years is very low.
- ❖ Majority of the employees working in Firm 1 and Firm 3 are satisfied with the compensation and incremental policies adopted by the firm. But, in Firm 2 and Firm 4 majority of the respondents are not satisfied with these policies. That may be the cause for high labour turn over.
- ❖ Majority of the employees working in Firm 1 and Firm 3 are satisfied and highly satisfied with the training and development policies adopted by the firm. But, in Firm 2 and Firm 4 majority of the respondents are not satisfied with these policies and they responded that, they conduct training and other development opportunities very rarely.
- ❖ Majority of the employees working in Firm 1 and Firm 3 are satisfied with the organisation's commitment on succession planning. But, in Firm 2 and Firm 4 majority of the respondents are not satisfied with these policies. Because, Firm2 and Firm 4 are not following or investing on succession planning.

### SUGGESTIONS

The performance and employee retention plan of Firm 3 is outstanding and Firm1 is good. But, Firm 2 and Firm 4 cannot able to retain employees for a long period because of several reasons. As per the findings of the study, the following suggestions are recommended:

- ❖ Firm 2 and Firm 4 should adopt much more satisfied compensation and incremental policies to retain the key talented employees.
- ❖ More investment in training and development policies are highly recommended for Firm 2 and Firm 4.
- ❖ Firm 2 and Firm 4 should need to concentrate on a fair and ethical succession planning policy.
- ❖ Firm 3 can adopt further dimension of talent management process to increase employee retention and commitment.
- ❖ Firm 1 can concentrate more on the areas where employee satisfaction is comparatively lower.

### CONCLUSION

The above findings shows that talent management practices has a positive correlation with that of employee retention of a firm. As a comparative study, firms following and investing on proper talent management practices can perform better than others. Undoubtedly, we can say that the proper adoption of talent management practices can retain employees in the organisation to a great extent, it will increase employees' satisfaction, loyalty, performance and thereby increase in productivity and reputation.

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