EFFECT OF TALENT MANAGEMENT PRACTICES ON EMPLOYEES' TURNOVER INTENTION AT ETHIOPIAN MANAGEMENT INSTITUTE

Andualem Kidanie[1] Dr. Manoj Kumar Mishra[2]

ABSTRACT

The purpose of this study is to investigate the effect of talent management practices on employees' turnover intention at Ethiopian Management Institute. The study used quantitative research method and employed explanatory survey design. Data were collected through self administered questionnaire from 146 respondents. Those data, then, analyzed through descriptive and inferential statistics, and also through independent samples T test. The finding of descriptive analysis revealed that the mean score for overall talent management practice is slightly below the average. The correlation analysis result showed that there is a significant negative relationship exists between talent management practices and employees' turnover intention. Moreover, talent review process and talent deployment were found unique contributors for employees turnover intention. The study exhibited through independent samples T test that employees at core process evaluate TM practice lesser than the evaluation of support processes and they (consultants) also have higher turnover intention than employees at support staff.

Keywords: Talent management, Talent management components, Turnover intention, Talent deployment, Ethiopian Management Institute

INTRODUCTION

Talent management (TM) is a relatively new concept, and it was derived from the phrase 'the war for talent', which originated in the late 1990's as a means of highlighting the problems that organizations were having in attracting and retaining talented people (Armstrong, 2006).

According to Beardwell and Claydon (2010), TM has become more important than it used to be, and it is a part of organizations' strategies to remain competitive with the best human capital resources to attain organizational effectiveness. Nevertheless, employers have to face the risk of losing their well developed employees who leave for better prospects in other organizations. To counter this problem, employers are trying their level best to come up with TM programs. Thus, an integrated approach to TM offers a pathway toward sustaining outstanding business results (Ashton & Morton, 2005) and TM can reduce turnover and employees' turnover intention (TI) in significant way since it (TM) is a necessary factor by means of which the employees become valued and involved in the affairs of the organization (Ashton & Morton, 2005; and Esmaeili, 2016).

Research outputs of Cheese, Thomas and Craig (2008), Collings and Mellahi (2009), Eva (2015), and Lee, Singram and Felix (2015) also revealed that TM practices are identified as a basis for achieving sustained competitive advantages, through enabling them to retain talent and talented workforce. Accordingly, for the Ethiopian Management Institute (EMI) the challenging and competitive environment calls for effective TM practices.

LITERATURE REVIEW

According to the works of Du Plessis (2010), and Narayanan (2016), when perceived level of TM practices increases, TI observed

1. Senior Management Consultant, Trainer and Lecturer, Ethiopian Management Institute, Ethiopia
2. Professor, British American University Florida, USA (African Campus)

in employees decreases. Accordingly, when organizations employ more TM practices, it signals an organization's interest in investing in its people and it enhances the psychological connection between organization and the employees. These psychological responses, therefore, result in lesser TI.

Researchers have also been interested in investigating the relationship between single TM practices and TI as they studied the level of effect of TM practices. In this regard, effective talent review process (TRP), talent acquisition (TA), Strategy (S), talent deployment (TDP), talent engagement (TE), talent development (TD), and talent retention (TR) practices have a significant negative relationship with employees' TI (Chitsaz-Isfahani & Boustani, 2014;Kibui, Gachunga, & Namusonge, 2014; Du Plessis, 2010; and Cappelli & Keller, 2014).

STATEMENT OF THE PROBLEM

Collings and Mellahi (2009) in their study underline that, effective TM have positive relationship with organizational performance mediated by HRM practices' outcomes such as work motivation, organizational commitment and extra-role behavior. Therefore, to enhance organizational performance, an organization should focus on TM practices by means of increasing the intention of employees to stay in the organization.

Prior researches results in different sectors, such as Girma, Erdaw and Habtamu (2015) andMulu (2014) evidenced employees' TI is influenced by HRM activities in Ethiopian organizations. Even though those researches, conducted earlier, surely able to portrait the factors of employees' TI, as per the researcher's knowledge, there were no ample studies found, which investigate the impact of TM practices on employees' TI, in Ethiopian context. Simultaneously, though there are plentiful researches worldwide, which focus on the relationship of TM practices and employee retention or TI, there was also a research gap in analyzing the contribution of individual TM practices towards employees' TI.

Additionally, EMI emphasized the need to have and retain competitive workforce who possess the desired talent. Even though retaining talented employees is the issue of the institute and clearly stated in the strategy document, it is not stated that how talent could be retained. In addition, employees' TI, the institute's TM practices and its outcome was not yet researched. Thus, investigating the influence of TM practices towards TI is important and, therefore, the need to conduct this research at EMI is indispensable.

As a result, this research designed in order to answer the following research questions at EMI:

- To what extent TM implemented?
- To what extent TM practices and employees' TI have a relationship?
- To what extent does TM practice influence employees' TI?
- Which one of individual TM practice affects employee's TI more?
- How does employees' TI and perceived TM vary between core staffs (Consultants) and support staffs?

RESEARCH METHODOLOGY

Explanatory survey research design was employed and quantitative research method was followed to investigate the effect of TM practices on TI. The population, which was used for the research, is all 248 permanent employees and the study draws 151 sample respondents through simple random sampling technique. Subsequently, out of the 151 self-administered questionnaires distributed, 146 workable data (97%) were used for data analysis.To address the research questions, descriptive, correlation and regression analyses was used. Finally, to test whether there is a significant difference between core staff (Consultants)

and support staff for both variables, independent samples T test were employed. To measure TM practices, questionnaire developed by the Human Capital Institute (HCI) and adapted by Du Plessis, (2010) were used. To measure Employees' TI, 6 item scale of TI which was adapted from Roodt's (2004) was employed, since it is evaluated for the reliability, the factorial, criterion-predictive and differential validity and found reliable and valid in measuring employees' TI and predicting actual turnover.

RESULTS AND DISCUSSION

Employees perception towards TM and their TI

Table 1: Descriptive statistics for TM and TI

Items	Mean(M)	Std. Deviation (SD)
S	3.2438	.75109
TRP	2.7795	.80060
TA	2.8493	.82964
TE	3.1041	.81273
TD	2.9589	.80650
TDP	2.8712	.90386
TR	2.4863	.76073
Overall TM	2.8990	.67988
Overall employees' TI	3.3153	.93792

Note: N=146

As shown from Table 1, overall strategy (S) of EMI, as a component of TM practice, scored M=3.24 & SD=.75. As a primary function of TM, S is not at its intended level. Accordingly, the result signaled that, the remaining components also affected and may follow the same pattern, since, as Slizer and Dowell (2010) coined, the strategy component surely demonstrate top managers' perspective towards TM practice of the institution. It is also observed that TRP scored M=2.78 & SD=.80; and it is linked with inability of the institute in segmenting its workforce based on potential, performance and value they created.

The current study's result is in line with findings of Barkhuizen, Mogwere & Schutte (2014) on Sub Saharan African countries' government organizations, which guaged below average.

Based on the above statistical data, the overall TA scored M=2.85 & SD=.83, and the result revealed that, the institute has a lot to do in bringing in talent to the current workforce. Besides, the overall TE score was M=3.10 & SD=.81; whereas, the overall TD scored M=2.96 & SD=.81. Accordingly, it is observed that, TD and TE approaches are not fully introduced and implemented in the institute. This result is fairly similar with the study of Barkhuizen, et al. (2014) andKekgonegile (2014).

In addition, the overall TDP in the institute scored M=2.87 & SD=.90 and, thus, the effective use of talent and making talented workforce productive remains a challenge for the institute. The overall TR also scored far behind the midpoint with M= 2.49 & SD=.76. This result is similar to the preliminary assessment of this research and the institute's strategic document, as it emphasizes the turnover of talented employees is highlighted the problem.

In general, this result reflected the circumstance of African countries, for their level of TM practices, which is coined by the research of Iyria (2013), "there is a nationwide weakness to manage talent, thus inefficiency of HRM practices".

The above table (table 1) also shows that the overall TI of employees at EMI, is slightly above the average (M=3.32 & SD=.94). In this regard, it is learned that if employees at EMI offered another job with the same compensation level from other organizations, they are likely to accept. Moreover, talented people still are searching for other jobs to fulfil their personal need and it hinders to exert their effort for the institute.

Relationship between TM and TI

Table 2: Relationship between TM TI

	TI
S	-.576**
TRP	-.632**
TA	-.564**
TE	-.637**
TD	-.628**
TDP	-.609**
TR	-.595**
Overall TM	-.722**

***. Correlation is significant at the 0.01 level (2-tailed)*

Note: N=146 and for both correlations p<0.001

As table 2 depicts, the correlation coefficient is strong and represents statistically significant negative relationship between TE and TI (r= -.637), TRP and TI (r= -.632), TD and TI (r= -.628) and TDP and TI (r= -.609). This result is similar to the research finding of Takawira, Coetzee, & Schreuder (2014) and Kibui, Gachunga, & Namusonge (2014) who found the same relationship between the variables under study.

Table 2 further shows that, there is statistically moderate negative correlations between TR and TI (r= -.595), S and TI(r= -.576), and TA and TI (r = -.564). These results are also similar with Chitsaz-Isfahani & Boustani (2014) and Kekgonegile (2014) research findings, that found employees' TI is related with organizations' effort towards managing their talent focusing on retention, acquisition and strategic alignment of human capital to buisness objetives.

Based on table 2, there is also statistically significant and strong negative association between overall TM and employees' TI (r= -.722) at EMI. Moreover, this result is found similar with the finding of Diseko (2014) who found TM practice and employees' TI have significant negative relationship. This implies that, the lower perceived application of TM by employees highly related to the low level of their TI.

Table 3: (Coefficients) TM as predictor to TI

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.201	.237		26.171	.000
	TM	-.995	.080	-.722	-12.508	.000

Dependent Variable: TI

R^2=.521

Table 4: (Coefficients) S, TRP, TA, TE, TD, TDP, TR as Predictor on TI

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.095	.254		23.994	.000
	S	-.006	.122	-.005	-.048	.961
	TRP	**-.250**	**.117**	**-.213**	**-2.144**	**.034**
	TA	-.099	.104	-.087	-.947	.346
	TE	-.175	.127	-.152	-1.384	.168
	TD	-.120	.123	-.103	-.980	.329
	TDP	**-.201**	**.096**	**-.193**	**-2.100**	**.038**
	TR	-.140	.113	-.113	-1.239	.218

Effect of overall TM on TI

As shown in table 3, about 52.1% of the variance in employees' TI can be explained by TM practice of the institute. The remaining 47.9 % of the variance is explained by other variables that are not included in this study. Moreover,

considering all other factors constant at zero, for every 1 (one) unit increase on TM practice, we expect .995 unit decrease in employees' TI. This implies that, as employees perceive effective TM is in place at the institute, their intention to leave the institute diminishes significantly.

As indicated in table 4, TM components all together account about 52.8% of the variance in the intention of employees for remaining within the institute or leave the institute. From this influence exerted on employees' TI, TRP and TDP have statistically unique contribution for the outcome with Beta Value of -.250 (p=.034) and -.201 (p= .038) respectively. Moreover, TRP have strongest contribution than TDP for the change in TI.Therefore, segmenting employees based on their talent, rewarding them based on their contribution, deploying talented employees on the most important jobs, matching job requirements with competencies, making transition from job to job easy, and giving opportunities for employees to do what they do best highly influence their TI significantly.

Mean difference of Core and support staff for their perceived TM and TI

Table 5a: T-test for Talent Management and Business Unit Group Statistics: TM and business unit)

	Business unit classification	N	M	SD
TM	Core staff (Consultants)	50	2.5703	.66100
	Support staff	96	3.0702	.62742

Table 5b: T-test for Equality of Means for TM

		T	df	Sig. (2-tailed)
TM	Equal variances assumed	-4.486	144	.000
	Equal variances not assumed	-4.412	94.989	.000

As we seen in table 5a and 5b, there is a statistically significant (p<.001) mean difference between the core staff (M=2.57, SD=.66) and support staffs (M=3.07, SD=.63) for perceived TM practice in EMI. Such statistical evidence support the model developed by Collings and Mellahi (2009); which promotes the "differentiated HR Architecture" concept. According to Collings and Mellahi (2009), HR systems are unlikely to be appropriate in all situations but rather depend on the uniqueness of the human capital and job positions.

Table 6a: T-test for Turnover Intention and Business Unit

(Group Statistics: TI and business unit)

	Business unit classification	N	M	SD
TI	Core staff (Consultants)	50	3.5367	.83619
	Support staff	96	3.1999	.97098

Table 6b: T-test for Equality of Means for TI

		T	df	Sig. (2-tailed)
TI	Equal variances assumed	2.082	144	.039
	Equal variances not assumed	2.182	113.195	.031

The above table (table 6a and 6b) illustrates that, there is statistically significant (p<.05) mean difference between the core staff (M=3.54, SD=.84) and support staffs (M=3.20, SD=.97) in their intention to leave the institute. In consequence, the fact that the lesser evaluation of TM practices by core staff (consultants) than support staff results the higher employees' TI than the support staff.

CONCLUSION

Implementing and practicing the strategic intent towards managing talent on the ground is overlooked; and TRP is also not yet fully practiced at EMI. Furthermore, HR practices to bring new talent and to hunt best minds from the market is not at the intended level.

In deploying talented employees, there are limitations on job to job transition and letting best people focus on the most important activities (strategic issues) in EMI. Thus, EMI has limitations on utilizing talented employees towards achieving organizational objectives.

Moreover, the institute is not in a position to retain its best performers. In general, from the descriptive analysis result, it can be concluded that TM practices are not fully implemented and practiced in EMI with the aim of retaining talented employees.

This study evidenced that, the institute's effort to manage talent and talented employees is highly associated with employees' intention to leave or stay in the institute. Furthermore, the high turnover and turnover intention of employees', at EMI, is highly related to its TM practices. Additionally, this result calls for the introduction of different HR architecture in the institute for core staff (consultants) and support staff, since the TM practice does not satisfied core staff compared to support staff. As well, it is learned that, TI of core staff is higher than support staff, which signaled talented employees in the core process have higher probability in leaving the institute when compared to support staff.

RECOMMENDATIONS

Since significant improvement in the practice of TM will lead to significant decrease in employees' TI; if more efforts are exerted towards segmentation and identification of who the best performers are in the institute and rewarded according to their contribution, developing majority of talent internally, making best people to focus on the most important jobs, matching employee's competencies with job requirements, giving employees opportunity to do what they do best, and facilitating smooth transitions from job to job within the institute will possibly lead decreased employees' TI. Thus, if there is a need to prioritized TM practices for immediate result, the institute can possibly direct its efforts towards TRP and TDP.

Furthermore, to treat separately the core (consultants) and support staff towards their TI and perceived TM practice, the following process is recommended.

a) First, EMI need to establish TM system; and, the starting point for the system should be the systematic identification of the key positions which differently contribute to the strategic objective.
b) Then, EMI must strive to develop a talent pool of high potential and high performing employees to fill those identified roles.
c) Afterward, there must be differentiated HR architecture along with policies in place to facilitate the proper flow of competent incumbents for filling key positions within the institute.
d) Those different HR practices to manage talent properly must be identified with extra study, considering the nature of the institute and its environment; therefore the institute should follow the contingent school/ approach of HRM.

FUTURE RESEARCH DIRECTIONS

- Researchers may consider other HR outcomes as dependent variable, such as, job satisfaction, organizational commitment and motivation.
- Future researches may consider organizational outcomes as dependent variable such as, organizational performance with HR outcomes as mediating variable.
- Finally, since there is lack of theoretical grounds and models in conceptualizing TM and its relationship with other variables, researches should focus at

model specification and theory development.

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