

Role of Effective Talent Management in Organizational Performance and Retention: An Empirical Study

¹Arunima Hazra, ²Dr. Syed Afzal Ahmad, ³Dr. Renu Rathi, ⁴Dr Asma Farooque

¹Research scholar and visiting lecturer,

School of Business and Economics (SOBE),

Adamas University

²Assistant Professor

Department of Commerce and Business Management

Integral University

Lucknow

³Professor

School of commerce

JAIN Deemed to be University Bengaluru

renuashishrathi@gmail.com

⁴Professor

Department of Commerce and Business Management,

Integral University Lucknow

Abstract

Improved organisational performance and the retention of valuable individuals in India are directly correlated with effective talent management. The ability to draw in and keep top people is crucial for success in this broad and cutthroat industry. Employers' skills and potential must be recognised, developed, and used through talent management. As a result, there will be an increase in productivity and efficiency since the appropriate personnel will be in the appropriate roles. It also fosters a culture of ongoing education and improvement, which is essential for maintaining competitiveness. It might be difficult to hold on to talented people in a nation like India where the labour market is changing quickly. Reduce turnover rates and the related costs of recruitment and training by implementing effective talent management methods, such as providing growth opportunities, competitive pay, and a happy work environment. Additionally, people management can match personal aims with business goals, increasing dedication and engagement among staff members. Better performance, innovation, and overall success for the organisation are all impacted by this connection. Effective personnel management is essential for organisational performance and retention in India, providing a competitive advantage and long-term sustainability. A sample of 319 respondents was collected from respondents in different companies. The factors that determine the Role of Effective Talent Management in Organizational Performance and Retention are Recruitment & Selection, Performance Management, Diversity & Inclusion, and Employee Development.

Keywords: Talent Management, Organizational Performance, Employee Retention, Productivity and Efficiency, Skill Development, Turnover Rates, Employee Engagement, Competitive Advantage.

Introduction

Effective talent management is crucial for organizational performance and staff retention in India's commercial climate, which is dynamic and diversified. Companies in India confront the difficult task of acquiring and maintaining top personnel in the face of a growing workforce and fierce competition. This necessitates a systematic approach to people sourcing, engagement, and development. Organizations may promote performance excellence and reduce the expensive turnover of competent workers by matching individual objectives with organisational goals, developing skills, and creating a supportive workplace. Talent management and organizational performance have a complex relationship, according to Hongal and Kinange (2020). They emphasized that employing recruitment, training, and retention techniques are just a few of the many operations that go under the umbrella of talent management. In order to make sure that the appropriate people are assigned to the appropriate roles within the organization, several strategic processes are essential. The alignment maximizes performance in all respects, including productivity and efficiency. Talent management boosts workers' talents

and job happiness by offering a framework for career development and skill advancement. Employee retention is increased as a result, which lowers turnover costs.

Al Aina and Atan (2020) emphasized the dual nature of talent management, not only as a basis for ongoing organizational excellence but also as a means of enhancing performance in the short term. They looked at the role that talent management strategies had in sustainability and long-term performance. Talent management helped create an environment where people were engaged, motivated, and committed to their work by coordinating personal career goals with organizational objectives. A more reliable and unified workforce was also a result of this. Additionally, they showed that effective talent management required strategic use of workers' skills, which led to better performance. The performance and sustainability of organizations that successfully applied talent management practices were consistently superior over the long term. It clarified the notion that talent management is an investment in the long-term success of the company, not merely short-term gains. The organization will be able to react to changes and challenges throughout time thanks to this strategy, which also helps short-term success.

Yadav (2020) emphasized the practical applications of talent management, concentrating on the quantifiable advantages within a particular industry. They revealed a significant link between talent management strategies and employee retention. The chosen Indian life insurance businesses successfully decreased attrition rates by applying thorough personnel management practices. This resulted in a more consistent and knowledgeable workforce while also saving the businesses significant expenditures related to hiring and training new employees. The importance of developing skills and providing opportunities for career progression was one significant factor that was highlighted. Retaining talent was made possible by these tactics. More likely to stay with the organization were employees who felt that their professional growth was encouraged and that they had prospects for progress. Because of this, these businesses could continue to provide services with a high level of skill and consistency. It showed how talent management strategies could be an effective means of tackling issues like excessive turnover when they are adapted to the particular requirements of a field or business. It emphasized that talent management is not a one-size-fits-all approach and must be tailored to meet the specific needs of the organization and the industry it serves.

Literature Review

According to Dhanabhakym and Kokilambal (2014), "talent management practises" vary by industry. Instead, they are customised to match the specific needs of each industry. This flexibility highlights the strategic significance of "talent management." An organisation can maximise the advantages that result from tailoring its "talent management practises" to meet its unique requirements. It emphasised that good "talent management" had a number of important advantages, including improved organisational performance. Productivity and efficiency are improved by ensuring that the right people are assigned to positions where their skills are most effectively used. Additionally, "talent management practises" foster a more dedicated staff and higher levels of job satisfaction by emphasising employee growth and skill development. As a result, turnover rates decline, which is important for staff retention.

According to Nayak et al. (2018), "social networking" can be a useful tool for "talent management" by fostering stronger relationships between organisations and potential talents. It enables a more thorough and effective search for talent, expanding the pool of potential candidates. This in turn increases the possibility of locating the greatest individuals for particular roles, which can result in enhanced organisational performance. Additionally, "social networking" can encourage continued interaction with already-employed talent. Through the creation and maintenance of relationships with employees, employers can increase employee loyalty and job satisfaction. As a result, "social networking" is elevated to the status of a useful supplementary tool within the larger field of "talent management" techniques." Talent management" was emphasised by Anwar et al. (2014) as being more than just a collection of HR procedures but also a strategic requirement. A person's abilities and aspirations should be in line with the organization's goals when using effective "talent management" techniques. A culture of participation and dedication is fostered by this alignment. When "talent management" initiatives are integrated into organisational priorities, performance can improve and excellence can be maintained. It emphasised the fact that businesses that prioritise "talent management" often saw higher employee retention rates. Organisations can draw top people and keep them engaged and committed over the long term by offering growth opportunities, recognising

individual abilities, and cultivating a healthy work environment. In order to maximise organisational performance and achieve better retention rates, this strategic approach to "talent management" is a crucial component.

Johennesse and Chou (2017) examined "employee perceptions" as a crucial aspect of "talent management" and its impact on "retention." They emphasised how crucial it is to not just put "talent management" techniques into practise but also to comprehend how staff members feel about them. They made it clear that "talent management" is about more than just HR procedures; it's also about how these procedures affect the workforce. By matching employees' abilities and aspirations with organisational objectives, effective "talent management" can favourably affect "employee perceptions."

Maurya and Agarwal (2018) looked at the complex connection between "organisational talent management" and "perceived employer branding." This revealed how a company's hiring practises affect how people view it as an employer. They said "organisational talent management" goes beyond HR procedures and is strongly related to how future and present employees perceive the company. Employer branding can be improved by organisations by putting good "talent management" tactics into practise. When workers can see their talents being improved and chances for progress, they are more inclined to think of the company as an attractive place to work. The success of the entire organisation was boosted by the fact that it not only attracted great talent but also kept them engaged and committed over time. Pandita and Ray (2018) showed that the meta-analysis showed "talent management" practises had a significant and favorable impact on "talent retention" when combined with "employee engagement" activities." A potent synergy was produced by effective "talent management" procedures that developed skills and offered possibilities for progress in conjunction with engagement tactics. The likelihood that an employee will remain with the company increases when they feel their progress is supported and when they are actively involved in their work, which has a favorable impact on "retention." Narayanan et al. (2019) used an elaborate approach to explore the correlation between "retention" in organizations and efficient "talent management" practises. They emphasized the inherent relationship between "talent management" and "employee retention." It acknowledged the increased likelihood of staff retention in businesses that successfully utilised "talent management" practises. These methods increased "retention" rates by coordinating personal development with organisational objectives and presenting opportunities for promotion. Organizational performance increased as a result of the employees' sense of value, engagement, and motivation.

According to Kaliannan et al. (2023), "inclusive talent development" is a crucial strategy for "talent management." They claimed that "inclusive talent development" was an effective "talent management" strategy. Businesses can encourage a more diverse and engaged workforce by making sure all employees, regardless of their backgrounds, have opportunities for growth and development. This method had a beneficial effect on "retention." People were more likely to stay with a company that valued diversity and offered equal opportunities, which improved "organisational performance." Chitsaz-Isfahani and Boustani (2014) looked at how "talent management" affected "employee retention" with "organisational trust" acting as a mediating element. This shown "talent management" techniques, when properly incorporated, may create "organisational trust." Trust was increased among employees when they felt that their company cared about their development and growth. "Retention" was greatly influenced by "organisational trust." The likelihood of employees staying with the company increased with their level of trust, which in turn influenced "organizational performance."

Deery and Jago (2015) stressed the need of "talent management" as a whole. "Work-life balance" and "retention strategies" were acknowledged as essential elements. Employees had a higher quality of work life when "talent management" practises included these factors, which improved "retention." When workers could find balance and job happiness, they were more likely to remain on the job, which eventually benefited "organizational performance." Jyoti and Rani (2014) assessed different "talent management practices" as well as their causes and effects. They were particular to emphasize that "talent management practices" refer to a broad spectrum of tactics for maximizing employee potential. Effective "talent management" strategies, like opportunities for skill improvement and career promotion, were linked to favorable outcomes, like "employee retention." These procedures promoted engagement and dedication, which improved "organizational performance."

Sheehan and Anderson (2015) highlighted the value of "talent management" in the context of "organizational diversity." They emphasized the important role "talent management" may have in fostering "organizational diversity." Businesses with a diverse workforce were more likely to value diversity and manage talent from varied origins. They emphasized the

significance of this field and called for more research to clarify the ways in which "talent management" may improve "organizational performance" and "retention" in various contexts.

Objective

To identify the Role of Effective Talent Management in Organizational Performance and Retention.

Methodology

This study considered a sample of 319 people was collected from people working in different companies in different sectors. Random sampling method was used for collection of data, and scrutinized by "Explanatory Factor Analysis" for outcome.

Study's findings

Below table is about general details of respondents which shows that 63.32%, and 36.68% are female. Looking at the age group, 28 to 32 are 30.41%, 32 to 36 are 35.42%, and Above 36 are 34.17%. Regarding Sectors, Banking & Insurance are 25.39%, IT are 21.63%, telecom are 24.14%, and others are 28.84%.

Details of Participants

Variable	Participants	% age
Gender		
Male	202	63.32
Female	117	36.68
Total	319	100
Age in years		
28 to 32	97	30.41
32 to 36	113	35.42
Above 36	109	34.17
Total	319	100

Sector		
Banking & Insurance	81	25.39
IT	69	21.63
Telecom	77	24.14
Others	92	28.84
Total	319	100

“Factor Analysis”

“KMO and Bartlett's Test”

“Kaiser-Meyer-Olkin Measure of Sampling Adequacy”		.853
“Bartlett's Test of Sphericity”	“Approx. Chi-Square”	6628.387
	df	153
	Significance	.000

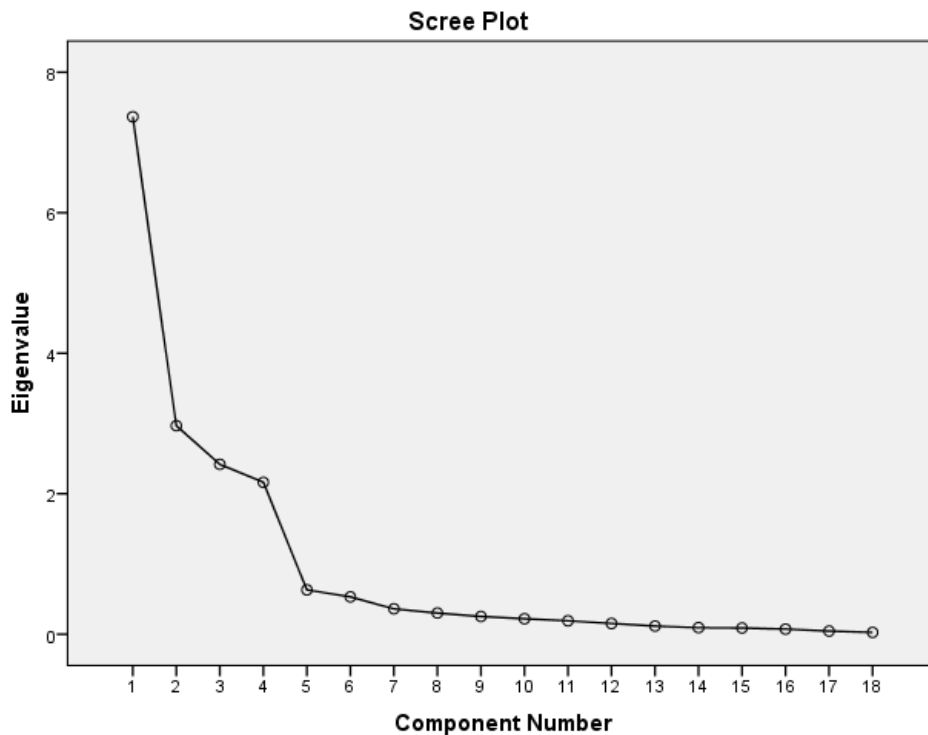
In above table “KMO and Bartlett's Test” above, KMO value found is .853

“Total Variance Explained”

“Component”	“Initial Eigenvalues”			“Rotation Sums of Squared Loadings”		
	“Total”	“% Of Variance”	Cumulative %	“Total”	“% Of Variance”	Cumulative %
1	7.366	40.925	40.925	4.116	22.869	22.869
2	2.968	16.488	57.413	3.771	20.952	43.821
3	2.418	13.434	70.847	3.598	19.986	63.807
4	2.162	12.012	82.859	3.429	19.052	82.859
5	.631	3.508	86.367			
6	.532	2.954	89.321			
7	.361	2.008	91.329			
8	.302	1.676	93.004			
9	.252	1.401	94.406			
10	.220	1.223	95.629			
11	.192	1.064	96.693			
12	.153	.852	97.545			
13	.116	.644	98.190			

14	.093	.519	98.709			
15	.088	.489	99.198			
16	.073	.407	99.605			
17	.045	.250	99.855			
18	.026	.145	100.000			

All four factors making contribution in explaining total 82.859% of variance. The variance explained by Recruitment & Selection is 22.869%, Performance Management is 20.952%, Diversity & Inclusion is 19.986%, and Employee Development is 19.052%.



ScreePlot

“Rotated Component Matrix”

S. No.	Statements	Factor Loading	Factor Reliability
	Recruitment & Selection		.948
1.	Talent Management helps in identifying right talent with necessary skills	.910	
2.	Selecting right candidate makes positive influence on organizational performance	.890	
	Right candidates enhance productivity of employees	.858	

3.			
4.	It makes contribution in achievement of organizational goals	.838	
5.	Choosing right candidate for right job reduces turnover rate	.832	
	Performance Management		.976
1.	Talent management includes performance appraisals and feedback mechanism	.945	
2.	It assists employee know their strengths and weaknesses	.940	
3.	It helps employee know better how they can make positive contribution towards organization	.938	
4.	Feedback of management boost motivation and job satisfaction of employees	.933	
	Diversity & Inclusion		.956
1.	An effective talent management strategy includes efforts of diversity and inclusion	.964	
2.	It is usual that diverse team perform better in organization	.932	
3.	Diversified team brings wide range ideas and perspectives	.901	
4.	The practice of inclusion improves the rate of retention among diverse employees	.848	
	Employee Development		.877
1.	Talent management involves continuous learning and development	.845	
2.	It involves skill development opportunities of employees	.842	

3.	Improved capabilities enhance job satisfaction	.824	
4.	Skilled employees have enhanced job engagement	.774	
5.	Employee development leads higher rate of retention	.706	

Factors and associated variables

The first factor of the study is Recruitment & Selection, the variables included under this factor are Talent Management helps in identifying right talent with necessary skills, selecting right candidate makes positive influence on organizational performance, Right candidates enhance productivity of employees, It makes contribution in achievement of organizational goals, and Choosing right candidate for right job reduces turnover rate. Performance Management is the second factor which involves variables like Talent management includes performance appraisals and feedback mechanism, it assists employee know their strengths and weaknesses, It helps employee know better how they can make positive contribution towards organization, and Feedback of management boost motivation and job satisfaction of employees. The third factor is Diversity & Inclusion, it includes variables like an effective talent management strategy includes efforts of diversity and inclusion, It is usual that diverse team perform better in organization, Diversified team brings wide range ideas and perspectives, and The practice of inclusion improves the rate of retention among diverse employees. Employee Development is the fourth factor, it includes variables like Talent management involves continuous learning and development, It involves skill development opportunities of employees, Improved capabilities enhance job satisfaction, Skilled employees have enhanced job engagement, and Employee development leads higher rate of retention.

“Reliability Statistics”

“Cronbach's Alpha”	“Number of Items”
.910	18

Total reliability of 18 items including variables in Role of Effective Talent Management in Organizational Performance and Retention is 0.910

Conclusion

The importance of good personnel management for organizational performance and employee retention cannot be emphasized. It is essential to an organization's success in the fast-paced, cutthroat business environment of today. People management entails a thorough strategy for attracting, developing, and keeping top people inside the company. When done properly, it relates personal aspirations and capacities to the overall goals of the business. This alignment not only promotes greater performance but also increases employee motivation and job happiness. A solid talent management approach also aids in spotting potential leaders inside the company, facilitating succession planning and easy changes in leadership positions. For long-term stability and growth, this consistency is essential. Effective personnel management also has a significant impact on employee retention. Employee retention is higher in organizations where people believe their contributions and abilities are recognised and when there are possibilities for personal and professional development. Reduced turnover rates result in financial savings, a growth in institutional knowledge, and a more stable and pleasant workplace. Effective personnel management is a strategic need in a highly competitive employment market where it is difficult to attract and retain top employees. Prioritizing this area of business operations benefits an organization's performance as well as the long-term attraction and retention of top people, which plays a vital role in the organization's

success as a whole. The factors that determine the Role of Effective Talent Management in Organizational Performance and Retention are Recruitment & Selection, Performance Management, Diversity & Inclusion, and Employee Development.

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