

## TALENT DEVELOPMENT AND EMPLOYEE RETENTION AMONG MANAGEMENT LEVEL WITHIN A SELECTED ORGANIZATION IN MALAYSIA

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### Abstract

This study was conducted to measure the effect of talent development towards employee retention among management level in a selected organization in Malaysia. The objectives of this study were 1) to measure the level of talent development towards employee retention 2) to establish the relationship between the talent development and employee retention 3) to determine the factors that explains employee retention. By employing the G\*Power analysis, a total of 131 respondents were accepted for this study. The established questionnaires were adapted and tailored according to the need of the study to gather data from the respondents. The questionnaires were distributed and collected by hand and on the spot to ensure high rate of return. The survey responses were analyzed using the Statistical Package for Social Sciences (SPSS) Programme Version 20. Descriptive statistics were used to explain the level of talent development. Correlation analysis (Pearson Coefficients  $r$ ) was used to analyze the strength and direction of the relationship between the four factors with employee retention while multiple regression analysis was performed on the four dimensions computed against the dependent variable of employee retention to determine the overall relationship between the dependent and the independent variables. Based on the findings, out of the four variables only the talent development and organizational culture variable showed a significant contribution in the multiple regression model. The findings also revealed that all four independent variables (benefits, organizational culture, career development, talent development) demonstrated a relationship at moderate correlation. The talent development variable showed the highest correlation as compared to the other three independent variables with the career development variable computed as the lowest correlation. The study concluded that organizations that focus on talent development are more likely to retain their employees and contradict that popular beliefs that developed employees which are more marketable are more likely to leave the organization.

**Key words:** *Talent Development, Employee Retention, Organizational Culture, Malaysia*

### Introduction

Cai and Klyushima (2009) discovered talent development has been one of the retention tools that is able to change the perspective of employees wanting to stay through planned and unplanned learning. Malaysian organizations without exception will need to revisit and formulate better talent development strategies to attract and keep the local talents at bay. The concept of 1Malaysia focusses on “People First, Performance Now” has encouraged organizations to embark on various development programs to ensure employee performance and career advancement. The incorporation of Talent Corporation Malaysia Berhad (Talentcorp) has been initiated by the Government of Malaysia to nurture Malaysian talents and encouraging Malaysian abroad to return home to participate in the economic transformation. In order to create a sustainable source of talent for the country and to drive forward the National Key Economic Areas (NKEAs) sectors, it is vital that Malaysians themselves fill the bulk of the talent demand. Miller and Desmaris (2007) view the criticality of talent development and retention with the emergence of greater competition for talented employees. They regard talent retention as a critical resource that needs to be managed effectively. Their study also concluded that investing in the development of talented individuals is one of the primary strategies than can positively influence their success in retaining talented individuals. As such, how do Malaysian companies embark on the adoption of talent development? To what extent have they been practicing the talent development in the retention strategies? Have they been successful in managing talent separation? These will be some of the questions this study will be addressing. The objectives for this study is 1) to measure the level of talent development towards employee retention 2) to establish the relationship between the talent development and employee retention 3) to determine the factors that explain employee retention.

### Literature Review

One of the aspects emphasized by Conger & Fulmer (2003) in managing talent is how talent is developed within the human capital of the organization concerned. Kesler (2002) describes people development, as a corporate way of life is, like most critical priorities, a matter of culture.

Development is not an off-line activity, but the result of placing talented people in the right stretch assignments, supported by effective bosses and coaches with occasional education or training. Earlier research conducted with regard to talent development will provide the windows of opportunity on how successful organizations operate.

#### *Talent Development*

Talent development encompasses a variety of components such as training, career development, career management, and organizational development, and training and development. The term talent development is becoming increasingly popular in several organizations; as companies are now moving from the traditional term training and development (Barlow, 2006). What constitutes talent development in an organization? As Haskin & Shaffer (2010) iterated that there are four components in talent development which are understanding the real business drivers of the organization, giving considerations to the talent development attributes in the learning model, reinforce the continuous learning throughout the development course and the result achieved as the main focus. By developing an understanding of the organization strategies, goals, issues, opportunities, challenges, values and culture then only will the talent development ascertain the appropriateness of learning venues, takeaway and priorities. Haskin & Shaffer (2010) also develop a framework in talent development that can assist organization to focus their effort. The framework includes organizational will, the learning model, attribute to develop and strategies for development.

#### *Rewards and Benefits*

Rewards and benefits offered to the employees play a vital role in determine the intention to stay. It motivated them to work productively and having a better job satisfaction (Silbert, 2005). In another research done by Gberevbie (2010), he found that rewards as provided by organizations have a positive relationship with job satisfaction and hence employee retention (Taplin et al., 2003)

#### *Organizational Culture*

Kesler (2002) in his study suggested that a firm's culture improve not only financial results but also increase engagement, sustaining superior performance and competitive advantages. Future research could consider other factors with regards to Talent Development and employee retention issues. These might include internal factors like organizational culture and positive work environment, which literature has identified as an important factors in employee retention (Earle, 2003).

#### *Career Development*

The purpose of the program development is to create potential growth in the employees and also in helping the organization in managing many aspects in workforce requirements (Prince, 2005). Career development opportunities were also found to be supporting reasons for which talents join a firm, and reason for staying with a firm (Wayne, 2009)

#### *Talent retention*

Talent retention refers to an organization's ability to keep employees it has already hired (Bernthal and Wellins, 2001). Talent retention can also be viewed as organizational policies and practices designed to meet the diverse needs of employees and create an environment that encourages employees to remain employed. The most common reason given by respondents when they wish to stay with the company are: career growth, learning, and development, exciting work and challenge, meaningful work, making a difference and a contribution, great people, being part of a team, good boss, recognition for work well done, autonomy, sense of control over one's work, flexible work hours and dress code, fair pay and benefit. The respondent cited three primary reasons for employees wanting to stay in organization are 1) career growth, learning and development, 2) exciting work and challenge, and, 3) meaningful work making a difference and contribution. Knowing the reason why employee would stay long in the company will help organization to strategically design their retention measures.

*Conceptual Framework*

Thus, talent development and employee retention issues has becoming a challenging for today’s working environment especially for organizational leaders in recognizing the impact and important to develop and retain top talents across organizations. Such as the framework was develop based on the literature reviewed by the research with incorporating talent development in the employee retention variables as the objective and focus of findings and discussion for this study.

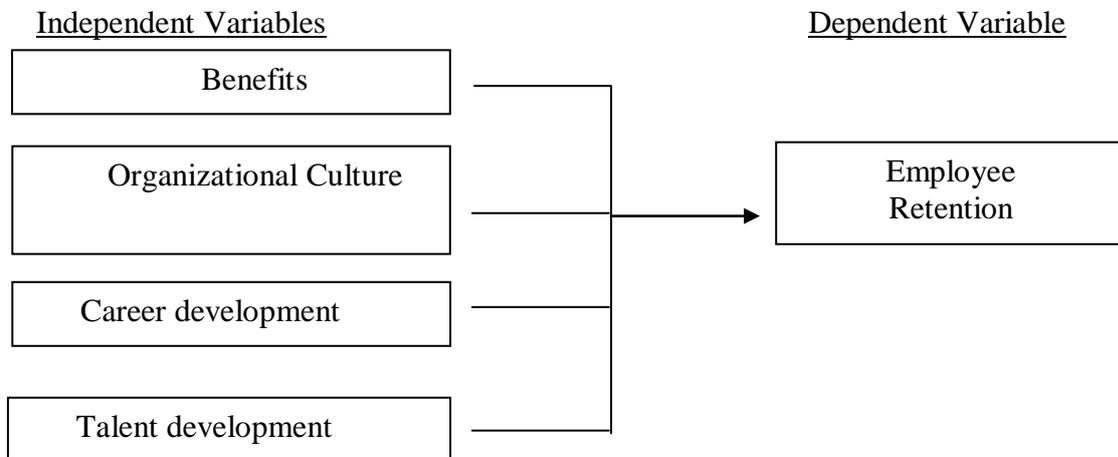


Figure 1-The research framework

**Methodology**

This study is to investigate the relationship between talent development practices and talent retention in a selected organization in Malaysia. Talent retention variables in the chosen company will be investigated and to what extent talent development practices employed affect employee retention. A total of 131 respondents were accepted for this study. The established questionnaires were adapted and tailored according to the need of the study to gather data from the respondents. The questionnaires were distributed and collected by hand and on site to ensure high rate of return. The survey responses were analyzed using the Statistical Package for Social Sciences (SPSS) Programme. Descriptive statistics were used to explain the level of talent development. Correlation analysis (Pearson r) was used to analyze the strength and direction of the relationship between the four factors with employee retention while multiple regression analysis was performed on the four dimensions computed against the dependent variable of employee retention to determine the overall relationship between the dependent and the independent variables.

**Findings and Discussion**

Based on Guilford’ rule of thumb, the independent variables (benefits, organizational culture, career development, talent development) demonstrated a substantial relationship in the moderate correlation category. As shown in table 1, the talent development variable (r =.642) showed the highest correlation as compared to the other four independent variables with the benefits variable computed the lowest correlation coefficient score (r = .284).

Table 1 : Pearson Correlation Coefficients of employee’s retention with the independent variables of the employee’s retention dimensions

<b>Independent Variable</b>	<b>Correlation</b>	<b>Significant</b>
Benefits	.284	.000
Organization Culture	.449	.000
Career Development	.460	.000
Talent Development	.642	.000

Note: Dependent variable: Employee retention; Significant at the 0.01 level (2-tailed)

The findings also shows that talent and culture showed a significant contribution in the multiple regression model with unstandardized beta coefficient of .572 and .209 respectively with p-value = 0.000. The multiple regression equation that fits the model is:

$$Y (SQ) = 0.945 + 0.209(X_2) + 0.572 (X_4) + e$$

Where:

Y = Employee Retention (ER)

$b_0$  = Constant

$X_2$  = Culture

$X_4$  = talent, and

e = Error

Results also show that the largest beta coefficient is 0.572 which represents talent. This means that this variable makes the strongest contribution to explaining the dependent variable (ER), when the variance explained by all other predictor variables in the model is controlled for. It suggests that one standard deviation increase in the level of talent is followed by 0.572 standard deviation increase in Employee Retention

### Conclusions and Recommendations

As a conclusion based on the objectives of the study, it can be concluded that organization that have practice talent development may have better pool of employees. The overall tool to retention is very important in ensuring the level of loyalty for the employee to stay. Thus, factors such as talent development and organizational culture play an important role to ensure the personal satisfaction that the employee have for its organization. All four correlated, but only two explained employee retention which supported by the literature reviewed. Thus, this study supported by Glen (2007) concluded that organizations that focus on talent development is more likely to retain their employees and contradict that popular beliefs that developed employees which are more marketable are more likely to leave the organization.

### Implications

The implication of this study affect both theory and practices in HRD. This study has expands the theoretical understanding of talent development framework and its incorporation towards employee retention. Thus, HR policy need to be revised according to the current needs.

### Recommendations

#### *Recommendation for the practitioners*

Based on the study the following recommendations are made for HRD practioners: 1) A training needs analysis to be annually performed to determine the relevant talent development programs prior to program planning. 2) Learning and development as a continuous effort with the formulation of significance policy to ensure employees to undergo certain amount of man-days or man-hours annually as a motivation tool to stay longer in the organization. 3) A time series career pathing and succession planning being designed to provide clarity for the future of these employees and transparency of the talent development programs needed to be attended at the various stages of the career progression. A competency based promotion being designed to provide equal opportunity for fellow employees being given fair chances for promotion. 4) Develop and identify avenues for talent development and career development related within the organizations. These avenues identified preferably abroad will enable the employees to benchmark their present organizational practices for the betterment of future performance. Talent development programs such as the Executive Summer Program at Harvard University, Oxford or Cambridge University will enable the managers to share the experience gained with their peers and colleague once they return. 5) Develop and identify suitable policy for talent development which focused on training and development, career development and organizational development. 6) A lifelong mentoring and coaching program to be introduced in developing and transforming the new talent through the process of character building and on-the-job knowledge and skills transfer.

*Recommendation for future studies*

The findings from this study have provided opportunities for further studies: 1) Further research to determine other variables that could explain the employee retention in the context of Malaysian environment. Suitable mediating variables may lead to the relationship of employee retention's contribution to the organizational performance. 2) The use of other methods to collect data to further enhance the results and findings at the research site. A triangulation of data collection enable future researchers to further validate the findings. 3) The same research framework with inclusion of other variables can be used to support and further this study. 4) A combination of qualitative research design will allow the researcher to explore further the actual programs included that had led to success of talent retention.

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