Employee Perceptions of Talent Management Effectiveness on Retention

Lee-Anne C. Johennesse*
College of Business, Southern Taiwan University of Science and Technology, Tainan, Taiwan
Email: da41g205@stust.edu.tw

Te-Kuang Chou
College of Business, Southern Taiwan University of Science and Technology, Tainan, Taiwan

* Corresponding Author

Abstract

Purpose: The main purpose of this study is to understand how talent management processes contribute toward effective performance management, with regard to employee retention in Taiwanese companies. This research aims to study the value that employees place on their job design through training, performance assessment through feedback, accountability and responsibility through empowerment, equity of compensation by remuneration, and business coaching program utilization.

Design/methodology/approach: This theoretical paper, and the conceptual model proposed in this study will be based on employee experiences, and perceptions of talent management processes on their retention. The planned data regarding these factors will be collected quantitatively through questionnaires completed by employees in listed Taiwanese companies.

Findings: The proposed study will provide a review of the extant literature, as well as provide empirical evidence with regard to critical HR policies that have significant impact on the management of employee retention practices.

Originality/value: This study aims to provide companies with a guide in targeting the most important factors that impact on their employee retention, through an increased awareness and knowledge of how employees are motivated, and thus retained accordingly. Moreover, this case study will be the first of its kind conducted in Taiwan, as it includes core HR retention practices, as well as business coaching processes (which are relatively unutilized in broader Asian contexts). Furthermore, it is anticipated to cover a large sampling of the main industries listed broadly on the Taiwanese Stock Exchange, and offer HR policy implications.

Keywords: Human Resource Practices, Talent Management, Retention,

Introduction

The global crisis of 2008, and subsequent economic recessions, have resulted in a multitude of companies having to reduce their employee levels, by significant downscaling. Current challenges include immense organizational transformations, the rapid paced advancement of technology and unstable environments, which are further manifested by constant tumult in the economy. Consequently, employee loyalty, efficiency and turnover concerns are extremely significant
management challenges (Dhanraj and Parumasur, 2014). Additionally, this is impacted by employee commitment, organizational restructuring and competition for capable talent (King, 2015). Furthermore, the retention of Generation Y employees in vulnerable, uncertain, complex and ambiguous (VUCA) environments are immense challenges which organizations are also confronting (Aruna and Anitha, 2015).

Decreased organizational stability creates fragility, with an influence on relationships with customers; managers are pressurized, conflict is inexorable, and productivity is impacted. These challenges effect organizational competitiveness, creating difficulty for organizations to compete in the marketplace (Lado and Wilson, 1994; Wright, McMahan and McWilliams, 1994). The most valuable, and volatile asset of organizations, is constant, efficient and loyal employees (Elliott, 2004). Employee durability enables organizations to have significant advantage, and power through expertise and experience. Employing, and retaining the most suitable and capable employees is critical, this is why employee recruitment processes are fundamental, with regard to cost saving mechanisms relative to employee retention. It is therefore imperative that employers are certain of candidate suitability for employment, the reasons that they are selected, and consequently how they are managed (Arnold, 2005).

Vast competition exists throughout industries and markets. It is thus important for organizations to strategically manage their employees’ performance, due to the impact of sustainability. It is widely believed that highly talented employees are significant to organizational success. Therefore talent management processes are fundamental and key. Efficient performance measures may assist companies to integrate competitive assets to its fullest extent. Moreover, firms that invest in talent management performance strategies, which include employee development and potential maximization, position themselves for greater success (Cascio, 2014).

Taiwan’s business landscape is confronted by three major challenges. Firstly, many senior managers will be retiring in the next ten to fifteen years. This means that the current generation of talent will transition to the next phase, and job readiness is critical. Secondly, Taiwan’s birthrate has been declining, and is ranked as one of the lowest globally. This creates a situation of a declining HR pool, where the available talented employees will further decline. Thirdly, the ‘brain-drain syndrome’ also characterizes Taiwan, whereby many experienced, and skilled people seek opportunities away from Taiwan, thus further decreasing the availability of much needed competencies.

These challenges represent a need for Taiwanese companies, whether small, medium, or large, to not be victims of a talent vacuum. Moreover, it also creates an opportunity for companies to be competitive in their environments, and sustainable from a people management perspective.

A solution to the above-mentioned possible organizational crisis’ is for Taiwanese companies, to first acknowledge the risks associated with the current situation, and then to address these risks. This can be achieved by harnessing talent pipelines through the development of enhanced talent management practices, which will support employee retention.

Employees are the core of an organization, therefore it is fundamental to retain them to ensure the success of the organization. Companies endeavor to implement Human Resource strategic plans to satisfy employee requirements regardless of the nature and size of the organization (Huselid, 1995).

This paper seeks to contribute to the existing literature regarding employee retention. Practically, this study provides organizations with policy recommendations to specifically impact the most significant influences of employee retention. Taiwanese firms (and other Asian counterparts)
seldom include business coaching initiatives as part of their HR strategies, accordingly, this paper provides an opportunity for these companies to be more competitive, and sustainable from a retention perspective. Moreover, previous studies conducted within a Taiwanese context include specific and limited company sectors, the value of this study aims to include a larger and broader sampling of the main industries listed on the Taiwanese Stock Exchange.

Literature Review
Employee Retention
Employee retention signifies the practices and processes utilized in managing valuable employees so that they don’t leave their positions within organizations. It incorporates steps taken to motivate and encourage employees to remain and function, optimally in the organization for the longest period of time (Hausknecht, Rodda and Howard, 2009). It is imperative that skilled, and knowledgeable staff are recruited and managed effectively, because the retention of people is of critical significance. This is important, as many employers often under estimate the costs incurred with the replacement of employees. The costs can include reference checks, temporary worker costs, training costs and employee induction expenses. Other concealed costs, such as unfulfilled deadlines, loss of organizational knowledge, decreased morale, and clients’ undesirable perceptions of company persona may also be resultant. For these reasons, retaining valuable personnel is a primary endeavor for many companies. If employers do not carefully manage the retention of their staff, organizations may be challenged by understaffing, as well as ineffective and inefficient employees, thus directly impacting on the competitiveness, success and sustainability of these organizations (Tziner and Birati, 1996).

Vast research continues to explore the determining factors as to why people leave their jobs, and to date there has been limited and broad consistency in findings. There are numerous reasons why people vacate their positions for alternative employment. Factors such as job anxiety, limited loyalty to the organization; and job dissatisfaction are often outcomes driving resignations. If there are insufficient opportunities for employees to be developed and be trained, this may result in low morale, which may lead to resignations. Research also indicates that if employees are happy and satisfied, they will build relationships within their organizations, and this is important for organizational performance. Team building processes are also effective in this regard. It is essential that management foster employee job satisfaction, which impacts on retention levels. Another aspect to take into consideration, is the level of customer satisfaction. This is also dependent on employee satisfaction, because this relationship is of considerable significance to the organizational sustainability (Han, 2008)

Retention processes are important organizational objectives, as they impact profits, and consequently organizational goals and objectives. This is because retention offers the opportunity to decrease costs for further recruitment and training processes. Other retention benefits include increased employee efficiency and performance (Satpathy and Das, 2011).

Talent management processes include practices to circumvent employee turnover and job burnout. Job burnout is described as fatigue, low fervor, impetus and stimulus. These facets may result in destructive sentiments and disparaging conduct, which may further impact on organizational proficiency. Possible causes of burnout might be managers whom are too critical, deadlines that are too demanding or not manageable, company bureaucracy, and the culture prevalent in the organization, which may cause employee conflict or misunderstanding.
Employee Empowerment and its Impact on Retention

Empowerment can be defined as entrusting the power of decisions, thereby allocating more power, responsibility and ability to employees in order to complete their duties. Empowerment practices encourage employees to build on their existing capabilities and develop increased self-confidence. This is demonstrated by facilitating employees to cogitate, make decisions, perform tasks, and regulate their functions independently. This is then demonstrated by increased loyalty, and extra effort harnessed by employees.

Employees that are empowered have increased motivational drive and commitment, subsequently contributing to organizational competitiveness, profitability and innovative achievements. These accomplishments can create unity within the organization, furthering success (Punia, 2004). Industries and markets are highly competitive; therefore, retaining an experienced and knowledgeable workforce is essential. The organization’s reputation and persona are other factors, which may be affected by increased staff yields. If an employee resigns, the organization incurs increased costs and challenges, as a new employee needs to be trained or a suitable external candidate sourced.

Some studies have identified that lack of job dissatisfaction (Moore, 2002), low levels of empowerment (Boundrias et al., 2009) and low levels of management support (Hatton and Emerson, 1998) may lead to increased turnover (Salman, Iqbal and Chandran, 2010).

Huselid et al (2000) found that HR policies play a strategic role in employee retention through stimulating skilled labor. Setting goals where employees are involved is important, because employees feel empowered through inclusion and participation. Employees that have levels of empowerment are often more self-assured and perform at increased efficiency levels. This may be as a result of an increased decision making ability. Employees thus exhibit a sense of commitment and obligation not to vacate their positions. A consequence of these factors may cause employees to feel compelled to remain in the organization.

Subsequently, employees may continue to stay in their organizations even when confronted by pressure from others, because they feel a sense of belonging to the organization. Job satisfaction pays a significant role when employees decide to remain or vacate their positions. Individuals whom exhibit increased job satisfaction levels are more inclined to be loyal and committed and thus they will stay in the organization for a longer period of time.

The implementation, commitment and nurture process of employee empowerment in organizations’ requires trust and communication from management. Employee interaction is one of the greatest indicators of employee empowerment in organizations, leading to satisfaction and loyalty resulting in retention (Verhulst and Boks, 2014).

Training and its Impact on Retention

Training can be described as the organized attainment and improvement of attitudes, expertise and knowledge needed by employees to effectively complete an allocated job or task to increase performance. The process of training is intended to increase knowledge and skills to meet organizational needs. This process should be proficiently developed and effectively designed (Lee and Bruvold, 2003).

Enhancement in performance domains, including developing efficiencies and value creation, are the outputs of training, and are also contributors to the alignment between employee tasks and organizational requirements.

Effective employee training processes can successfully impact organizational requirements, and
this may further create opportunities for employee retention. Talent management processes that include training can also motivate employees and create a sense of self-esteem and security (Tharenou, Saks and Moore, 2007).

Likewise, training is valuable for skills development and performance improvement, because it may create the perception of management interest and support. Another feature of training relates to role clarity, resulting in the reduction of job anxiety, which may further impact employee retention. However, training in isolation cannot resolve all staff retention related aspects. It is consequently realistic to say, that training can be a factor in cultivating retention, but it may not be adequate if other organizational systemic barriers are not resolved.

**Remuneration and its Impact on Retention**

Remuneration is defined as the money paid by an employer, to an employee in the form of salary payments. This can include money as well as non-cash settlements. Benefits, such as pension, life / health insurance, retirement planning, and allowances that may include company cars or subsidized transportation, represent a significant pay element in many firms. Tax recompenses and economies of scale, create economic advantages for companies to offer benefit, and may be utilized as opportunities to attract and retain preferred employees.

Previous company analysis results conducted by researchers, suggest that employee position and duration of employment were the determining factors that influenced salaries and ultimately retention (Baker, Jensen and Murphy, 1988). Other studies conclude that employees are also motivated by non-financial compensation and the quality of the working environment, both of which impacting further on employee turnover rates and retention (Rynes, Gerhart and Minette, 2004).

If employees are satisfied with how the company operates and communicates its compensation policies, they remain committed to the organization. This coupled with training can positively affect the employees’ performance and desire to remain employed in the organization.

**Appraisal and Feedback and its Impact on Retention**

Appraisal and feedback processes include the review and assessment of employees’ task performance, to enable career development decisions. Feedback involves discussing developmental areas with employees, thus ensuring role clarity and job expectations expressed by management. Feedback mechanisms may include positive re-enforcement of successful performance, as well as feedback on areas that need training or deeper focus or commitment (Boswell and Boudreau, 2000). It is imperative that feedback be given more frequently and effectively, this is due to the impacts of technology, millennial workforce dynamics, and high employee performance factors (Cascio, 2014).

Performance appraisals also act as a vehicle of communication between management and employees. Efficiency is this regard, may result in increased employee progression from feedback, as well as better employee satisfaction requirements. This may then support retention, as employees may perceive the appraisal process positively and not just as a measurement, and control process.

Performance appraisals can create anxiety for both evaluator and respondent, if the value of its importance or its message creates doubt or confusion. Research further illustrates this perceived fairness during appraisal processes, by understanding the degree of employee satisfaction, and consequently enhanced organizational relationships (Kuvaas, 2006).
**Business Coaching and its Impact on Retention**

Coaching can be defined as a development and progression process, where an individual (or teams), are supported by a Business Coach on achieving desired outcomes, in understanding broader business processes impacting on the job function (Ely et al., 2010). The concept of business coaching has been predisposed by numerous other areas of study such as personal development, adult education, psychology (sports, clinical, developmental, organizational, social and industrial) and other organizational or leadership theories and practices (Ellinger and Keller, 2003).

Professional competence, augmented confidence and transformations of inefficient behavioral actions are some of the outcomes associated with business coaching processes, due to the improvement of personal effectiveness. Business coaching includes executive coaching, corporate coaching and leadership coaching. Coaching focuses on competence, as well as on the understanding of task specifics and overall development. Mentoring refers to specific skills transfer. Support received from mentors, is a significant contributor with regard to retention of Generation Y employees, and organizations are recommended to provide such mentoring strategies and processes accordingly (Aruna and Anitha, 2015). Training is defined as overall skills development in order to efficiently, and successfully complete a set of tasks and functions (Kilburg, 1996).

Coachees are the individuals or teams obtaining business coaching. Some organizations may utilize coaching methodologies where informal relationships exist between two or more individuals, where one individual has greater business experience, expertise, skill or understanding. This person would then offer support and guide, less skilled employees through a learning and development process. The practice of coaching can either be delivered by external specialists and providers, or it could be the intervention between managers and their staff. In both processes, employee performance is enhanced and job satisfaction levels are raised.

The most widely utilized coaching styles incorporates questions asked by the Coach to stimulate the coachee thinking and self-development process. The coachee will be encouraged and motivated to assume self-responsibility for learning. This process reassures a facilitated learning process, where the coachee will ascertain new ways of being and relating, within the work environment and context (Parker-Wilkins, 2006).

Business coaching encompasses other skills such as focused conversation, which includes listening and the clarification of business understanding, through the development of behavioral skills and enhanced communication and performance skills. This is significant in the discovery of new skills to assist and support the coachee to enhance skills and find solutions to challenges confronted.

**Literature on Employee Motivation**

This research study specifically addresses employee talent management processes, which include Employee Training, Employee Empowerment, Employee Feedback and Appraisal, Remuneration and Business Coaching.

A review of the literature on talent management practices also incorporates employee motivation as a critical factor in retention processes (Korzynski, 2013). It is for this reason that a concise summation of motivation is included in this literature review, as it is a foundational driver of effective employee retention. Employers should be cognoscente of employee motivation processes and its inherent impacts.
Maslow’s Hierarchy of Needs
Abraham Harold Maslow, an American psychologist is globally renowned as the ‘Father’ of motivational studies. He is best known for the creation of a model called, ‘Maslow’s Hierarchy of Needs’. This model portrays the fulfillment of human needs organized in a hierarchical structure and begins from the lowermost tier. An individual cannot transition to the next level without satiating the previous level needs. The outline below depicts human psychological needs (Maslow, 1943), and integrates an organizational perspective.

Tier 1: Psychological Needs – Survival (air, shelter, water, Food, sleep, sex). Employers who pay at least a minimal living wage will meet these basic employee needs.

Tier 2: Safety and Security. Employers can meet these needs by ensuring employees are safe from physical, verbal or emotional hazards, and also have a sense of job security.

Tier 3: Social Needs – Friendship, family. Implementing employee participation programs can help fulfill the need to belong. Rewards such as acknowledging an employee’s contributions can satisfy these social needs.

Tier 4: Esteem such as confidence and achievement. Employers can use job design techniques to create work that is important to and valued by the employee.

Tier 5: Self-actualization – creativity, problem solving, authenticity, spontaneity. An employer who ensures that an employee is in the right job and has all other needs met will help the employee realize this highest need.

A) Vroom’s Expectancy Theory
Victor H Vroom, is internationally recognized for his work relating to motivation, leadership and decision making. Victor Vroom developed his motivational theory where he bases expectations of desired outcomes, incorporating three notions: valence, expectancy, and force. Valence is the appeal of prospective recompenses, consequences, or motivations. Expectancy is a person’s conviction that they will or will not be proficient to influence the anticipated consequence. Force is a person’s drive to deliver on required tasks. This theory seeks to evidence that employees will exert effort when they believe that they will be rewarded accordingly (Vroom, 1964).

Locke’s Goal Theory
Edwin A Locke is an American professor and psychologist. He is also a pioneer of goal setting theories. Locke is one of the most published organizational psychologists in the history of the field. His revolutionary research has created development, and progression through the augmented cognition of work motivation and job satisfaction. His goal setting theory is possibly the world’s most extensively esteemed theory in industrial-organizational psychology. A chapter on job description form a book he wrote in 1976 is still one of the most cited references of this topic. Locke depicts a goal theory where seeking explicit achievements to attain greater deliverables, and setting challenging objectives to escalate determination are essential. Locke alleged that employee involvement, and acceptance in achieving greater goals would be higher, and would result in
improved job gratification. The goal theory’s primary supposition is that employees who partake in goal setting will set higher goals and consequently produce greater deliverables. The theory is logical because employees are motivated to set more difficult goals, and these goals will thus be attainable with increased effort. Sometimes organizations set goals that their employees will rarely, if ever, be able to meet. If the goals are always unattainable, there is no motivation to try accomplishing them (Locke and Latham, 2002).

These motivational theories are all valuable in the understanding of employee motivational drivers on effective talent management practices and subsequent retention of employees. If organizations can onboard these theories when managing their employees, they may further position themselves more positively in the effective management and retention of capable, high performing employees.

**Management Styles**

Managers and leaders are accountable and responsible for their employee performance. Leaders and managers transform teams from ‘good to great’. According to writer and consultant Peter Drucker, "Management is doing things right; leadership is doing the right things" (Drucker, 2008). The role of managers and leaders is often misunderstood or confused. Managers are responsible for the work processes and effective performance of employees’ productivity. Managers are also accountable and responsible for employee talent management practices and human resource processes.

Leaders can exhibit specific talents, skills, qualifications or experience. Leaders deliver on organizational vision, missions, objectives, strategies and tactics. Leadership is a culmination of capabilities and proficiencies, and not specifically based on particular job titles.

A well-known researcher, academic, business consultant and organizational guru, Daniel Goleman postulated the following six styles. These styles are listed below with the corresponding behavioral characteristic (Goleman, 2000).

- **The Pacesetting Leader** - “Do as I do, now”
- **The Authoritative Leader** - “Come with me”
- **The Affiliative Leader** - “People come first”
- **The Coaching Leader** - “Try this”
- **The Coercive Leader** - “Do what I tell you”
- **The Democratic Leader** - “Let’s do it together”

An awareness of management styles amongst organizational leaders and managers may assist in more effective talent management processes. Most often, human resource departments address retention strategies through talent management processes. This is important for managing human resources effectively, however an equally important factor to incorporate into retention strategic planning is the adoption of the appropriate talent management style as this may have a possible impact on employees retention intention.

**Research Methodology**

This study specifically aims at understanding the relationships between employee talent management practices such as training, appraisal and feedback, empowerment, remuneration and business coaching processes on retention. A visual representation of this objective is illustrated below in the proposed theoretical conceptual framework Figure 1.
The primary data will be collected by questionnaire distribution to employees in multiple industries of Taiwanese listed organizations. This questionnaire will contain five main variables; Empowerment, Training, Remuneration, Appraisal and Feedback and Business Coaching and perceptions of impact on Retention.

**Hypothesis of Study**
Based on the literature review, the following five hypotheses have been selected to address talent management variables and their relationship on Retention:

Hypothesis 1 (H1): *Employee Training and Development* - There is a significant relationship between Employee Training and Employee Retention.

Hypothesis 2 (H2): *Employee Appraisal and Feedback* - There is a significant relationship between Employee Appraisal and Feedback and Employee Retention.

Hypothesis 3 (H3): *Employee Empowerment* - There is a significant relationship between Employee Empowerment and Employee Retention.
Hypothesis 4 (H4): Employee Remuneration - There is a significant relationship between Employee Remuneration and Employee Retention.

Hypothesis 5 (H5): Business Coaching utilization - There is a significant relationship between Business Coaching and Employee Retention.

Conclusion, Recommendations and Future Research
This research aims to study the value that Taiwanese employees place on their job through Training, performance assessment through Appraisal and Feedback, accountability and responsibility through Empowerment, equity of compensation by Remuneration and Business Coaching utilization toward effective performance management on their Retention.

The retention of competent and effectual talent is crucial in organizational success. Therefore, constant evaluations of talent management practices should occur, due to the perpetual transformation of working environments and changing market landscapes confronted by industries.

Asian organizations, including Taiwan, are characterized by a culture of higher authority conformity. Paternalistic leadership styles, where ‘age comes with respect’ is another characteristic of Asian and Taiwanese culture.

This research may be a source of information and can be utilized by companies to formulate their Talent Management Practices more effectively, and thus successfully impact on their Employee Retention strategies.

Recommendations for Talent Management
Some recommendations pertaining to HR policies are outlined below, and are recommended, as they may be beneficial for organizations to integrate into their Talent Management practices, thus further ensuring successful employee retention levels.

It is important to remember that organizations will specifically retain the talent that they believe are most suited and capable, according to their strategy and objectives.

a) Remuneration
Remuneration processes are specific according to industry and organization. However, it is suggested that organizations vigorously assess their current remuneration systems, and thus be competitive, relative to their industry counterparts. Also by offering bonuses and incentives to employees based on performance, organizations can influence their employees’ retention intentions.

b) Training
Training impacts on their Retention. Therefore, it is recommended that organizations conduct frequent Employee Training audits. These Training audits can assess the needs of employees, and consequently position organizations to supply the necessary skills required by employees. These audits can also assess the efficiency of current training offered by organizations and any gaps that may exist.

c) Business Coaching
Business Coaching is important for retention intention. There is a limited amount of organizations
in Taiwan that offer Business Coaching to their Employees. I recommend that managers seek training and development to offer Coaching programs, as the benefits are enormous. Another route may be for organizations to seek, and utilize the services of external Business Coaches that are skilled and qualified in Business Coaching, that can offer specially designed, contracted Business Coaching services. With these recommendations, organizations can improve and develop their Talent Management practices. In so doing, they can manage their employees more efficiently thus impacting on employee retention, which consequently creates opportunity for increased firm performance and sustainability.

**Future Research**

Extant literature suggests that social initiatives and CSR programs are significant factors for firms to consider with regard to employee retention strategies. Future research could unfold the inherent relationships of these social initiatives and CSR practices with regard to employee retention perceptions, and corresponding organizational HR strategies and initiatives.

**References**


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