



# Investigating the Impact of Talent Management on the Retention of Human Resources: A Study in Zahedan Municipality

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## ABSTRACT

This study aimed to investigate the impact of talent management on the retention of human resource in Zahedan Municipality. The research was descriptive-correlational and population consisted of all 100 employees in Zahedan Municipality. Talent management and retention of human resources questionnaires were used. Validity of questionnaires was confirmed by faculty professors and experts in Zahedan Municipality; their reliability obtained by Cronbach's alpha coefficient was 95% and 93%, respectively. Regression test in SPSS16 software was used in order to data analysis. Test results showed that talent management effects on the retention of human resource. Moreover, all variables of social responsibility, employee pride, management support, performance management, intrinsic rewards, and health factors predict the retention of human resources.

**Keywords:** Talent Management, Retention of Human Resources, Employees Pride, Turnover Intention, Satisfaction

**JEL Classification:** M1

## 1. INTRODUCTION

One of the main tasks of human resource management (HRM) in organizations is optimal retention of human resources (Ghazizadeh and Amani, 2001). Beside the need to recruit, develop, and retain talents, organizations have found that talents are critical resources needing to be managed in order to achieve the best results (Sweem, 2009). In fact, talent management is a secret weapon in global war to acquire talents. So, companies should have the ability to provide needed training and maintain valuable employees for long-term period (Michaels et al., 2001). Talent management includes the whole organizational activities for attracting, selecting, developing, and retaining the best employees and utilizing them in the most strategic role (Collings and Caligiuri, 2010. p. 105-108). Most organizations, including Zahedan Municipality, are facing with talent crisis because of reasons like available talent, problems to maintain outstanding talents, high employee turnover rate, and human resources strategies (Philips and Roper, 2009).

Since the role of talent and individual's mental abilities are important for all organizations, Zahedan Municipality also tends to attract and retain talented individuals. Given that people have

untapped talents, if an organization fails to take advantage of these talents, other person or organization will do it (Bakhtiary, 2011). Turnover in employees, experts, and managers is an organizational dilemma which can impact on the improvement of organizations, such as Zahedan Municipality, and makes challenge for managers who tend to retain and improve their human resources. Considering fundamental role of municipalities in providing municipal services and social welfare with citizens, also not enough research about the impact of talent management programs on retention of human resources, the need for research on this subject is evident. Evaluating the impact of talent management on retention of human resources, the study attempts to take a big step in order to maintain talented personnel in Zahedan Municipality.

## 2. RESEARCH LITERATURE

### 2.1. Talent Management

According to Duttagupta (2005), talent management is the critical managing a flow of talent in the organization; the objective is making an available source of talent to match the right people with the right jobs at the right time based on strategic goals of the business. Schweyer (2004) believes that talent management covers

all processes, fundamentals, and technologies of human resources; it usually includes sourcing, selecting, employing, maintaining, developing, and modernization talented workforce by analysis, planning, and composition of different elements. In other words, talent management can more optimally apply what occurs at attracting and developing steps in workforce management process; as Corellman believes that talented people play the main role in company’s success. Following a number of talent management models are introduced (Table 1).

**2.2. Retention of Human Resources**

Retention of human resource refers to organization’s ability to maintain talented and qualified staff, i.e., people who help organization’s competitiveness in this rapidly changing world (Branham, 2005). One of the main tasks of HRM is optimal maintenance of human resources. The desire for durability or probable degree of employee retention is related to employee’s motivation to be a member of organization and their desire to do more and continuing cooperation. If workforce works with peace of mind and a strong motivation without any fear about the future, higher productivity will be reached (Briscoe and Schuler, 2004).

**3. RESEARCH CONCEPTUAL FRAMEWORK**

Tymon et al. (2009) considered six variables for talent management including corporate social responsibility, employees pride, management support, performance management, intrinsic rewards, and extrinsic rewards. Moreover, he considered turnover intentions, job satisfaction, and career success as three outputs for management talent process. Because of inclusiveness and having majority of talent management components, Tymon,s analytical model is a guideline for conceptual model of the study. Components of this model are briefly described as followed (Figure 1):

- Corporate social responsibility: According to Griffin and Barney, social responsibility is the set of duties and obligations

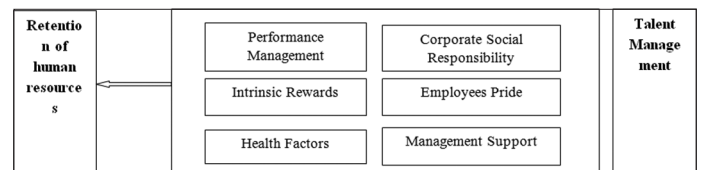
that an organization needs to take care and help the community in which it operates.

- Performance management: Story and Season defined performance management as “an interconnected set of policies and practices that emphasize on high level organizational goals through focusing on individual performance.”
- Management support: Coaching the process of continuous support and cooperation with individual to remain steadfast in his goals and commitments; it means passing through a shortcut, overcoming fears, and reinforcing key points and features (Lubans, 2009).
- Employees pride: When an employee has a sense of pride in organization, he performs something that is pleasure for him and this sense is the source of meaningfulness of work experience (Tymon et al., 2009).
- Intrinsic rewards: Intrinsic or internal rewards have been interpreted based on valuable positive experience that one acquires in carrying out his tasks (Deci, 1975).
- Health factors (extrinsic rewards): Health factors are not intrinsic, but related to conditions under which work is performed. That is why they are sometimes called extrinsic rewards (Thomas, 1943).

**4. RESEARCH REVIEW**

Maali (2011), in a study entitled “investigating success factors in talent management and barriers for implementing it in SAIPA Group,” concluded that factors like standard processes and tools, positive vision toward human resources, and managers with

**Figure 1:** Research conceptual framework



**Table 1: Talent management models**

Key variables affected by talent management	Predisposing factors	Relationship with private/government sector	Model
Performance management, workforce planning, partner management, selection, treasury succession, training and development, strategy development or career path, services and benefits	Strategy and business objectives in the organization	Private	Talent on (2010)
Discovery, integration, performance management, retention, and turnover	Strategies and business needs	Private	Talent management maturity model LORE (2010) Jasper Associates (2009)
Succession planning, job strategy, determining professional targets, gap analysis	Business strategies	Private	
Social responsibility, pride in the organization, management support, performance management, intrinsic reward, health factors	Attracting, managing, and retaining talent	Private	Tymon et al. (2009)
Job strategy, succession planning, talent direction, comprehensive employee development, coaching	Philosophy, strategy, and methodology of organization as well as individual development plan	Private	Technologies (2008)

long-term perspective are major success factors, moreover, factors such as domination of relations in appointing, lack of strategic human resource system, and top managers' belief, commitment, and support are major obstacles in success of talent management in the SAIPA Group.

Azimvand (2011) examined the relationship between talent management and leadership style. The findings are as follows: There is significant positive relationship between leadership style and talent retention, significant positive relationship between leadership style and training and developing talent, no significant relationship between autocratic leadership style and talent retention, no significant relationship between autocratic leadership style and training and developing talent, positive relationship between participatory leadership style and talent retention, positive relationship between participatory leadership style and training and developing talent, positive relationship between delegative leadership style and training and developing talent.

Ki Hundi (2011), in an article, studied the effect of talent management on the efficiency of national and multinational organizations in Nigeria. The findings showed that talent management had a positive impact on organizational performance.

Tymon et al. (2009), in an article entitled "exploring talent management in India: The neglected role of intrinsic rewards," concluded that six variables including corporate social responsibility, employees pride, management support, performance management, intrinsic rewards, and health factors lead to three key outputs including turnover intentions, job satisfaction, and career success.

## 5. RESEARCH HYPOTHESES

### 5.1. Main Hypothesis

Talent management has a positive impact on the retention of human resources in Zahedan Municipality.

### 5.2. Secondary Hypotheses

1. Corporate social responsibility has a positive impact on the retention of human resources in Zahedan Municipality.
2. Employees pride has a positive impact on the retention of human resources in Zahedan Municipality.
3. Management support has a positive impact on the retention of human resources in Zahedan Municipality.
4. Performance management has a positive impact on the retention of human resources in Zahedan Municipality.
5. Intrinsic rewards have a positive impact on the retention of human resources in Zahedan Municipality.
6. Health factors have a positive impact on the retention of human resources in Zahedan Municipality.

## 6. RESEARCH METHODOLOGY

This descriptive-correlational research was conducted through field method. Research population consisted of 100 employees in Zahedan Municipality and sampling was conducted in census

method. To collect data, library information and questionnaires were used. The questionnaires were standard and their validity was confirmed in previous studies. However, some experts checked the validity and after necessary reforms, the validity of questionnaires was approved. Questionnaire reliability was assessed by calculating Cronbach's alpha coefficient. The coefficient of 95% for talent management questionnaire and 93% for retention of human resources showed high reliability of both questionnaires. In order to test research hypotheses, regression test in spss16 software was applied.

## 7. HYPOTHESES TESTING

### 7.1. Main Hypothesis Testing

- "Talent management has a positive impact on the retention of human resources in Zahedan Municipality."

According to Table 2, correlation coefficient is  $R = 0.84$  with significance level of  $\text{Sig.} = 0.000$ . Therefore, hypothesis is confirmed. The coefficient of determination is equal to 0.70 indicating that talent management can predict and affect retention of human resources as much as 70%.

### 7.2. Secondary Hypotheses Testing

- a. Corporate social responsibility has a positive impact on the retention of human resources in Zahedan Municipality. According to Table 3, correlation coefficient is  $R = 0.54$  with significance level of  $\text{Sig.} = 0.000$ . Therefore, hypothesis is confirmed. The coefficient of determination is equal to 0.29 indicating that corporate social responsibility can predict and affect retention of human resources as much as 29%.
- b. Employees pride has a positive impact on the retention of human resources in Zahedan Municipality.

**Table 2: Regression test for the impact of talent management on retention of human resources**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard error of the estimate	Sig.
1	0.841 <sup>a</sup>	0.708	0.705	7.660	0.000

<sup>a</sup>Predictors: (Constant), modiriati.estedad

**Table 3: Regression test for the impact of corporate social responsibility on retention of human resources**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard error of the estimate	Sig.
1	0.543 <sup>a</sup>	0.294	0.287	11.908	0.000

<sup>a</sup>Predictors: (Constant), masooliat.ejtemaei

**Table 4: Regression test for the impact of employees pride on retention of human resources**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard error of the estimate	Sig.
1	0.735 <sup>a</sup>	0.539	0.535	9.620	0.000

<sup>a</sup>Predictors: (Constant), gh.va.eftekhar.karkonan

According to Table 4, correlation coefficient is  $R = 0.73$  with significance level of  $\text{Sig.} = 0.000$ . Therefore, hypothesis is confirmed. The coefficient of determination is equal to 0.53 indicating that employees pride can predict and affect retention of human resources as much as 53%.

- c. Management support has a positive impact on the retention of human resources in Zahedan Municipality. According to Table 5, correlation coefficient is  $R = 0.62$  with significance level of  $\text{Sig.} = 0.000$ . Therefore, hypothesis is confirmed. The coefficient of determination is equal to 0.38 indicating that management support can predict and affect retention of human resources as much as 38%.
- d. Performance management has a positive impact on the retention of human resources in Zahedan Municipality. According to Table 6, correlation coefficient is  $R = 0.79$  with significance level of  $\text{Sig.} = 0.000$ . Therefore, hypothesis is confirmed. The coefficient of determination is equal to 0.63 indicating that performance management can predict and affect retention of human resources as much as 63%.
- e. Intrinsic rewards have a positive impact on the retention of human resources in Zahedan Municipality. According to Table 7, correlation coefficient is  $R = 0.75$  with significance level of  $\text{Sig.} = 0.000$ . Therefore, hypothesis is confirmed. The coefficient of determination is equal to 0.56 indicating that intrinsic rewards can predict and affect

**Table 5: Regression test for the impact of management support on retention of human resources**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard error of the estimate	Sig.
1	0.620 <sup>a</sup>	0.384	0.378	11.124	0.000

<sup>a</sup>Predictors: (Constant), poshtibani.modir

**Table 6: Regression test for the impact of performance management on retention of human resources**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard error of the estimate	Sig.
1	0.798 <sup>a</sup>	0.637	0.634	8.537	0.000

<sup>a</sup>Predictors: (Constant), modiriat.amalkard

**Table 7: Regression test for the impact of intrinsic rewards on retention of human resources**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard error of the estimate	Sig.
1	0.752 <sup>a</sup>	0.565	0.561	9.348	0.000

<sup>a</sup>Predictors: (Constant), padash.darooni

**Table 8: Regression test for the impact of health factors on retention of human resources**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard error of the estimate	Sig.
1	0.677 <sup>a</sup>	0.459	0.453	10.430	0.000

<sup>a</sup>Predictors: (Constant), avamel.behdashti

retention of human resources as much as 56%.

- f. Health factors have a positive impact on the retention of human resources in Zahedan Municipality.

According to Table 8, correlation coefficient is  $R = 0.67$  with significance level of  $\text{Sig.} = 0.000$ . Therefore, hypothesis is confirmed. The coefficient of determination is equal to 0.45 indicating that health factors can predict and affect retention of human resources as much as 45%.

## 8. CONCLUSIONS AND RECOMMENDATIONS

The study concluded that talent management effects on the retention of human resources. According to research conceptual model, talent management has six variables including corporate social responsibility, employee pride, management support, performance management, intrinsic rewards, and health factors. Based on research hypothesis testing, all these variables have positive impact on the retention of human resources in Zahedan Municipality. It means that increase/decrease in these variables may lead to increase/decrease in the retention of human resources. Due to research population, performance management, intrinsic rewards, and employees pride have the greatest positive impact on the retention of human resources in Zahedan Municipality. Results suggest that managers should pay more attention to the retention of talented employees, because the success or failure of organization depends on them. The research emphasizes the point that situation can be improved by using talent management, identifying key positions, and appointing people in these positions. But what ultimately makes talent management to have appropriate results is strong continuous support from management; otherwise, success will not be achieved. Based on research findings, following suggestions can be considered by Zahedan Municipality:

- Establishing optimal, clear, and challenging performance management system for employees. To do this, performance targets can be defined for each group, post, and even individual. Therefore, there should be a fair and strong relationship between performance and rewards.
- Applying job enrichment strategies and creating autonomous teams that cause job satisfaction and career development in employees.
- By admitting social responsibilities and doing duties towards society and all stakeholders, Zahedan Municipality can take a big step to make satisfaction, motivation, and sense of pride in its employees as well as society. In order to do so, they should inform their activities to employees and even people.

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