

Talent Retention and Organizational Sustainability

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Abstract

This study investigated the relationship between talent retention and organizational sustainability in deposit money banks in Port Harcourt. The study adopted a cross-sectional survey research design. The population of the study is the twenty-one (21) licensed deposit money banks in Port Harcourt. The sample size of the study comprises of four (4) managers from each of the 21 banks which summed up to 84 respondents. Furthermore primary and secondary data were collected from the participants with the help of a structured pre-tested questionnaire. Quantitative data was analyzed using descriptive and inferential statistical method using Statistical Package for Social Science (SPSS) computer software version 21.0 presented in textual forms and tables. Spearman's Rank Order Correlation Coefficient was computed to test the hypotheses. The findings reveal that there is a strong positive relationship between talent retention and organizational sustainability in deposit money banks in Port Harcourt. Based on the findings, this study recommends that talent retention should be encouraged in organizations because it gives opportunities to develop competent, capable and productive employees who will enhance organizational sustainability after the incapacitation or demise of a key stakeholder.

Keywords: Talent Retention, Organizational Sustainability, Key Stakeholder.

1. Introduction

In the early twentieth century, the French industrialist and writer Fayol Henry (1918) argued that management consists of a set of activities that are common to all organizations. In 1918, he published his experience in the book *Administration Industrielle et Générale*, where he developed his fourteen principles of administration. Fayol claimed that management has the responsibility to ensure the long-term stability of tenured personnel and that if that stability were ignored, then key positions in an organization would be filled with ill-prepared workers. That claim is as true today as it was in 1916: The strength of an organization lies within its people, and when people become more skilled and prepared, the organization benefits (Fayol, 1918). Talent retention is not a new concept; it was the subject of a study by Chester Barnard, a business executive and pioneer in management practices. Barnard looked at organizations as systems of cooperation of human activity and noted that they are typically short lived. It is rare for a firm to last more than a century, and the only organization that can claim a substantial age is the Roman Catholic Church. According to Barnard, organizations are not long lived because they do not meet the two criteria necessary for survival: Effectiveness, which is social in character, and efficiency, which depends on individual satisfaction with work (Barnard, 1968). In 1927, Barnard was president of New Jersey Bell Telephone Company. He contemplated the impact of replacing his entire management team overnight with executives from other companies within the Bell system. He forecast chaos within twelve hours, despite the similarities in company operations, knowledge, skills, and parallel job duties. Barnard was emphasizing the importance of established interpersonal relationships even in a supposedly impersonal organization. As a guideline, he noted, talent retention should

contain goals related to fostering interpersonal relationships. As Barnard points out, it is rare for a firm to last more than a century.

Whether public or private, an organization's survival is based on its ability to bring on board and sustain high quality workforce over a period of time. Many organizations are currently facing mounting pressures to ensure their sustainability, flexibility and responsiveness to the increasing uncertainty and limitations in the economic world. Ultimately, increased turbulence in the employment environment, characterized by organizational restructuring, funding uncertainties, and increasing program complexities have substantial effects on the ways organizations respond to workforce replacement (Cauldron, 1999). Today's organizations are faced with a multitude of complicated challenges including : leadership breaches in ethical decision-making; perpetuating loyalty and trust among workers; competing in a more globalized work world; retaining and developing skills; keeping pace with technological advances and industry changes; and leading within a more diversified structure. As a result, talent retention is a popular subject in organizations today. To better understand the knowledge, skills and abilities that an organization possesses, an organization needs to survey their workforce and identify those employees that have the necessary skills for future roles and put in incentives to encourage and retain your top performers. Incorporating this into the organizations strategic goals has several benefits; it reduces the need for expensive external recruitment efforts and reduces new staff learning curve errors and lengthy adjustment periods (Redman, 2016). Against this background, this study seeks to empirically investigate the effect of talent retention on organizational sustainability in deposit money banks in Port Harcourt.

2. Research Question

1. To what extent does talent retention influence organizational sustainability in deposit money banks in Port Harcourt.

2. Literature Review

2.1 Nature of Talent Retention

Talent retention is concerned with keeping and encouraging employees to remain in an organization in a long term. There are various definitions in the literature of talent retention. Mita, Aarti & Ravneeta (2014), defined talent retention as a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements. Bishida (2013), described it as a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. According to Workforce Planning for Wisconsin State Government (2015), talent retention is a systematic effort to create and foster an environment that encourages employees to remain employed by having policies and practices in place that address their diverse needs. A more detailed and concise definition of talent retention is by Sarah Sweetman (2018), where she defined talent retention as a systematic effort taken by employers to create and develop an environment that encourages present employees to remain in the organization. In this respect, the retention effort should be focused on performing and potentially talented employees.

Talent retention is critically important to all organizations for three main reasons which are: turnover is expensive; performers drive business performance; and knowledge retention. Although estimated financial impacts from turnover fluctuate depending on industry, position, and location, estimates range from thirty percent to two hundred and fifty percent of annual salary. Turnover costs mount steeply, arising from the direct replacement costs of talent acquisition, the opportunity costs of vacant positions and time to productivity, and more broadly lost business performance. The impact of quality performers was crystallized in McKinsey's seminal "War for Talent" study. It found that, in the opinion of senior managers, high performers outperform average performers by a wide margin. According to the study, high performers in operations roles are able to increase productivity by forty percent, high performers in management roles increase profits by forty nine percent, and, in sales positions, high performers are responsible for sixty seven percent greater revenue. In today's era of extreme competition and information overload, business organizations the world over are struggling to find ways to discover a certain edge over other players and maintain that throughout to the extent possible. Knowledge generated within the organization through appropriately converted information becomes of mutual use to the organization and the employees concerned, and this knowledge can essentially be retained to reap the benefits for as long as possible (Spender & Grant, 1996). The retained knowledge can prove to give an edge over all competitors (Boisot, 1998). As such it is imperative that organizations focus on engaging and retaining its high performing employees, so that such knowledge is not just created, shared and transformed for cost effective solutions in the organization but also for the organizations corporate knowledge to be retained.

Talent retention implies that an organization actually knows who their talent is. One of the most robust ways of retaining your talent is to identify who your vital few are which are your "A", star or top performers and retain them. Although, approaching retention according to your vital few is hard and takes resources, the alternative of not knowing, is more disastrous for the organization. According to Pareto's law, in any situation, approximately twenty percent of the inputs/activities are responsible for eighty percent of the outcomes/results. In terms of talents, Pareto's law suggests that twenty percent of an organization's workforce, accounts for eighty percent of the output, and it is these twenty percent of the output that must be retained (Joseph, 1940). Identifying your top fliers and employee engagement is key to talent retention. Employee engagement has been defined as the emotional attachment employees feel towards their place of work, job role, position within the organization, colleagues, organizational policies and culture, and the effect this attachment has on their wellbeing and productivity (Sarah, 2018). Thus, enhancing engagement is not just a simple matter of finding the right people with the relevant skills for the right role, but also ensuring that the values and interests of the individual can be fulfilled by the role and organization. According to HR Zone (2015) there are many strategies that has explored to lever talent retention, some of such strategies are: Development Opportunities; Work life Balance; Management Support and Leadership Style; Compensation Packages; Work Environment and Autonomy. The need for organizations to retain their talents is crucial seeing that their ability to remain in business depends on it, all these retention strategies are beneficial when an employer wants to keep an employee within an organization, keep cost of turnover low, have a competitive advantage over its competitors, thus sustaining and securing the organization.

2.2 Understanding the Concept of Organizational Sustainability

Sustainability means continuation. For an organization, it means that it has the elements necessary to carry on and constantly enhance its activities in pursuit of a defined mission. It thus has both a defined mission and some combination of goals and objectives, the attainment of which ensures the successful pursuit of the mission. Sustainable organizations are not necessarily financially self-sufficient entities. Most organizations will never be able to carry out their missions with their own income. However, sustainable organizations are financially self-reliant. Through short, medium and long term planning, competent and sufficient management and staff, visionary leadership, staff commitment to the organization's mission, grantsmanship skills, networking skills, an ongoing strategic planning process and a positive attitude among staff, they know what resources are available, or potentially so, how they will pursue them, and constantly seek diversified funding sources as they focus on their vision in all that they do (Joseph, 2002). Organizational sustainability represents an ongoing process rather than a state of perfection. It is like a plant: it will grow and prosper if watered and cared for, but wither quickly if it is not. Furthermore, organizations are like a body: if one part is ill, the rest will not function like it should. If too many parts fail at once or in quick succession, the body dies. So keeping an organization sustainable requires a constant effort and unity of purpose focused on one overarching mission. Every staff member and manager must see both the forest and the trees or the organization becomes entangled in the underbrush.

Today, the challenge for any business is continuity, as one generation plans for retirement or it may come as a surprise resignation from a key employee or an employee is lost due to death or long term disability. Also, development of candidates to take on vacant positions takes time, preparation and planning and in turn delays the transition as well as smoothens the whole phase. It builds a management within the organization that helps systematically replace employees that will retire or leave. "Thinking about Tomorrow Today" (Kolhatkar & Sneha, 2015). Organizational sustainability is often misunderstood to mean primarily financial sustainability. That misconception occurs because, when an organization becomes unsustainable, the symptoms of that problem show up in the finances. According to Free Management Library, organizational sustainability or the surviving or even thriving of an organization depends on much more than effectively managing the organization's finances. Just like the sustainability of individuals and families, there are many complex and dynamic dimensions that must be sustainable in organizations, as well. However, in an organization, there are some primary aspects that, if they are managed well, will ensure the sustainability of the organization.

3. Methodology

This study adopted the cross-sectional survey research design method in its assessment of the relationship between talent retention and organizational sustainability. The population for this study is the twenty-one (21) licensed deposit banks in Port Harcourt. Purposive sampling technique was employed for this study, in an attempt to make a true sample representation, Four (4) managers from each of the twenty-one deposit money banks in Port Harcourt were selected summing it up to 84 respondents. Primary and secondary data was used for the study. Eighty (80) number of questionnaire were returned, four (4) were not returned, two (2) were wrongly filled, out of the

number of questionnaire administer only seventy- eight (78) were correctly filled and suitable for data analysis. The main instruments used for the collection of data was a structured questionnaire. Similarly, the validity of scales used for this study was assessed for content, construct and face validity and reliability was ensured by protesting the questionnaire on at least fifteen (15) persons outside the population of the study. The researcher also used the Cronbach’s Alpha Analysis to ascertain the reliability and internal consistency of the measurement instrument. This was facilitated with the use of Statistical Package for Social Science (SPSS) version 21.0 and the reliability coefficients are depicted in table 1.

Table 1 Reliability Coefficients of variables

S/No	variables	Number of items	Number of cases	Cronbach’s Alpha
1.	Talent retention	5	78	0.719
2.	Profitability	5	78	0.701
3.	Expansion	4	78	0.714

Source: SPSS Output, 2018

Table 1 shows different Cronbach’s Alpha value for the 3 constructs of the scaled questionnaire which were all considered sufficiently adequate for the study. Over all, this indicated that there was internal consistency of the variables scaled and that variables construct exhibited strong internal reliability. The results therefore confirmed that the instrument we used for this study had satisfactory construct reliability.

4. Test of Hypotheses, Results and Discussion

Ho₁: Talent Retention does not enhance profitability in deposit money banks in Port Harcourt.

Ho₂: Talent Retention does not enhance expansion in deposit money banks in Port Harcourt.

Table 2 Correlations for talent retention and Organizational sustainability

			Talent Retention	Profitability	Expansion
Spearman's rho	Talent Retention	Correlation Coefficient	1.000	.579**	.867**
		Sig. (2-tailed)	.	.000	.000
		N	78	78	78
	Profitability	Correlation Coefficient	.579**	1.000	.633**
		Sig. (2-tailed)	.000	.	.000
		N	78	78	78
	Expansion	Correlation Coefficient	.867**	.633**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	78	78	78

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

Source: Research Data 2018, (SPSS output version 21.0)

From the result in the table above, the correlation coefficient (ρ) shows that there is a significant and positive relationship between talent retention and profitability. The ρ value 0.579 confirms this relationship and it is significant at $p < 0.000 < 0.01$. The correlation coefficient represents a moderate correlation indicating also a moderate relationship among the variables. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship talent retention and profitability of deposit money banks in Port Harcourt. From the result in the table above, the correlation coefficient (ρ) shows that there is a significant and positive relationship between talent retention and expansion. The ρ value 0.867 confirms this relationship and it is significant at $p < 0.000 < 0.01$. The correlation coefficient represents a very high correlation indicating also a very strong relationship among the variables. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between talent retention and expansion of deposit money banks in Port Harcourt.

5. Discussion Of Findings

This study using descriptive and inferential statistical methods investigated the relationship between talent retention and organizational sustainability of deposit money banks in Port Harcourt. The findings revealed a significant and positive relationship between talent retention and organizational sustainability of deposit money banks in Port Harcourt using the Spearman's rank order correlation tool and at a 95% confidence interval. The findings of this study confirmed that talent retention have a very strong effect on organizational sustainability of deposit money banks in Port Harcourt. More specifically, the following findings from the study emerged.

6. Positive significant relationship between talent retention and organizational sustainability

The test of hypotheses one and two, shows that there is a strong positive relationship between talent retention and each of the measures of organizational sustainability. Hence, the null hypotheses are hereby rejected. This finding supports Foster (2015) which reveals that either at organizational or individual level, talent becomes an untapped resource, which when ignored may have a negative impact on organizational performance. For the talent to be cultivated the employee must be able to experience both intrinsic and extrinsic reward from their jobs. Should the employee find job interesting and challenging, they will exert all necessary effort in doing the job and therefore lead to increased productivity. Retaining your top performers pays out both in the short term by helping to avoid circuit city style meltdowns and in the long-term by retaining their expertise, skills, contacts and relationships Ferguson & Brohaugh (2009).

7. Conclusion

This study aimed at investigating the relationship between talent retention and organizational sustainability of deposit money banks in Port Harcourt. Accordingly, the study strategy and methodology were designed in a way that points towards the achievement of the study objectives. The study revealed a positive and significant relationship between the talent retention and organizational sustainability of deposit money banks in Port Harcourt, that is to say, that the various talent retention strategies employed by management of the studied banks have actually enhanced organizational profit and expansion.

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