

**THE IMPACT OF TALENT MANAGEMENT PRACTICES
ON EMPLOYEE RETENTION IN THE SRI LANKAN APPAREL
INDUSTRY: LITERATURE REVIEW**

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ABSTRACT

Apparel industry has become the major economy provider in the Sri Lankan context. But high employee turnover and lower supply of employee benefits affect many apparel firms to survive at economy downturn. Therefore Sri Lankan apparel firms are willing to invest money and time on high employee turnover being in a leading sector. Thereby, talent management has become a key concern in the sector. This study has been focused to find the impact of talent management practices on staff retention in the Sri Lankan apparel industry. Therefore this paper comprehensively reviews the recent literature related to talent management practices used in the industry. Further it provides evidence for the relationship between staff retention and identified talent management practices. This literature review may be a reflection of the development in apparel industry and human strategy makers who are interested in talent management concepts.

Keywords: *Compensation, Job Security, Staff Retention, Talent Management Practices, Training & Development, Work-life Balance*

1. Introduction

The Sri Lankan Apparel industry is highly emerging with domestic context as it is arisen within the international context. The skilled working team or talented management will cause for the industry success. The major economic contribution in Sri Lanka is handled by the apparel industry. Also it is the biggest employer in manufacturing sector (Statistics, 2017). Thus the apparel industry is considered as the Sri Lanka's number one foreign exchange earner (Statistics, 2017). Through this successive approach of the industry, it provides lots of opportunities for the new comers of both the industry (employer) and employees.

The employees in the Sri Lankan apparel industry are not fulfilled to their present place of employment in the apparel division (Khan et al., 2017). The scales of wages cause significant dissatisfaction for professionals in the apparel industry. The apparel proprietors disprove that they have the ability to build workers' conditions or wages. Also, inappropriate working practices related issues in this industry are responsible for making work helplessness, uneven compensation installment, insufficiency of least measure of pay and underwriting strategy (Manum & Islam, 2001).

Different organizations follow different talent management practices. Also the work assigned to the workers is diverse. Thus they are becoming satisfied in different levels. Organizations should identify those satisfaction levels and they should be well treated based on their capabilities. This indicates the importance of talent management in the industry. Therefore this study comprehends the related literature and identifies significant talent management practices and their impact on employee retention.

2. Employee Retention

Employee retention is a component of a progressively broad worry that may be the best named as talents management (Parthasarathya & Zimmermann, 2012). According to his investigation, the employee retention has been defined as selecting, keeping up and building up the important characteristics of the employee. Das and Baruah (2013) said that securing and retaining skilled employees play an important role for any organization. Furthermore they showed that employee retention would be engaged as encouraging employees for longer time to work in an organization with a friendly environment.

Employee retention is somewhat complex and broad concept within the organization (Das & Baruah, 2013; Parthasarathya & Zimmermann, 2012). It depends on the nature of the organization and its rules. Every organization should have a proper procedure to maintain their workforce and a proper frame work to retain and work maximum. Thus employee retention is an important topic for organizations to discuss. If an organization loses their workers, the skilled labor is also lost. Therefore this literature review found the importance of employee retention and how talent management practices impact on it.

3. Definition of Talent Management

Related literature found different definitions for talent management. Amongst, Sareen and Mishara (2016) defined the talent management as the process of recruiting, training, developing, managing and maintaining the people being the most valuable resource in an organization. Further, they illustrated, for a competing market place, talent management is one of the most important drivers for organizational success and growth. Aljamal (2013) clearly stated that the talent and talent management are an unmistakable capacity to association the executives and its authority. Thus both

authors defined the talent management as a very essential conceptual framework. Their studies reviewed that it is the procedure of successfully procuring the correct ability, setting them up to take up best positions in future, surveying and dealing with their performance. Furthermore, above both studies declared that talent management is counteracting employees to leave the organization.

Naik (2012) declared that talent management enhances the capability of representatives. Talent management identifies representatives with the capacity to create a profitable effect for the organization, presently or later on. Additionally, talent management confidently finds potential leaders hence organizations can plan to response their changes with other alterations.

O'Callaghan (2008) identified the relationship between the requirement of the organization and the offering by the potential employee. Also Koscianska (2013) viewed that the talented people are the wellspring of the work place and whenever supervised acceptably they can have any effect to a general business performance. The same study described more on talent management as an idea that enables organizations to deal with their human potential and defeat it.

Poorhosseinzadeh & Subramaniam (2013) mentioned that talent management incorporates every element of human asset. The study focused on the benefits of having talent management practices. Thus they reviewed and summarized the talent management as a business procedure that organizations accept and empower them to hold their best capable representatives and enhance organizational performance.

Garg & Rani (2014) emphasized the difficulty in identifying and acquiring talents. They identified talents to be very mobile hence their retaining is hard. Thus this study reviewed that talent management concept evolved with talents. Based on this argument the following hypothesis can be depicted.

H1: There is a strong relationship between talents and talent management.

All above studies differently defined talent management. Thus reviews were differed with different objectives and goals. Therefore this study reviewed talent management as an essential business approach to hold the employees of an organization.

4. Relationship between Talent Management Practices and Employee Retention

The reviewed literature could found evidence for the relationship between talent management practices and employee retention. Talent management helps to increase the employee retention in the organization, provide contribution for good performance management system and resulting meaningful work (MBA Tutorials, 2018). Once employees leave the organization, replacing the skilled labor is very difficult for an organization. Then talent management helps to retain the best employees in the organization and to motivate and attract them (UKESSAYS, 2018). These literatures thus provided evidence for this significant impact created by talent management practices on employee retention in their findings.

4.1 Compensation and Employee Retention

Stahl, *et al.* (2012) emphasized the importance of having an aggressive compensation system. They stated that such compensation is obviously basic to pull in and hold top talented employees while organizations similarly progressively notice that money related motivating forces are just a single component of accomplishment. Thus every worker should be eligible for an aggressive compensation and any organization should pay for any work to draw in and hold the best performing worker. The organizations should audit the work inside and follow bonus schemes and insurance plans as compensation strategies. Both retention and motivation are enhanced when

workers are offered pay and advantages (Messemer, 2006). Thus based on these arguments, the following hypothesis was developed in this study.

H2: There is an impact of compensation on staff retention.

4.2 Training and Development and Employee Retention

Employees assigned having high potential can exploit different initiative advancement programs. Stahl *et al.* (2012) proposed that preparing projects, assessments, and trainings alone are inadequate. Organizations need to meet expectations through their own ability. Therefore they need to invest on training and development programs. It creates advancement inside the organization and empowers employees through improving their abilities. This enables organization to retain employees. Many organizations believed that training and skill development are motivating their employees. Benchmarking processes are used for some training programs to give high quality orientation, analyze organizational values and implement them to hold their talented employees within the organization (Poorhosseinzadeh & Subramaniam, 2013). Thus above arguments supported to build the hypothesis as follows.

H3: There is an impact of training & development on staff retention.

4.3 Succession Planning and Employee Retention

Poorhosseinzadeh & Subramaniam (2013) defined succession planning as the procedure of anticipating progression of picking the following capable group. The fundamental concern of such associations is to determine future hierarchical requirement. It evaluates and develops performance to identify potential talents of associates. Oladapo (2014) determined that next possible workforce would create motivation on existing employees and create opportunities to develop potential

capabilities. Obviously, employees find a chance to stay at working place. Thus the organizations should plan to properly place employees with their right talents in right time.

Succession planning motivates the workforce and emerges organizational best practices and culture. Thus organizations can identify the leadership talents and create opportunities to promote such employees. Literature provided evidence for retaining and protecting workforce by succession plans and high managerial commitment in recruitments. Thus the relationship between succession planning and staff retention was hypothesized as follows.

H4: There is an impact of succession planning on staff retention.

4.4 Work-life Balance and Employee Retention

Stahl, *et al.* (2012) demonstrated that group profitability, work fulfillment and individual inspiration among ladies enhanced generously, to a great extent. The study further recommend that however such equalization projects will expand the employee retention. Work-life balance is essential for commitment and influences retention (Das & Baruah, 2013). Parthasarathya & Zimmermann (2012) stated that work life balance activities would give advantages and generously upgrade efficiency, income and employee retention and duty.

Numerous employees want a sound parity life between their own and expert lives. Organizations presently offer adaptable working plans and other work-life balance practices. Then every organization seeks the best ability and holds high potential workers. Thus many organizations offer fair leave policies, flexible working hours, and holiday camps to reduce the stress of the job. Organizations also provide both maternity and paternity leave to enhance parity life. Thus, the substantive reviews lead to develop following hypothesis.

H5: There is an impact of work-life balance on staff retention.

4.5 Job Security and Employee Retention

Das & Baruah (2013) found that business highlights lifetime work and rank framework, job security lead to high duty, work fulfillment just as retention of employees in an association. Also Jandaghi *et al.* (2011) found that job security is the inclination of having a legitimate activity and the verification of its duration in future just as the absenteeism of undermining factors. Both studies clearly stated that job security would make available the job and save the employee. Then labor turnover and job dissatisfactions can be declined.

Employer security is the possibility that an individual will keep his/her activity. It reduces the job stress and makes confidence on the stability of a particular job even when an organization is in bad economic conditions. Therefore above declarations supported to depict following hypothesis.

H₅: There is an impact of job security on staff retention.

5. Conclusions

This study found that talent management is one major strategy of every organization tempting to implement. Different authors stated different opinions on talent management and its practices by scoping different backgrounds within their studies. But when summarizing the all above discussions and definitions, they are saying that talent management and practices are not narrow and simple. Sometimes it can be unique, complex accordance to the situation of the organization. Furthermore talent management can be suggested to be a strategy to measure employee retention within an organization. But this investigation showed the talent management practices would help to retain the talented employees within the organization.

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