

ROLE OF TALENT MANAGEMENT PRACTICES ON EMPLOYEE RETENTION: A CORRELATION STUDY WITH SPECIAL FOCUS ON SELECTED INDIAN LIFE INSURANCE COMPANIES

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Management, Dr. Harisingh Gour V.V, Sagar (M.P)***ABSTRACT**Article DOI URL: <https://doi.org/10.36713/epra3190>

Employee retention and talent management have been a critical issue for many national and global level organizations. People are the most valuable asset and their development in terms of skills, knowledge and abilities gives strength to an organization to achieve desired outcomes. Talent management practices aimed at getting the right person in the right job and to get the best out of their right people. The study aims to understand the role and relation of various talent management practices on employee retention in Life Insurance sector. The nature of study is descriptive type and depends on both primary and secondary data. The total sample size was 100 comprising of all levels of employees and selected through non-probability purposive sampling method. The data collected from primary data were analyzed using descriptive statistic and correlation method. The main finding of the study indicate that there is a positive relationship among various dimensions of talent management practices such as training & development, rewards & compensation, performance management on employee retention. The present study cannot be generalized because the sample size is inadequate and confined to only four private life insurers. The study concludes that by effective talent management practices, the top management of private insurance companies can improve retention rate of employees and thus enhances overall organizational performance. Therefore, the top level managers can adopt various talent management strategies in reducing attrition and thereby improving employee retention and organizational performance.

KEYWORDS: *Talent management practices, Employee retention, Private Life Insurers and Organizational performance.***INTRODUCTION**

The Indian insurance sector is one of the most dynamic sectors of the Indian economy both in terms of providing employment and contribution to national income. In this competitive environment, talent has become the driving force for insurance business success and that is why an organization is paying more attention on investment on human capital in terms of knowledge, skills and abilities. (Gamini Weerasinghe). In highly people intensive industries like Insurance industry, human capital plays a vital role. This industry is highly competitive, dynamic and people based, whose growth and development depends upon knowledge, skills and competency level of human resource (HR). Talent management has become a strategic issue for many organizations and helps in knows person's skills, knowledge, intelligence, abilities, attitude and drive to learn and grow (Arrawatial, A., & Dixit, S., 2017). Talent management is considered as the backbone of human resource management, it helps to meet the organization's strategic objectives (Gupta and Aggarwal, 2012). Managers should always try to retain highly talented workforce and

recognized them as distinctive source of competitive advantage (Bhatt, 2015). Talent employees represent the core competence of the organization and comprise a small percentage of the employees. According to Edward. J.K (2017), talent management is one of the major factors leading to proper employee retention in the organization through an appropriate process of selecting, developing, placing and rewarding employees. Employee turnover simply means the movement of employees out of an organization which may cause to the failure of employee retention strategies in the organizations (Reggio, 2003). Leaving of job seems to indicate major work place related problems, rather than prospect for advancement into better Jobs (Holzer and Wissoker, 2001). It has been noticed that increasing employee turnover is one of the major issue facing by many insurers which cost lot of money, energy and efforts. (Rehman, S.M., 2012)). Human resource is the most essential resource for any organization and the companies which are able to attract, maintain and retain their talented human resource gets the desired result. Talent has become the key differentiator for human recourses

management (HRM), and the management of talent seems to be one of the key functions that HRM is playing strategically in organizations. According to Edward, J.K. (2017), employee engagement levels are quite important to organizations that need to retain a workforce which gives innovative and positive results and remain committed to the organization.

The scope of talent management practices in insurance sector fall into four major dimensions i.e training & development, performance management, retention and career planning, rewards & compensation. Each of these components plays a crucial role in employee retention. Insurance is one of the major financial service sectors of the economy. Attracting and retaining talent is always a big challenge for many insurance companies in India. Employee retention measures the intention of the employees to remain stay in the organization. Today's manager's challenge is to keep the staff engaged and to retain them in the long run. The retention of employees proved to be significant in the accomplishment of the organizations' objectives especially in building competitive advantage over other organizations. Hence the organization should focus on talent and try to keep their employee satisfied, energetic in order to encourage them to retain in long run within the organization. The purpose of the study is to understand various factors covered under talent management practices and its relation with employee retention in life insurance sector. Talent pool management is the most challenging area for any organization and mainly in insurance business where turnover rate of employee is quite high. So there is a strong need to look for more operational retention strategy to attract, motivate and retain talent within the Industry.

LITERATURE REVIEW

Gamini Weerasinghe (2017) in the paper titled "Impact of talent management on employee retention: A study carried out on travel agency in Sri Lanka". The objective of the study is to identify the importance and impact of Talent Management tools in Travel agency towards employee retention. Researcher made emphasis on importance of talent management strategies in growing competitive business environment. The targeted population was 200, out of which 50 employee of travel agencies were selected for the study. The data was presented in the form of pie charts and percentage method was used for analysis. The finding of the study shows that there is a positive impact of talent management on employee retention, but Travel agency has not implemented successful Talent Management strategies for the organization. Employee should be given more financial benefits, work-life balance, scope of succession and career planning can encourage employee to remain stay within the organization.

Magdalene Thiriku (2016) study focuses on "Effect of talent management strategies on employee retention among private firms in Kenya: A case of Data Centre Ltd Kenya" found that in highly competitive business environment, Talent management is an important activity in that it enables an organization to have the right people with the right expertise to meet the current and future needs of the firm. The core objective of the study was to examine talent management practices and employee retention among private firms in Kenya with a case of Data Centre Limited. The research design was descriptive type and sample of 76 employee of DCL were taken. The primary data was collected through structure questionnaire and SPSS software was used for subsequent

data analysis. The organization provide a number of strategies to increase employee retention such as recognizing outstanding performance, opportunity of promotion, offering monetary rewards, work flexibility etc. The study recommends that an organization should recognize and reward performing employees to keep them motivated, engaged and stay them longer in the company.

Sammy Kihari Kigo and Dr. Hazel Gachunga (2016), in the paper titled "Effect of talent management strategies on employee retention in the insurance industry" emphasis that success of any organization depends on the retention strategies of employees. The purpose of this study was to evaluate effect of talent management strategies on employee retention in the insurance industry. The study was descriptive type and based on five insurance companies and samples of 70 staff were selected based on simple random sampling method. Various qualitative and quantitative factors were studied to analyze the influence of talent management strategies on the employee retention. Talent acquisition had the strongest positive (Pearson correlation coefficient = .877) influence on employee retention and other independent variables like talent development, compensation strategies, succession planning are also positively correlated to employee retention (.588, .705, .0424 respectively). The study concludes that more attention should be given on career and succession related strategies for improved employee retention in insurance sector.

According to Ali Chitsaz-Isfahani and Hamid Reza Boustani (2014) on the paper titled "Effects of talent management on employee retention: The mediate effect of organizational trust". The main purpose of the article is to examine the effect of Talent management on employee Retention through organizational trust among staffs of Isfahan University in Iran. The research was descriptive in nature and total sample size was 280 selected through random sampling method. Correlation study was undertaken to find out the relationship between various talent management dimensions and employee retention. The testing of hypothesis shows that there is a positive relationship between talent management and dimensions, organizational trust and employee retention among staffs of Isfahan University.

According to Vispute.S (2013), in the paper titled "Recruitment strategy and employment retention in Indian Banking and Insurance sector". She said that employee retention begins with better recruitment strategy and the underlying objective of the study is to find out the relationship between recruitment strategy and employee retention. The study was conducted with a sample of 591 respondents and data collected from various banks and also from life and general life insurance companies. In this study researcher has taken all those variables of recruitment strategy together to find its cumulative relationship with retention i.e. dependent variable. Both correlation and regression analysis were used to find the degree and strength of relationship between those variables. The result shows that there is a significant relationship between recruitment strategy and employee turnover. The study is important from the point of view of understanding recruitment strategy elements relating to commitment and turnover intentions of employees in the organizations.

Chaubey.D.S & Gupta.V (2013), on their research paper titled "Talent management practices and its relationship with employee's turnover: A study on employees working in insurance sector industries in Uttarakhand: An empirical study". Present research paper focus on understanding

underlying factors of talent management strategies and its relationship with employee turnover in some selected insurance organization of Uttarakhand. This research was conducted in some selected private and public sector insurance organization located in Dehradun district. The final sample size was 107 obtained by random sampling method. A regression analysis was applied to examine the relationship between various talent management practices (recruitment & selection policy, work autonomy and employee empowerment, training & development, succession & career planning) and employee retention. An attempt was made to find the various factors of talent management. Work autonomy, career planning, training & development, recruitment and retention strategy, social security were some of the major factors identified under the study. The study concludes that, the role of HR is to identify potential and talent and also implement relevant strategies to enable and empower them to contribute effectively to achieve the organizational objectives.

NEED OF THE STUDY

Nowadays the business environment had become highly competitive and more customers oriented. In Indian Insurance Industry, many companies are facing an acute crisis of talent and struggling hard to find right people for the right job. According to recent Global financial report, nearly 8 out of 10 financial institutes are facing shortage of talented employees. Insurance is a customer driven business where customer is king and their satisfaction is utmost important in business success. A satisfied and loyal employee only gives best quality products or services to its customers. Hence management of the organization should follow such strategies which motivate and retain employees in the long run. When employee leaves the organization, it imposes some direct cost such as hiring, replacement, training and development etc. Besides these costs, there are many indirect costs related to the loss of production, reduced performance levels and low morale (Echols, 2007). The main purpose of retention is to prevent competent employees from leaving the organization as this could have adverse effects on productivity and service delivery (Nohria, N., Groysberg, B., 2012). Insurance sector is facing critical issue related to employee turnover and therefore it is important to retain the existing talented employee from leaving the organization as it will lead to various adverse effects on insurers like decline in employee performance, greater job dissatisfaction and lower profitability. Most of the research conducted in the field of factors responsible for employee turnover and its impact on Job Satisfaction, Organizational Performance and Employee retention in different industries like IT, Telecommunication and Service sectors. Only few studies have been conducted on understanding the role and relation between different talent management practices on employee retention in life Insurance sector. So, we can say that the present study has a great significance to comprehend the role of different talent management practices followed and its relation with employee retention.

OBJECTIVES OF THE STUDY

1. To identify and understand underlying factors of talent management practices followed in Indian life insurance sector.
2. To understand the role of various talent management practices such as (training & development, performance management, retention & career planning, rewards & compensation) and their relation with employee retention in the selected private life insurance company.
3. To come out with an appropriate suggestions to improve employee retention in life insurance sector.

HYPOTHESIS

H1: There is a positive relation between talent management and employee retention.

H2: Employee retention (dependent variable) is significantly related to various dimensions of talent management practices (independent variables) i.e. training & development, performance management, retention & career planning, rewards & compensation.

RESEARCH DESIGN & METHODOLOGY

To achieve the framed objectives both primary and secondary data were used to collect data and to understand talent management practices and its relationship with employee's retention. The research was conducted in some selected leading private life insurance companies of Sagar district, Madhya Pradesh. A purposive non-probability sampling method was employed to select sample from four different private life insurance companies i.e. HDFC Standard, ICICI Life Insurance, Max New Life and SBI Life at branch offices. The researcher make use of descriptive research design and total sample size was 100 consisting of 25 employees from each covering employees of all levels i.e. sales agents, technical and administrative staffs. The main tool of data collection was the structured questionnaire and five-point Likert-type scale, ranging from 1 (strongly disagree) to 5 (strongly agree) was used to measure the various statements related to dependent and independent variables. Different statistical tools like mean, standard deviation and correlation method was calculated by using SPSS to analyze the data. The study is based on few private life insurers and sample size was also inadequate to offer concrete conclusion were some of the limitations under this study.

Data Analysis & Hypothesis Testing

The data analysis is an important element of research in which the field or primary data has been studied using various tests and make interpretations based on it. For descriptive analysis frequencies, percentage means and ranking were used in the study whereas inferential analysis involved the correlation test to find the relation between talent management practices and employee retention.

Table 1. Position Held by Respondents

Life Insurance Company/ Rank of Employee	HDFC Standard	SBI Life	ICICI Prudential	Max New Life	% of total sample
Administrative staff (BM, Marketing Head, ABM & Sales Executives)	5	5	5	5	20%
Technical & Support service staff	8	8	8	8	32%
Sales agents/Financial advisors	12	12	12	12	48%
Total	25	25	25	25	100%

(Source: Primary data collected from branch offices of selected life insurance companies)

It is inferred from the above table no. 1, that majority (48%) of the respondents were from lower level i.e. sales agents or financial advisors followed by technical and support staffs with (32%) and only (20%) respondents belongs to administrative staffs including Branch Manager, Assistant Branch Manager, Marketing Head etc.

Table 2. Types of Variable under Talent Management Practices & No. of Items

S.No	Variables	Types of Variable	No of items/questions
1	Training & development	Independent	06
2	Performance management	Independent	07
3	Retention & career planning	Independent	05
4	Rewards & compensation.	Independent	06
5	Employee Retention	Dependent	10

(Source: Primary data)

The above table no. 2 shows types of dependent and independent variables and number of items/statements under each variable. The present study is based on four independent variables such as training and development, performance

management, retention and career planning, rewards and compensation and one dependent variable that is Employee retention. Researcher tries to study the relation among various talent management practices on Employee retention.

Table 3. Underlying Factors of Talent Management Practices: A Descriptive Study

Talent management practices in life insurance companies	N	Mean	Rank
Training & Development	100	3.001	4
Performance Management	100	3.817	3
Retention and Career planning	100	4.014	2
Rewards & Compensation	100	4.434	1

(Source: Primary data)

The above table no. 3 reveals that there are various factors that influence employee decision to move or remain stay within the organization. Ranking of different independent variables of talent management practices based on their mean values, it is found that rewards and compensation has ranked first with mean (4.434) followed by retention & career planning ranked second with mean score (4.014). Performance management ranked third with mean score (3.817) followed by training and development ranked fourth with mean score of 3.001. Hence it can be inferred that the decision to stay in

the organization is greatly influenced by rewards and compensation that are given to the employees and least influenced by training & development within the life insurance sector.

Relation between Talent Management Practices and Employee Retention

The researcher has applied the Pearson's correlation coefficients method to measure the kind of relationship between the TMP (talent management practices) and Employee Retention.

Table 4. Correlation between Different Dimensions of Talent Management Practices and Employee Retention

Variables (Talent management practices)- Independent variables	Correlation coefficient (r) Descriptive result	Computed p-value at 5% level of significance Inferential result	Theoretical p-value at 5% level of significance	Result: Hypothesis accepted/rejected
Training & Development (I.V)	0.604	0.000	0.05	Correlation is significant at 5% level. (Hypothesis H2: accepted)
Performance Management (I.V)	0.678	0.001	0.05	Correlation is significant at 5% level. (Hypothesis H2:accepted)
Retention and Career planning (I.V)	0.734	0.000	0.05	Correlation is significant at 5% level. (Hypothesis H2:accepted)
Rewards & Compensation (I.V)	0.756	0.003	0.05	Correlation is significant at 5% level. (Hypothesis H2:accepted)
Employee Retention(D.V)	0.874	0.000	0.05	Correlation is significant at 5% level. (Hypothesis H1:accepted)

*I.V-Independent variable ** D.V- Dependent Variable
Correlation is significant at 0.05 level (two tailed)

Descriptive Statistics: The above table no. 4, clearly expresses the correlation between various talent management practices and employee retention. Employee retention was found to have positive relation with all four dimensions of talent management practices i.e. for rewards & compensation ($r=0.756$) followed by retention and career development ($r=0.734$), followed by performance management (0.678) and training & development ($r=0.604$). The overall relation of all dimensions of TMP on employee retention was found to be ($r=0.874$) which shows strong positive relationship between TMP and Employee retention.

Inferential Statistic: In all the above cases, the computed p value is less than theoretical p-value 0.05, means $p < 0.05$. Hence we can confirm that the correlation is significant at 5% level of significance. So, the proposed hypothesis which stated that employee retention is positively related to various dimensions of talent management practices i.e. training & development, performance management, retention & career planning, rewards & compensation has been accepted.

FINDINGS AND RESULTS

The study investigated the relationship between talent management practices and employee retention of private life insurance companies in India. Two hypotheses were formulated based on the research objectives. The first hypothesis studies the nature of relation between talent management and employee retention. Second hypothesis stated that employee retention is significantly related to various dimensions of talent management practices i.e. training & development, performance management, retention & career planning, rewards & compensation.

The analysis of data based on various descriptive statistics like frequency, mean and correlation led to the acceptance of both the hypothesis H1 and H2. The positive

value of ($r=0.874$) shows there is a strong positive relation between talent management and employee retention. This means that insurance company should focus more on developing effective HR strategies for retention of talented workforce within the organization. Similarly, the values of correlation coefficient of all four dimensions of talent management practices are like for training & development ($r=0.604$), performance management ($r=0.678$), retention & career planning (0.734) and rewards & compensation (0.756). The result of tests shows that employees of private life insurance are highly influenced by monetary benefits such as rewards and compensation followed by retention strategies and scope in career advancement followed by performance management and lastly by training and development given to them in an organization. The result was in corresponding with the studies of the other researchers (e.g. Dr. D.S. Chaubey & Vishal Gupta, 2013) and Victor Oladapo (2014) concluded that talent management practices are important determinants of employee retention as this enhances competitiveness and performance of the organization. HR personnel surveyed noted that retaining key employees is very crucial for the wellbeing and profitability of the organizations and believe that effective talent management will pay back in the long run for their organizations. As a solution, effective human resource management can reduce employee turnover and increase employee commitment and productivity within an organization (Kaliprasad, 2006).

CONCLUSION AND RECOMMENDATIONS

In present economy, major share of domestic product (GDP) in developed economies is knowledge based, which is focused on intangible asset i.e. human capital in terms of skills, abilities and knowledge (Dess & Picken, 1999). These

changes may induce organizations to develop a combined approach to talent management as a need to ensure productivity, profitability and sustainable growth (Perrine, 2005). Retention of key employee is critical to the long term success of business as it ensures customer satisfaction, product sales, and satisfied workforce. The study was conducted to understand the role and relation between Talent Management practices and employee retention in a private life insurance sector. The finding of this study shows that attraction and retention of talented employee is one of the critical problems faced by many life insurers. There are many private life insurance players in the market and each one is giving tough competition to each other in terms of product innovation, sales services etc. Majority of the private insurance employees were more attracted by monetary benefits given to them in the form of rewards and compensation. Retention strategies and attractive career planning also encourage employees to retain within the company. There has been a consistent focus on improvement in knowledge, skills and abilities of insurance employees through training and development and thus encourage them to achieve desired outcomes of an organization.

The HR department of private life insurers has been following these practices but still more efforts are needed on the implementation part of it. Lack of job security, high job stress and inadequate pay package are some of the reasons for high employee turnover in this sector. The insurance companies must recognize the forces of talent management which are attracting, selecting, developing and retaining a workforce with the right talent (Kaliprasad, 2006). Today because of tough competition, employee has many job options outside the organization. If one employee moved from the organization, it may be heavy loss in term cost and talent for the organization. Hence it is very important to retain performing employees through lucrative pay, better career opportunity, fair performance evaluation and through training and development. There is positive relationship between talent management practices and employee retention. Therefore organizations have to work on designing and implementing more effective talent retention strategies which will increase employee satisfaction, performance and reduce employees attrition to a great extent.

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