

Relationship between Talent Management and Labour Turnover in Nigerian Banking Sector

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Abstract. Employees in Nigeria banking system are highly pressured to improve their present performance while little or no room is given for development of talent to improve future performance. This pressure is what brings about job insecurity, absenteeism, burnout and resignation. This study therefore examined the relationship between talent management and labour turnover in the Nigerian banking sector. A total of 320 respondents were chosen for the study using stratified sampling technique and 178 sampling size was determined through the use of Yaro Yamane formula. Primary data was collected through questionnaire. The Statistical instrument used in analyzing the data and testing the Hypotheses formulated were the Statistical Package for Social Sciences and Pearson Product Moment Correlation analysis respectively. The result shows that there is a positive and significant relationship between Talent Management and Labour Turnover. ($r = .620$, $p < .001$). The conclusion reached is that this study affirms that talent management and employee turnover is positively related and significant to banks performance. It was recommended that organizations should ensure effective and efficient staffing process that will ensure that the right talent is recruited and appropriately placed to ensure reduction in employee turnover.

Keywords: Talent Management, Labour Turnover, Human Resource Management, Employee Retention and Engagement.

1. Introduction

According to Iherionhanma (2010), many changes in global organizations are the result of fierce international competitive pressure faced by enterprises operating in the global place encircled in productive economy which is knowledge-driven. Particularly in the Nigeria banking system, post consolidation era has seen twenty-one (21) of banks merged in 2011 from twenty-four (24) previously consolidated. As a result of these mergers, there have been downsizing leading to forced resignations and retrenchment of more than forty-five thousand (45,000) trained bankers. It is understandable that most staff will focus on retention of their positions against the back drop of job instability. Interestingly, in spite of the current state of the job market, the industry is experiencing a growing trend in voluntary Employee turnover, a situation Essien, Adekunle & Oke-Bello (2013) see as worker resigning and not necessarily taken-up a more lucrative or conducive employment elsewhere. This issue of voluntary resignation is what is being referred to here as “Employee turnover”.

At this point, it should be noted that organizations spend a lot on their workforce in terms of orientation and training, developing, preserving them in their organizations and so on. As such, losing employees is detrimental to the organization. Newstorm, (2007) therefore state that excessive employee turnover can have the following negative effects on an organization:

Separation cost (exit interview time, separation pay, employment tax increase), Training cost for new employee (both orientation and skill development instruction: both formal and informal learning experiences), Vacancy costs (temporary help or overtime pay: productivity loss and service disruption), Placement costs (invitation, screening and reposting of newly employed staff), effects of staff morale (separation of friends, concerns about personal job loss during downsizing).

The above implies that Employee turnover which is majorly caused by problems of recruitment or/and problems of retention must be effectively tackled. Thus, it is necessary for administrators at all expense to reduce Employee turnover by resolving the above-mentioned problems. In other words, organizations that wish to attain corporate goals must have to retain their key employees. For the purpose of this study, the term “employee retention” refers to the means, plan or set of decision making behavior put in place by organizations to retain their competent workforce for performance. In addition, it is note-worthy that the problem of retention begins with recruitment. Therefore, a tool like “Talent Management” which tackles the problem of both recruitment and retention becomes imperative.

Talent management can be defined as a set of entrepreneurial human resource processes and practices ensuring the sustainable effectiveness of the most skilled workers within the organization. It implies that a company is strategic and deliberate in how they source, attract, select, train, develop, promote, move, and retain employees through the organization. Therefore, it can be stated that, talent management comprises three (3) major pillars, that is, talent acquisition, talent development and talent retention (Serendi, 2014). This means that talent management involves hiring the most skilled individuals in the right position that is, putting round pegs in round holes and developing them to enhance their potentials thereby creating a sense of loyalty to the organization in terms of employee commitment, engagement and job satisfaction. By so doing,

talents are retained and Employee turnover is minimized.

As a result of this it has been observed that more emphasis is placed on performance than on competency because of the dangers associated with not meeting targets in the banking sector. Thus, employees are highly pressured to improve their present performance while little or no room is given for development of talent to improve future performance. This pressure is what brings about job insecurity, absenteeism, burnout and other traumas that cause disengagement in the workplace. As a result, employees voluntarily resign even before their potentials are fully maximized. Hence, this study examines the relationship between talent management and Employee turnover.

2. Literature Review

2.1 Concept of Talent Management

Armstrong (2006) defines talent management as an integrated set of activities to ensure that the organization attracts, retains, motivates and develops the talented people its needs now and in the future. Talent Management is defined as the process of ensuring that the organization attracts, retains, motivates, and develops the talented people it needs (Cappelli, 2008). Cheloha & Swain, 2005; Kesler, 2002; as cited in Shaemi, Allemah, & Bajgerani (2011) see a set of designed processes that ensure that employees are properly rotated at the jobs available in the organization and that the right person is in the right job at the right time. Talent in the thinking of Shaemi et al., 2011 could be seen as natural talent and acquired talent. Talent Management in organizations should combine both. Job rotation and succession planning should not be the stopping point rather, it is also about learning and development. One component of it is to identify potential employees. As organizations face skills shortage, to Altman (2008) keeping hold of their best people is becoming all-out war.

Bersin Associates (2010) gave a framework for talent management. They see talent management process has evolving to a model that ensures

business alignment and facilitates talent mobility, meaning the dynamic internal process of moving talent from role to role. That is at the various levels of leadership, profession and operation.

2.2 Concept of Labour Turnover

In human resources context, labour turnover or staff turnover is the rate at which an employer gains and losses employees. The simple ways to describe it are how long employees tend to stay or the rate of traffic through the revolving door (Essien, Adekunle, and Oke-Bello, 2013). Also, Wermelin, (2009), conceptualized turnover as the voluntary leaving of a job. And according to Allen, (2008), employees leave organizations for all sorts of reasons. Reasons why employees leave their organizations include securing other jobs, going back to educational institutions to acquire further knowledge, and relocation to other areas due to transfer, retirement, layoff by any of the spouse. All these reasons lead to reduction in staff strength otherwise known as turnover, however they do not have the same implications on organizations. It then becomes imperative to discuss types of turnover.

Voluntary turnover in view of Allen (2008) is initiated by the employee. For instance, a worker may quit and takes job elsewhere. Involuntary turnover on the other hand is as directed by the organizations; where an employee may be laid off by an organization as result of restructuring or employee poor performance. Functional and dysfunctional voluntary turnover is another important distinction. Out of these two, dysfunctional turnover is harmful to the organization and can take numerous forms. High performing employees in term of skills are always difficult to replace, as well as problem geographical spread. Functional turnover (exit of poor performers or employees whose talents are easy to replace) does not hurt an organization.

2.3 Talent Management and Employee Turnover

Today, talent management as a broader concept is known in order to attract, retain and develop talents (Annunzio Green, 2008). According to

Rani and Joshi, (2012) talent management comprises three components: Talent Identification, Talent Development (Internal and External development), Talent Engagement (Motivation and Retention). On the other hand, Muntaner et al., (2006) stated that the rate of employee turnover is a measure of the level of commitment of employees to the organization and as stated earlier, the key components of talent management include employee commitment and engagement.

As a result, employee engagement as a key to the retention of talent (one-of-a-kind hire in 100 employees; Glen, 2002) is an area in which the lead has been taken by practitioners (Parsley, 2006; Bamruk et al., 2006; Woodruffe, 2005: Gallup Management Journal, 2006; Benneth and Bell, 2004; Hay Group, 2002). In this regard, Hughes and Rog, 2008 concluded in their findings that the major benefits of an effectively implemented talent management strategy include improved employee recruitment and retention rates, and enhanced employee engagement. This implies that talent management improves recruitment and retention; and as such, minimizes labour turnover.

2.4 Talent Retention

Retention according to Echols (2007), take measures to encourage employees to remain in the organization for the maximum period of time. Companies' productivity are usually affected by talent turnover as result of high costs of inputs. These inputs are the direct cost such as transitions costs, turnover costs, and replacement costs. Echols (2007) see indirect costs as costs relating to unnecessary overtime, decrease in production, low morale and reduction in employee performance Vaiman and Vance, (2008) classified retention tool employee's expectation into extrinsic and intrinsic incentives. Different sorts of monetary rewards which can satisfy employees' physiological needs are regarded as extrinsic incentives. while non-monetary rewards that can fulfill employees' psychological needs are referred as intrinsic incentives. The monetary

reward according to Vaiman et al. (2008) is admitted as an essential tool to retaining talent.

It is emphasized by O'Callaghan (2008) that the only way for organizations to retain talented employees is by making sure that the employees are competitive compensation. He identified the strategies that can help in retention of employees to include signing bonuses, stock options with a maturity clause and market-related incentives and pay. Organizations are not always successful at retaining talented workers but can use tried and tested strategies to retain their best employees (Armstrong, 2011).

3. Theoretical Framework

3.1 Career Management Theory

One of the most influential theories of career choice and development is the one developed by Super (1990) known as self-concept theory of career development. He suggested that career choice and development is essentially the process of developing and implementing a person's self-concept. Super (1990) see self-concept as a product of complex interactions among a number of factors which include personal experiences, mental growth, environment and physical growth. How a person is able to implement his or her career self-concept, to Super (1990) is determined by the extent of the degree to which a given individual career development is successful. Super see individuals' career concept as a product of interaction of the persons personality interest, experiences, skills, values and the way in which they integrate these characteristics into their various life roles. As new situations are experienced by people, and new people are met and learn more about the world of work, they are likely to develop new interest, in the thinking of Super (1990), unlock new possibilities of expressing self-concept and find new ways of integrating their career choice

3.2 Expectancy Theory

A fine treatise on job satisfaction and motivation has to do with expectancy theory. That is level of an employee's satisfaction with his job will depend on how well his expectation from that

job is actually met. If the worker expects say in monetary term ₦50,000 per annum from a job and he actually receive that amount or more, that worker is going to be satisfied and that will motivate him to perform more and stay with the organization. However, paying competitive rates will affect the ability of organizations to attract and retain people. As pointed out by Cappelli (2000), there is limit to the extent to which companies can compete with the pull of the market. Meaning, if talented people want to go they will still go regardless of the level of retention or loyalty bonuses provided by companies.

3.3 Empirical Framework

Ali (2014) conducted research on effect of talent management on employee's retention. The research method is a descriptive survey. The population consists of staff of Isfahan University in Iran from which a sample of 280 employees were randomly selected. The data collected through a researcher-developed questionnaire were analyzed using SPSS and AMOS software. The study found that there is a significant relationship between talent management, employee retention and organizational trust.

Using questionnaire to obtain data, Kehinde (2012) carried out a similar research in Nigeria on talent management effect on organizational performance. The questionnaire was used to as the survey method of primary data collection. Correction coefficient and t-student distribution were methods used in the analysis of data gather. The study results showed that 95% of organizations visited were either applying talent management or partially applying talent management.

Grace in 2015 also carried out a related research on impact of talent management on organizational performance of Nigerian banks. The study applied historical research design using time series data covered a period of 1997-2013. Bank performance, talent management and average schooling of employees were the variables of the research. Talent management and average years of schooling of employees according to the study significantly improved

bank performance in Nigeria. On the job training, was however seen to have no significant impact on performance banks in Nigeria.

Another research was also carried out by Rita in 2015 on effect of talent management on organizational performance in companies listed in Nairobi securities exchange in Kenya. This related study used cross-sectional survey designs. In selecting respondents from the ten strata of NSE listed companies, stratified simple random sampling was employed. The study found that the management had positive and significant influence on organization performance.

4. Methodology

Research Design

In this research work, the survey research method was adopted. Survey research focuses on population for intensive study and analysis. Hence, to ensure that adequate and reliable data were obtained for analysis, questionnaire was used for data collection.

Population of the Study

The population is 320 staff of Guarantee Trust Bank branches in Ilorin Metropolis of Kwara State. The management staff, senior staff and junior staff of the bank formed the population of the study.

Sampling Technique and Sample Size

The study used both stratified and random sampling technique so as to ensure that every elements of the population have equal chance of been selected in the sample. A sample size of 178 respondents is drawn from the targeted population through the use of Yaro Yamane formula as illustrated below. $n = \frac{N}{1 + Ne^2}$. “n” represent the sample size, “N” represent the study population while “E” represent desired margin of error.

Thus, the sample size of population 320 would be calculated as follows since the margin of error is assumed to be 5%

$$n = \frac{320}{1 + 320(0.05)^2} = \frac{320}{1.8} = 178$$

Data Collection Instrument

Self-administered Questionnaire was used to collect information about the role of talent management in the reduction of labour turnover. The questionnaire was designed based on the research questions and hypotheses. A five-point scale was used to categories respondents’ responses as follows: Strongly Agree (5), Agree (4), Disagree (3), undecided (4) and Strongly Disagree (5).

Method of Data Analysis

The method used in analyzing the data gathered was Pearson Product Moment Correlation analysis using the Statistical Package for Social Sciences (SPSS) from which frequency distribution, tables and percentages were generated

5. Test of Hypotheses

Hypothesis

H₀: Talent management has no significant relationship with employee turnover

H₁: Talent Management has significant relationship with Employee Turnover.

Table: 1 Pearson Correlation Between Talent Management and Employee Turnover

		TM	ET
TM	Pearson Correlation	1	.620**
	Sig. (1-tailed)		.000
	N	150	150
ET	Pearson Correlation	.620**	1
	Sig. (1-tailed)	.000	
	N	150	150

** . Correlation is significant at the 0.01 level (1-tailed).

Where TM: Talent Management. ET: Employee Turnover

Table 1 Shows that there is a significant relationship between Talent Management and Employee Turnover ($r = .620$, $p < .001$). Therefore, the null hypothesis which states that there is no significant difference between Talent Management and Employee Turnover is not confirmed and therefore rejected. The alternative hypothesis which states that there is a significant relationship between Talent Management and Employee Turnover is hereby accepted as the P-value is less than 0.05. This implies that Talent Management is positively correlated to Employee Turnover. The magnitude of the result shows that the correlation is greater than 0.3 in the absolute terms, which shows the moderate correlations between the said variables. This concludes that there is a significant relationship between Talent Management and Employee Turnover

6. Conclusion and Recommendations

This research has provided incisive insights regarding the respective relationship between talent management and employee turnover. The research showed that there is positive and significant relationship between talent management and employee turnover. The conclusion is that talent management and employee turnover are both positively related to banks performance. We therefore recommended as follows:

- (i) Effective and efficient talent management must be put in place. Meaning, right recruitment, development, motivation and retention of talents to minimize employee turnover.
- (ii) A well drafted policies, programs and activities as regard employees' talent monitoring and development must be designed to ensure that employees are well motivated to go the extra mile for the organization in achieving the vision, mission, goals and the strategic objectives of the organization

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