

# IS SUCCESSFUL RETAINING OF TALENTED INDIVIDUALS DETERMINED BY FIRM'S ECONOMICAL SITUATION? A CASE OF SLOVAK FIRMS FROM NITRA REGION

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## INTRODUCTION

As stated in Collins and Mellahi (2009) since a group of McKinsey consultants coined the phrase the War for Talent in 1997 (see also Michaels et al. 2001; Axelrod et al. 2002), the topic of talent management has received a remarkable degree of practitioner and academic interest. This relatively recent emphasis on talent management represents a paradigm shift from more traditional human resource related sources of competitive advantage literature such as those that focus on organisational elites, including upper-echelon literature (Hambrick and Mason, 1984; Miller et al. 1998), and strategic human resource management (SHRM) (Huselid et al. 1997; Schuler, 1989; Wright and McMahon, 1992) towards the management of talent specifically suited to today's dynamic competitive environment.

According to Bethke-Langenegger (2012) nowadays talent is seen as a resource that has to be managed not only to achieve actual strategic objectives, but also to meet future business needs (see also Silzer & Dowell, 2010). Consequently, talent pools are built (Boudreau & Ramstad, 2005; Byham, Smith, & Paese, 2002), and employees are classified in performance-level groups (Axelrod et al., 2001; Huselid, Beatty, & Becker, 2005; Peters, 2006; Ready, Hill, & Conger, 2008). As a result, talent management is used as an instrument for succession planning (e.g., Hills, 2009; Rothwell, 2005), is seen as a process for developing employees (e.g., Berke, Kossler, & Wakefield, 2008) or works as a mechanism to retaining best workers (e.g., Allen, Bryant, & Vardaman, 2010; Cappelli, 2000).

The issue with many companies today is that their organizations put tremendous effort into attracting employees to their company, but spend little time into retaining and developing

talent (Rani, & Joshi, 2012). As evidence from the Qudurat study (Aon Hewitt, 2011) suggests, more than merely focusing on financial rewards to retain talent, it is increasingly important to focus on the broader social and psychological contract between employer and employee. Whilst employees may be attracted by headline levels of purely pecuniary reward a broader range of elements of employee engagement will be more important in retaining them in the future (Singh, Jones & Hall, 2012).

We assume for company to be able to successfully retain their talented employees the certain amount of economic stability is needed. That is why we consider the change of economic situation of any firm an important factor of successful retaining of talented individuals. We tested this assumption on sample of firms from Nitra Region in Slovak Republic.

## 1 DATA AND METHODOLOGY

### Data

Selective survey was used as a method of the data collection. According to **Munk (2013)** the selective survey means that the chosen data are only part of the basic file and therefore the accuracy of the results is limited. A scaled questionnaire of own construction was used as a tool of data collection. Likert scale from 1 to 5 was used, where figure 5 corresponded to the absolute consensus of the respondent with the statement in the wording of the item (formulated as a positive statement), and figure 1, on the contrary, to the absolute disagreement of the respondent. Figure 3 expressed his/her irresolute attitude and the added figure 0 enabled the respondent not to comment on a given item. All such "answers" were excluded from further processing. The questionnaire apart from the introductory classification items

contained 41 items divided into five topics, namely the field of the implementation of talent management into business strategy, the field of the identification of talents, the field of the evaluation of talents, the field of the

development of talents and the field of retaining talents. For testing we used the last part of questionnaire focused on the field of retaining talents. The frequencies regarding the change of economic situation can be seen in table 1.

Tab. 1: Economic situation change - frequencies

|                       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------|-----------|---------|---------------|--------------------|
| ec_sit worse          | 13        | 20.0    | 20.0          | 20.0               |
| ec_sit without change | 25        | 38.5    | 38.5          | 58.5               |
| ec_sit better         | 27        | 41.5    | 41.5          | 100.0              |
| Total                 | 65        | 100.0   | 100.0         |                    |

Source: own processing

In 41.5% of firms the economic situation improved, in 38.5% stayed without change and in 20% of firms the situation worsened.

### Methodology

Because the questionnaire did not consist of dichotomized items, its reliability was verified by means of Cronbach's alpha. The values of

Cronbach's alpha 0.7 and more mean sufficient internal scale consistence. The method of the split-half measurement instrument was used as the second method of verifying the reliability. The results of questionnaire's reliability evaluation are summarized in table 2. All values are over 0.7 which means the reliability is sufficient.

Tab. 2: Questionnaire reliability

|                   | Cronbach's Alfa | Split-half |       | Guttman | Number of items |
|-------------------|-----------------|------------|-------|---------|-----------------|
| Total reliability | 0.933           | 0.783      | 0.783 | 0.778   | 41              |

Source: own processing

Due to the character of the collected data non-parametric statistical methods were used. To verify the existence of statistically significant differences between the individual groups of respondents (depending on a factor of economic situation change) the Kruskal-Wallis test and Jonckheere-Terpstra test were used. If the Kruskal-Wallis test confirmed the existence of a statistically significant difference, suitable methods of "post hoc testing" were used (Tukey's HSD test).

## 2 RESULTS AND DISCUSSION

The part of questionnaire focused on the field of retaining talents consisted of seven items:

- I\_35: The retaining of talented employees is successful.
- I\_36: The firm is able to meet their financial requirements.

- I\_37: The motivation system for talented employees is well thought-out.
- I\_38: There are no communication problems regarding the talented employees.
- I\_39: The firm is able to retain the talented employees by supporting their self-improvement.
- I\_40: The talented employees do not leave the firm in search of new challenges.
- I\_41: The firm uses special ways of supporting the talented employees.

We assumed that the change of economic situation (in particular its worsening) will influence the ability of the firm to successfully retain the talented employees. The results of Kruskal-Wallis test (see table 3) confirmed the existence of statistically significant differences in respondents' attitudes in four of them (items 36, 37, 39 and 40). However Jonckheere-Terpstra

test did not confirmed all of these differences (only in items 36 and 37, also see table 3).

Tab. 3: Kruskal-Wallis test and Jonckheere-Terpstra test results

|                 | I_35  | I_36   | I_37   | I_38  | I_39   | I_40   | I_41  |
|-----------------|-------|--------|--------|-------|--------|--------|-------|
| KW test p value | 0.624 | 0.039* | 0.042* | 0.344 | 0.036* | 0.043* | 0.601 |
| JH test p value | 0.410 | 0.019* | 0.017* | 0.670 | 0.059  | 0.869  | 0.929 |

\* indicates the statistical significance

Nevertheless based on results of Kruskal-Wallis test we tested all four items in search for the source of differences. For testing we used the

Source: own processing  
Tukey's HSD test (one of ANOVA post hoc tests). The results can be seen in table 4.

Tab. 4: Tukey's HSD test results

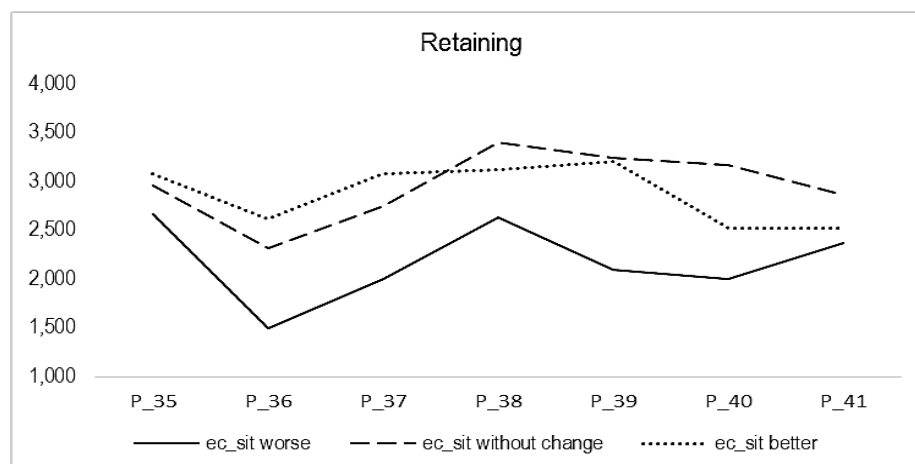
| Dependent Variable | (I) Ec_Sit   | (J) Ec_Sit            | Mean Difference (I-J) | Std. Error | Sig.  | 95% Confidence Interval |             |
|--------------------|--------------|-----------------------|-----------------------|------------|-------|-------------------------|-------------|
|                    |              |                       |                       |            |       | Lower Bound             | Upper Bound |
| I_36               | ec_sit worse | ec_sit without change | -0.816                | 0.431      | 0.151 | -1.86                   | 0.22        |
|                    |              | ec_sit better         | -1.115*               | 0.413      | 0.025 | -2.11                   | -0.12       |
| I_37               | ec_sit worse | ec_sit without change | -0.750                | 0.442      | 0.215 | -1.81                   | 0.31        |
|                    |              | ec_sit better         | -1.077*               | 0.437      | 0.043 | -2.13                   | -0.03       |
| I_39               | ec_sit worse | ec_sit without change | -1.138*               | 0.444      | 0.035 | -2.21                   | -0.07       |
|                    |              | ec_sit better         | -1.100*               | 0.432      | 0.036 | -2.14                   | -0.06       |
| I_40               | ec_sit worse | ec_sit without change | -1.167                | 0.492      | 0.054 | -2.35                   | 0.02        |
|                    |              | ec_sit better         | -0.519                | 0.483      | 0.533 | -1.68                   | 0.64        |

\* indicates the statistical significance

As can be seen in table 4 there is a significant difference in attitudes of respondents working in firms with improved respectively worsened economic situation in items 36, 37, 39 and 40. The respondents working in firms where the economic situation is considered to be better or

Source: own processing  
without change in comparison with previous year tended to express more positive statements regarding the items 36, 37, 39 and 40. The overall higher mean values of their statements is documented by figure 1.

Fig. 1: The mean values of Items 35-41



Source: own procesing

This difference in attitudes is further documented by cross tables for each item. As already stated before value 5 corresponded to the absolute consensus of the respondent with the statement in the wording of the item (formulated as a positive statement), and value 1, on the contrary, to the absolute disagreement of the respondent. The employees of firm where

the economic situation improved or at least remained unchanged in year 2013 in comparison with 2012 agreed with the statements in items 36, 37, 39 and 40 (values 4, 5) more often than the employees of firms where the economic situation worsened (see tables 5, 6, 7, and 8).

Tab. 5: Cross table Item 36

|                       | I_36 |    |    |   |   | Total |
|-----------------------|------|----|----|---|---|-------|
|                       | 1    | 2  | 3  | 4 | 5 |       |
| ec_sit worse          | 6    | 0  | 2  | 0 | 0 | 8     |
| ec_sit without change | 4    | 6  | 8  | 1 | 0 | 19    |
| ec_sit better         | 6    | 5  | 8  | 7 | 0 | 26    |
| Total                 | 16   | 11 | 18 | 8 | 0 | 53    |

Source: own processing

Tab. 5: Cross table Item 37

|                       | I_37 |    |    |    |   | Total |
|-----------------------|------|----|----|----|---|-------|
|                       | 1    | 2  | 3  | 4  | 5 |       |
| ec_sit worse          | 6    | 3  | 1  | 1  | 1 | 12    |
| ec_sit without change | 3    | 9  | 5  | 5  | 2 | 24    |
| ec_sit better         | 3    | 6  | 7  | 6  | 4 | 26    |
| Total                 | 12   | 18 | 13 | 12 | 7 | 62    |

Source: own processing

Tab. 5: Cross table Item 39

|                       | I_39 |    |    |    |   | Total |
|-----------------------|------|----|----|----|---|-------|
|                       | 1    | 2  | 3  | 4  | 5 |       |
| ec_sit worse          | 4    | 4  | 0  | 1  | 1 | 10    |
| ec_sit without change | 0    | 6  | 6  | 7  | 2 | 21    |
| ec_sit better         | 3    | 3  | 8  | 8  | 3 | 25    |
| Total                 | 7    | 13 | 14 | 16 | 6 | 56    |

Source: own processing

Tab. 5: Cross table Item 40

|                       | I_40 |    |    |   |    | Total |
|-----------------------|------|----|----|---|----|-------|
|                       | 1    | 2  | 3  | 4 | 5  |       |
| ec_sit worse          | 5    | 4  | 2  | 0 | 1  | 12    |
| ec_sit without change | 3    | 5  | 6  | 5 | 5  | 24    |
| ec_sit better         | 9    | 7  | 4  | 2 | 5  | 27    |
| Total                 | 17   | 16 | 12 | 7 | 11 | 63    |

Source: own processing

## CONCLUSION

In the time of crisis the human resources are among the first areas where the funds are being cut (the expenses on education (Egerová, 2012)). We consider the retaining of talented employees to be one of the endangered areas as well. Therefore we tested if there is a significant influence of the change of economic situation on selected components of successful retaining of talented individuals.

We conclude that the change of economic situation affects the ability of firm to meet the financial requirements of talented employees and the ability to support their self-improvement through well thought-out motivation system. This results in their leaving in search for other challenges.

Further research should be focused on confirming if this statement is valid in general or if it is a special treat of firms in the particular region of Slovak Republic.

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**Draholav Lančarič, Radovan Savov, Marián Tóth**

**Abstract:** Retaining of talented employees is a crucial part of talent management process. We confirm that the change of economic situation of firm is an important determinant of successful retaining of talented employees. We confirm this assumption on a sample of firms from Nitra Region of Slovak Republic. We analyze the data with Kruskal-Wallis Analysis of Variance. Where statistically significant difference in attitudes of respondents confirmed we use Tukey's HSD test for further analysis.

**Key words:** Talent management, retaining of talented employees, economic situation of firm, change of economic situation.

**JEL Classification:** M12, M51

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