

**Talent Retention Enriches Organizational Performance.**

**A study of Hotel Industry in Sri Lanka.**

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***Abstract***

*Growing and competitive corporate world, retention of skilled employee is that the main challenge to each organization. To realize this aim, all organizations are specializing in to reinforce customer satisfaction, employee satisfaction, product and service quality and employer branding (internal branding). But, the research on "talent retention enriches organizational performance" in hotel industry in Sri Lanka is scarce and partial. This study attempts to accumulate literature so as to how talent retention enriches organizational performance in hotel industry in Sri Lanka. The results show the underlying patterns of relationships between talent retention and organizational performance and its influencing factors. Such understanding has relevancy for academicians and researchers for furthering the add this field. The insights into the previous studies are discussed and suggestions for future research that concentrate on identified gaps within the literature are provided.*

**Keywords:** *Learning and Development, Organizational Performance, Talent Attraction, Talent Management, Talent Retention.*

## INTRODUCTION

Since peace prevailed, Sri Lanka's hotel industry has gained a competitive advantage after the end of the 30-year civil war, and the country's international tourist arrivals are experiencing considerable growth. However, before 2009, the country was facing a long and dormant period, and the tourism industry actually stagnated. As a result, the hotel industry is currently experiencing an inflow of investment to enhance industry-related results. However, it must be noted that the country's tourism sector is subject to local and international influences. Therefore, although current conditions are conducive to promoting the growth of the country's tourism industry, due to the current slow economic growth worldwide, global economic trends may still have a negative impact. Based on the above background, this article assesses the two largest players in the Sri Lanka hotel industry: Atkin Spence Hotel (ASH) and John Keels Hotel (JKH) Group.

The competitiveness in the hotel industry has increased significantly in recent years due to deregulation and globalization. Since the products and services offered by hotels can often be easily duplicated, hotels are not only competing with each other but also with other non-hotel industry. When hotels provide nearly identical services, they can only distinguish themselves on the basis of price and quality.

In this highly competitive hotel industry in the world, knowledge, innovation and experience are the main driving advantages of an organization. Skilled employees are champions of these advantages. Therefore, it is vital to attract, develop and retain skilled employees in each organization to stay ahead of the competition. Today, the problem that many companies face is that their organization has made great efforts to attract employees to join the company, but it is very difficult to retain and develop skills. After retaining skilled employees, management value research continues to find benefits in key areas such as revenue, customer satisfaction, quality, productivity, cost, and market value (Namita Rath, Sujata Rath, Bhubaneswar, 2014).

Talent management is a business strategy that means talented employees can improve the performance of the organization (Puja Sareen, Shikha Mishra, 2016). If the organization recruits talented employees and provides continuous training and development, recognition and rewards, the organization can achieve the highest level of performance by

making employees look forward to the organization and building an employer brand internally and externally. According to Decha Dechawatanapaisal (2018) internal branding will directly influence and improve brand positioning. This has a direct positive impact on brand attitude, brand promise and brand image. All these factors will seriously affect the retention rate of employees in the organization. Ambler and Barrow (1996) put forward the concept of organizational brand, and regarded employees as brands and employees as customers, and applied it to the field of human resource management. The factors that cause employees to leave may also be different from the factors that cause employees to leave. For example, new job opportunities, family conditions, and personal concerns may cause employees to resign. Conversely, efforts to maximize employee retention may involve shared values or cultural beliefs that make the organizational environment as “sticky” as possible, thus tempting them to stay in office (Cardy and Lengnick-Hall, 2011).

On a global scale, all organizations face the challenge of retaining skilled employees due to the high demand for skilled employees and lack of availability. Highly skilled and motivated employees are the protagonists of organizational success.

According to Tharanga Thilakasiri (2010) the most expensive and most important thing is human capital, which includes the knowledge, skills and abilities of employees. Therefore, it is important to allocate a lot of time and resources to develop the human resources department. An organization, because its returns can be huge.

Nonhlanhla Mngomezulu et al. (2015) clearly said that Focus on rewards and recognition may have a positive impact Incentive to improve work performance and that leads improve the performance of the organization as well.

According to David G. Allen (2008) If the organization provides incentives, such as satisfactory salary, good working conditions, and development opportunities to support the hard work of the employee, and the time they spend dedicated to the organization, the employee will stay in the company. In addition, these judgments are not only limited by the individual's desire to leave the company, but also the difficulty of leaving the company.

There are some more factors influencing for retention of employee, for an example organizational culture, demographic factor and generation gap. Nausheen Shakeel (2015) conceptualized the all these factors under financial and non-financial category, as per Nausheen Shakeel (2015) organizational values and believes highly impact on employee retention and also organization commitment influencing together with values and

believes, this organization commitment, values and believes impact on organizational performance through employee retention.

So, organizational performance in the hotel industry in Sri Lanka highly affects with talent management to secure highly skilled employee.

### **Statement of the Problem**

Hotels in Sri Lanka spend a great amount of money on providing the better product and service to the customers. However, the lack of talent management practices for retain the employees can bring negative consequences for the hotel industry. As a result, hotels continuously try to adapt their business strategies to increase employee retention. However, this cannot be accomplished without identifying the major influencing factors to retain their employees. Therefore, a theoretical and practical background is required to provide further understanding of the talent retention in the hotel industry in Sri Lanka.

### **Objective/s of the Study**

The main objectives of this literature review study are:

1. Investigating the major factors that influencing employee retention for organizational performance and to identify the relationships between the influencing factors.
2. To develop a holistic model incorporating the key influencing factors.
3. To help in assessing the power of these factors in the context of employee retention in hotel industry in Sri Lanka and would, therefore, help the hotel management in strengthening the bond between the hotel and their employees, thereby helping them to retain and/or expand their overall talent management process.

### **Literature review**

This literature review is divided into two main parts. The first part reviews the concepts of organizational performance and talent retention. The second part reviews the empirical research on retention of talents improving organizational performance.

## **Organizational Performance.**

Organizational performance has been described and defined in some ways for example, "to complete a task with a specific purpose", "the result of an action", "the ability to complete or potential results" or "comparatively surprising results" and "performance is understood by different people." Performance is taken into account action-oriented, and also the result comes from this action and its success compared to competitors.

Organizational performance (OP) is the ability of an organization to perform its work by deploying well-organized and efficient performance resources. Organizational performance covers customer satisfaction and service quality. Customer satisfaction is based on customer expectations. The dimensions that can be used to measure customer satisfaction include quality, perceived reliability, satisfaction with customer needs, recommendation to others, close relationship with constants, and consideration of customers Positioning (Anderson & Sullivan, 1993; Brady and Cronin, 2001; Kotler and Armstrong, 2007). Service quality is the extent to which customers' perceptions of service meet and exceed their expectations (Woodwall, 2001). The quality of service especially includes: communication, accessibility, reliability, schedule, guarantee of consumer needs, empathy and awareness (Rumezani, 2015).

Financial and non-financial indicators can be used to measure organizational performance. However, the measurement method must be a mixed method of qualitative and quantitative.

According to the classification of Maltz et al. (2003) the five key factors used to evaluate performance are: financial performance, market/customer, personnel development, process and future. For Richard et al. (2009) the methods of observation, measurement and evaluation were finance, product market and shareholder outcomes. These methods are evaluated to study the performance of the organization and the achievement of its goals. Nevertheless, Dyer and Reeves (1995) three different organizational performance results were classified as: (1) financial results (profit and market share); (2) organizational results (efficiency, quality and productivity); (3) human resources Resource outcomes (satisfaction, attitude and behavior, and commitment).

Optimis (2011) explained the talent management and organizational performance model that combine with organizational strategy. HR and workforce strategy and HRM strategy. Combine of strategy lead forward to workforce performance and success and that lead to organizational performance with successful profit, growth and customer loyalty.



Figure 1: Talent Management and Organization Performance Model Source; Optimis (2011)

### Talent Management (Talent Retention)

Securing talent is a challenge for every business sector. Nowadays, all company departments are recruiting skilled employees to provide services to customers with customer satisfaction, service quality and product quality, but there are gaps in keeping them in the organization for a long time. According to Parrott (2000), employees face a whole new set of challenges, especially when organizations are forced to face one of the tightest labor markets in decades. Therefore, protecting skilled employees has become more and more important, and retaining employees has become more and more difficult

Although the organization recruited skilled employees, they failed to provide continuous training and development, recognition and rewards, and leaders failed to share their knowledge with the next generation of skilled employees. This causes employees to leave the organization instead of staying. It also affects cost turnover and reduces product and service quality and customer satisfaction.

McKinsey and company introduced talent management in 1997. So far, all well-known organizations believe in this concept and conduct continuous analysis to recruit and retain employees.

Nonhlanhla Mngomezulu et al. (2015) explored that impact on employee recognition highly influence on retention positively, so that employer must be recognize the hard-working employee and implement the reward system to retain their skilled employee

According to Wijesiri et al. (2018) recruitment and selection, performance management, salary and reward management, training and development are key factors to ensure the safety of talents, so that they are confident in job safety, welfare management and a comfortable working environment. This hidden story shows everyone that internal customer satisfaction (employee satisfaction) generates external customer satisfaction (customer satisfaction) and organizational performance.

Emmy Cherai, Hillary Busolo (2020) firmly believe that talent attraction directly affects organizational performance, and through the adoption of talent recruitment practices (including recruitment and selection, employer branding, and providing Safe working environment), organizations can significantly improve organizational performance.

Puja Sareen, Shikha Mishra (2016) emphasized that talent management is directly proportional to overall organizational performance. However, these practices will have a partial impact on performance. Employees believe that in order to improve talent management, performance and productivity, organizations can improve their learning and development plans, and they can also focus more on retention strategies. Moreover, if the organization can successfully complete this task, the organization's performance will automatically improve and will be better than the current scenario.

DY Patil (2012) demonstrated that organizations are still pursuing high performance and improved results through skilled employee retention practices, and they are adopting a holistic approach to talent management-from attracting and selecting talent wisely, to retaining and developing leaders, to the greatest Hiring employees in influential positions to a certain extent, so that organizational performance is at a highly satisfactory level.

In the same context of the healthcare industry, Mervat E.A.El Dahshan et al. (2018) pointed that the talent management process confirms that the hospital attracts, retains, motivates and develops existing talents, and gives the organization excellent organizational performance to serve patients.

Riham Al Aina, Tarik Atan (2020) confirmed that learning and development and professional management practices have a great impact on sustainable organizational performance, but in terms of enhancing and maintaining organizational performance, attracting and retaining talent is not the top priority. In other words, Mervat E.A.El Dahshan et al. (2018) firmly believe that retention and motivation can improve organizational performance, so there is a gap in analyzing more factors to confirm that skilled employees retain rich organizational performance.

Augustine Adu Frimpong et al. (2016) claimed that organizations should provide employees with favorable working conditions to make them the best talents who contribute to organizational performance. This will prevent other organizations from poaching workers. This approach provides clear evidence that talent management can always improve organizational performance.

Mahmoud Kaleem (2019) mentioned that correct employee knowledge acquisition training and development, carefully planned employee working environment, retirement facilities and consulting plans may have a positive impact on employee performance, and this activity is directly related to the quality performance of the organization's products and services.

## **Case review**

As talent attraction directly affects organizational performance through the adoption of talent recruitment practices (including recruitment and selection, employer branding, and providing a safe working environment), Emmy Cheraisi, Hilary Bussolo (2020) The relationship between talent attraction and organizational performance among 40 HR managers and managers of two to five-star hotels in Kenya. The results of Pearson's correlation analysis show that the effect of attracting talents is significantly positive Organizational Performance. In addition, the results of linear regression analysis show that talent attraction accounts for 65.7% of hotel organization performance in the Southern Rift Valley. Therefore, 34.3% of the difference in organizational performance is explained by other factors not mentioned in the study.



The conceptual Research Model of Emmy Cheraisi, Hillary Busolo (2020) illustrates the key to determining the direct impact of talent attraction on organizational performance. Since this model was tested among human resource managers and managers of two- to five-star hotels in a region, and was not extended to a larger population, extensive experience verification was required. Therefore, it is necessary to study this issue based on other determinants of talent attractiveness and organizational performance. Also, based on the study talent management must combine other factors such as organizational culture and national culture to get more effective results and this can be test in Sri Lanka context as well.

While Emmy Cheraisi, Hillary Busolo (2020) studied the attractiveness of talents and organizational performance, Decha Dechawatanapaisal (2018) studied internal branding, brand positioning, and brand identity, the relationship between brand promise and employees' willingness to stay.

Decha Dechawatanapaisal (2018) collected data on 702 sales personnel from 15 cement and building materials companies in Thailand. It also collected data on 31% of women and 69% of men. Most participants were 26 to 46 years old. And a total of 47% of people have worked with their employer for less than five years, 23% have worked between 5 and 12 years, and 30% have worked for more than 12 years. The results of demographic variables (for example, gender, age, tenure) of the purpose sampling technique are not statistically correlated with the dependent variables in the model (namely, brand promise, willingness to stay), so they are omitted in further analysis to avoid Misunderstand the results and pass descriptive statistics and correlation matrix method Internal branding is positively related to brand orientation, brand identification, brand commitment, and intention to stay. Brand orientation is positively related to brand identification, brand commitment, and intention to stay. Brand identification is positively related to brand commitment. Both also are positively related to intention to stay respectively.

Mervat EA El Dahshan, et al. (2018) studied the impact of talent management in Shebin El-Kom Teaching Hospital and Menofia University Hospital on organizational performance, and a descriptive research design conducted by Shebin El-Kom Teaching Hospital and Menofia University Hospital A random sample (273) of nurses was used to compose the research sample, including 170 nurses from Menofia University Hospital (103) from Shebin El-Kom Teaching Hospital, working in the following fields (Intensive Care Unit (ICU), Pediatric Intensive Care Unit (PICU), Burn Unit, Hemodialysis Unit and Emergency Unit). Mervat E.A.El Dahshan et al. (2018) concluded that the talent management process confirmed that the hospital attracts, retains, motivates and develops talents.

The conceptual model of Mervat EA El Dahshan et al. (2018) shows that there is a highly significant positive correlation between organizational performance and the three components of talent management, but the author recommends providing financial rewards and implementing talent management strategies. Helping to retain talent in the organization will help improve organizational performance, and this research must also be conducted among other healthcare professionals. From this statement, research with all health care professionals to confirm that there is a gap in the author's statement.

Riham Al Aina, Tarik Atan (2020) to confirm the relationship between talent attraction, talent retention, learning and development, career management and organizational performance, they collected data from real estate executives in the United Arab Emirates, and collected And analyzed 268 samples under the structural equation model (SEM), the practice of attracting and retaining talents has no impact on organizational performance, because the surveyed organizations are classified as small and medium-sized organizations, and they are in attracting and retaining talents The consciousness is not high. Enhance and maintain organizational performance, but research shows that learning and development and professional management practices have a significant and positive impact on the sustainable organizational performance of real estate companies.

The conceptual model of Riham Al Aina, Tarik Atan (2020) confirms this statement, but the research is only limited in real estate companies in two cities. Riham Al Aina, Tarik Atan (2020) suggests a future in different industries Research, as well as the government and private sector.

While Riham Al Aina, Tarik Atan (2020) confirmed talent management impact on sustainable organizational performance, Mahmoud Kaleem (2019) conducted a study to

explore the impact of talent management on the performance of UAE public sector employees, and selected four factors in talent management, namely talent acquisition, development, retention and development, to improve employee retention, performance, and satisfaction, the degree of enthusiasm and loyalty to the workplace.

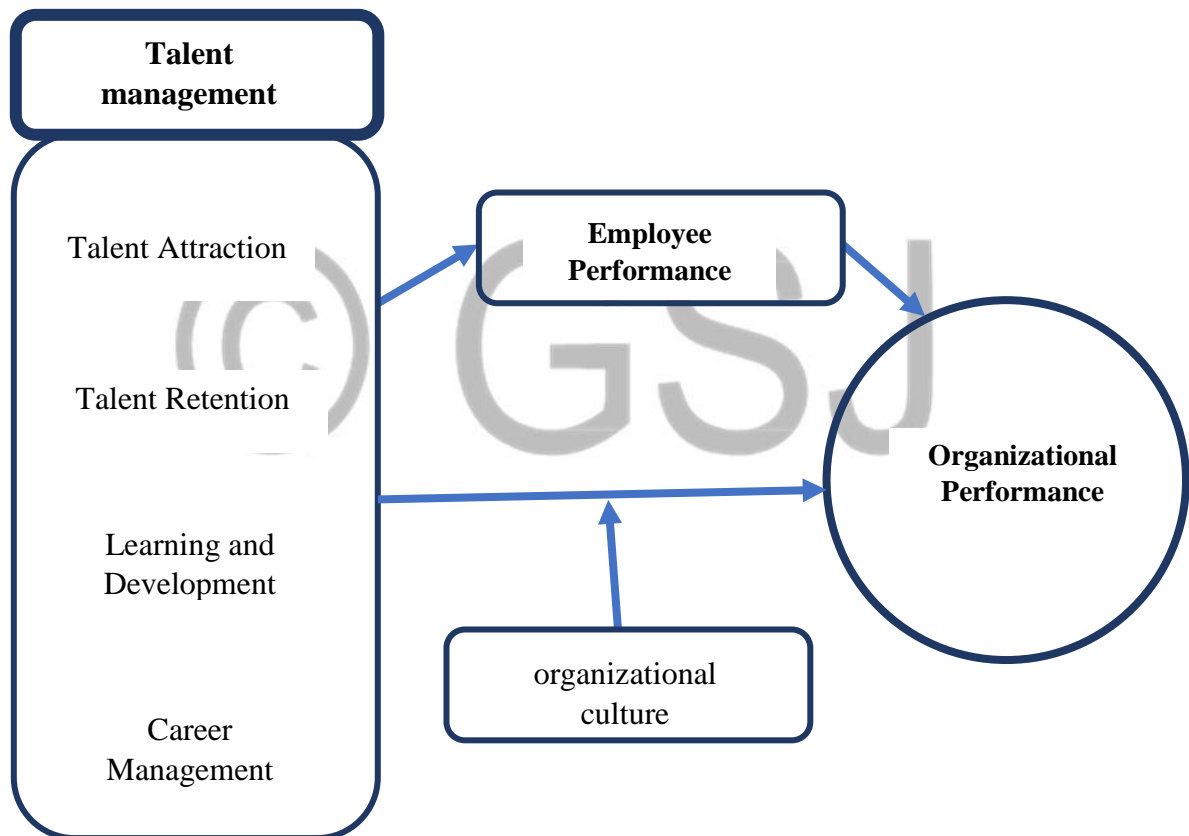
To prove these variables relationship 200 sample selected and conclusion was made based on Conceptual Research Model of Mahmoud Kaleem (2019) that all four aspects of talent management are related to employees' performance and on top of that most interviewees believe that learning and development practices (such as learning) require identification, guidance and internal development plans to improve their performance. So can assume that by increasing employee performance with talent management, learning and development practices (such as learning) require identification, guidance and internal development increase the organizational performance as well.

Same as Riham Al Aina, Tarik Atan (2020), Augustine Adu Frimpong et al. (2016) also conducted the research to prove the role of talent management on organizational performance in Ghana revenue authority, Sunyani. For this study they have selected small random sampling with size of 50 sample and conducted research in mixed method. But, Augustine Adu Frimpong et al. (2016) looked deeply in the talent management and selected some influential elements that impact on organizational performance. Gender, age, educational level, work experience, Periodic training and development of staff, staff motivational system, Career guidance and counseling, daily employee appraisal and Effective succession planning are selected as an independent variable for organizational performance dependent variable.

According to Augustine Adu Frimpong et al. (2016) research results, it is obvious that talent management plays an important role in organizational performance, and also these variable activities must to continuously update and implement practically to enrich the organizational performance.

According to the literatures reviewed above, talent retention and the organizational performance are analyzed with regard to many dimensions. Conducted studies are in different field with different type of variables, judging from these empirical evidences by scholars, a conceptual model is developed as shown in Figure 2, in the field of hotel sectors in Sri Lanka. The proposed model has three main features. First, it examines the main direct effects of talent management on organizational performance. Second, the

organizational culture also examines as the moderating role of talent management and the organizational performance. Third, employee performance examines as the mediating role of the talent management and organizational performance. Under talent management scholar recommends to test talent attraction, talent retention, learning and development and career management as independent variables that how impact on organizational performance, and also test how talent management impact on employee performance and employee performance how impact on organizational (Wickramaratchi, 2020) performance as mediating variable, and scholar introduce to test that organizational culture as moderating variable, how impact on talent management and organizational performance



## CONCLUSION

This study attempted to examine the determinants of talent retention in organizational performance based on the literature reviewed. The studies reviewed belong to diverse geographies indicating the importance of this study in understanding the concept further. In addition, the studies present a pattern of relationships between the determinants of talent retention which can be researched further more comprehensively for better understanding of the retention phenomenon in organizational performance. Such understanding is helpful to practitioners and academicians which in turn catalyses the growth of hotel industry in the Sri Lankan context.

The reviewed studies reveal that talent attraction, talent retention, talent development or learning and development and organizational culture or commitment of the organization are the major factors determining organizational performance. Further, employer branding is found to impact employee retention directly and indirectly with the mediation of satisfaction as well as satisfaction is found to effect employee retention directly and indirectly with the mediation of brand orientation, brand commitment and brand identification. It is thus important that future studies incorporate the interplays among talent attraction, talent retention, talent development or learning and development and organizational culture or commitment of the organization and how these relationships influence organizational performance.

Considering the details of studies examined, all the research reviewed targeted in few segments. Hotel sector in Sri Lanka is massive area and it is covering hospitality product and service segment, most of the hotel sector employee satisfaction is questionable. Therefore, the success of organization performance is largely depending on retaining talents in hotel sector, which, unfortunately, receives no consideration from researchers. Therefore, the differences in the demands and expectations of corporate and public sectors in the context of organization performance suggest that a focus on target population of public sector employee retention studies is a significant gap in the literature.

Since organizational performance relies heavily on talent management, the theoretical models of the studies reviewed should be tested in other elements in order to strengthen the generalizability of the findings.

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