

## ANALYSIS OF PROBLEMS IN RETAINING TALENTED AND HIGH-PERFORMING EMPLOYEES

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**Abstract:** *Recruiting and retaining talented and high-performance employees are two essential prerequisites for staying competitive. Companies nowadays are finding it increasingly difficult to recruit and even more difficult to retain talented and high-performance employees (top-performers; TP). The paper analyses the issue of retention of talented and high-performing employees (top-performers; TPs) who are being sought-after in the labour market, especially in connection with the advent of the knowledge economy. Top-performers are different from average employees and migrate more often than average employees. The theoretical basis for retaining TPs is the social exchange theory.*

**Keywords:** Talent, high-performing employees, retention, commitment, engagement

### 1 INTRODUCTION

Every company would like to have employees who differ from other workers in terms of their work commitment, achievements and can improve the company's performance. Recently, talent management has been a frequently discussed topic in successful companies. From the perspective of its history, however, it is not an absolute novelty, yet it is perceived as a highly topical topic. It is less well-established in the home environment compared to other human resource management processes such as employee selection and adaptation [11].

The recruitment and retention of TPs is currently the biggest challenge faced by companies nowadays. This situation is exacerbated to a large extent by the fact that the so-called generation of 'Baby Boomers' are slowly leaving the labour market and demographic trends show a strong decline in the natality indicator. Although today a part of the employees who can be described as high-performing and talented still work for financial reasons after reaching retirement age, the situation in this area is changing, which can contribute to dramatic changes in the labor market. This situation applies to both business organizations and the public administration sphere. The aim of this paper is to present the main theoretical and practical problems related to the acquisition and retention of TPs, to specify the determinants affecting the TP retention process, to present the state of retention of TP on the Slovak market, and to indicate possible solutions. Efforts to optimize in every sphere should be a priority for all businesses that want to be successful on the market [10].

### 2 ANALYSIS OF PROBLEMS CONNECTED WITH RETENTION

In the current era of the knowledge economy, it is generally accepted that the human capital is a source of permanent idiosyncratic, thus hardly imitable, competitive advantage [3, 6, 15]. In terms of human resources, it is the talented high-performing employees

who make a decisive contribution to the company and its performance [14]. McKinsey & Company's research conducted on a sample of 410 managers found that 20% of high-performance talented employees generated 40% productivity gains, 49% profit gains and 67% revenue gains compared to average performance employees [2]. In connection with the departure and retention of employees, there are two terms used both in the scientific literature and in practice, which in a sense represent both poles of the same phenomenon, namely turnover and retention.

Ambrus and Lengyel [1] define employee turnover only as a fluctuation in the number of employees in the company, which can be positive if the number of employees increases or negative when employees leave. Shawnaz and Jafri [13] have a similar view of the concept of employee turnover, who consider it to be a change in the workforce in the company during the reporting period. Employee turnover can be voluntary or forced. It is particularly enforced by the employer when the employee is unable to perform the required tasks. Voluntary turnover means the termination of an employee's activity in the relevant company based on an employee's voluntary decision [8]. Reiss [9] defines three types of turnover:

1. Natural, which is the termination of employment due to retirement or death.
2. In-house, which represents a change of job positions within the company, either horizontally or vertically in the case of career growth.
3. An inter-company exchange where the employee leaves the firm and then goes on to work in another branch of the same company.

Dytrt [7] reports the following negative impacts of leaving the company:

1. Costs of training a new employee.
2. The cost of administrative work.
3. The cost of developing skills of a new employee.
4. The cost of hiring a new employee to replace the former.
5. The cost of losing other employees who have decided to leave with the employee.

In addition to the aforementioned costs of replacing TPs, researchers state that:

- Turnover negatively affects the company's performance because it imposes high organizational costs related to replacing them and socializing newcomers. In some cases, it is not possible to replace the TP at all.
- Turnover of top performers impacts organizational effectiveness because their turnover not only imposes high replacement costs but also decreases organizational morale.
- In a current knowledge-driven economy, the negative impact of high performers, turnover on firm performance appears to be amplified due to the potential threat of valuable knowledge transfer by high-performing leavers to competing organizations [8].

Based on the literary sources analysed, it can be said that companies must have a purposefully established management of high-performing and talented employees in order to maintain its TPs. In detail this means:

- Have a specified set of jobs where it is necessary to employ talented and high-performing employees.
- Identify the realities of talented and high-performing employees, confront them with the needs of their job.
- Monitor the fluctuation of TPs over time.
- Take measures to establish a performance-based corporate culture.
- Introduce talent approach in companies.
- Specify and implement human resources management practices supporting organizational devotion as a predictor of maintaining TPs in the company.
- Monitor talent retention processes and take corrective actions, assess the benefits of top-performers as well as any losses caused by their retirement.

The aim of the conducted survey was to find out to what extent Slovak companies deploy retention management practices when it comes to TPs.

One of the challenges of human resources management is therefore related to the retention of highly qualified employees. While in the past there was a lack of work on the market, we currently experience the opposite and the labour market is struggling with a lack of talents. Psychological commitment to companies is diminishing, and young talented people in particular are now not afraid of changing jobs. Some studies confirm that today's young people do not feel as obliged to stay with their employer as it was a few decades ago, and in today's labour market they consider staying with one employer disadvantageous.

The goal of each company's management is to keep employees committed to their work, to be committed to their tasks and don't leave to competitor company.

In order to achieve this goal, it is first necessary to ascertain the reason for the departure of these talents. If

insufficient attention is paid to retaining and developing current employees, according to the authors, up to a fifth of employees from companies decide to change their jobs [4].

### 3 RESEARCH RESULTS RELATED TO INDIVIDUAL ASPECTS OF RETENTION MANAGEMENT PRACTICES TARGETED AT TALENTED AND HIGH-PERFORMANCE EMPLOYEES

The necessary information for our research we used a questionnaire created in Google docs. The questionnaire was sent to 3,000 companies (to human resource department) and 159 completed questionnaires were returned. The return rate was therefore approximately 5%. Heads of human resources management departments or employees in charge of human resources were addressed. The items as well as the answers are evaluated in the following graphs.

Item no. 1: In which of the following sectors does your organization operate?

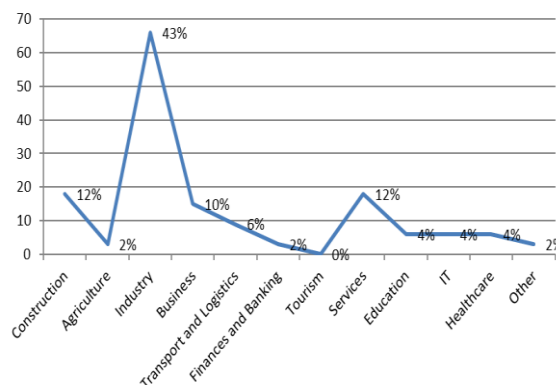


Figure 1 Sectors in which the organizations operate (Source: own processing)

Research shows that only 19% of companies have a formalized management system for the top performers and 36% of companies have jobs that require top performance. When asked whether competing companies contacted employees to change their employer, 40% answered yes and 19% said that they were trying to keep these employees in the company and prevent them from leaving. Another question was about the type of strategy to be used to retain employees planning to leave the company, see Figure no. 2.



Figure 2 Types of employee retention strategies (Source: own processing)

The next question how you evaluate the level of engagement of your employees answered 19% yes, in a formal way, 23% yes in an informal way and 58% we do not. The research shows that 60% have enough top-performers.

When asked how you are investigating the reasons for ex-employee's retirement, respondents answered as follows, see Figure no. 3.

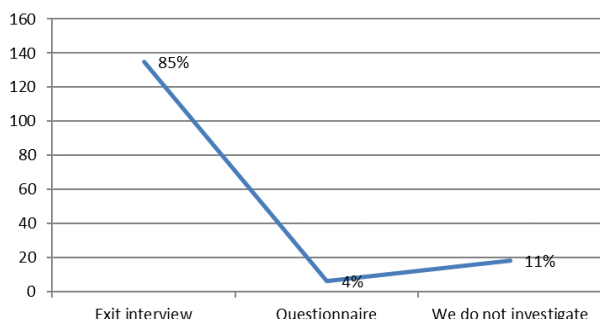


Figure 3 Finding out the reasons for of employee's departure  
(Source: own processing)

When asked if you are using an exit interview, questionnaire or other information to reduce future turnover, 78% of respondents answered yes.

#### 4 EVALUATION OF RESEARCH RESULTS

It is obvious from the presented survey that in the Slovak companies, the issue of acquiring and maintaining TPs has not been given systematic attention yet. This is confirmed by the fact that only 19% of the companies surveyed have implemented TPs management system. The fact that up to 40% of the companies surveyed have experience that their TPs have been subject to recruitment attempts from other companies. The theoretical analysis pointed out that the decisive predictor for maintaining TPs is organizational commitment. However, only 19% of companies evaluate the level of organizational commitment in a formalized way. This implies that 81% of organizations do not have credible tools for managing organizational devotion as a critical predictor for maintaining TPs. Remarkable is the fact that up to 40% of companies do not have enough TPs to cover their needs. This result corresponds quite precisely with the generally known fact that there is a lack of TPs in the Slovak companies.

#### 5 CONCLUSION

It follows that more and more attention must be paid to the acquisition and retention of TPs than during the times of labour surplus. The results of the survey also confirmed that most companies have not yet fully realized that the situation on the labour market is changing. Furthermore, the presented theoretical analysis shows that the decisive factor influencing the retention of employees is the affective organizational commitment. In particular,

it is necessary to specify human resource management practices that have a significant impact on increasing organizational commitment while assessing the strength of dependence between practices and organizational commitment. From a practical point of view, it is then necessary to complete the manuals for the implementation of individual practices so they have the desired effect. These aspects are now investigated and will be published in the next future.

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