

THE IMPACT OF RECOGNITION ON RETENTION OF GOOD TALENT IN THE WORKFORCE

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Abstract

Retention of talented workforce is the most crucial issue business sectors are faced with today as a result of brain drain. Talent has become the driving force for business success. Most employees leave due to lack of professional challenges, having received little or no recognition, and the absence of career growth and development. The purpose of this study is to determine the impact recognition has on retention of talented workforce in the workplace. A total of 70 questionnaires were distributed to employees in different job categories. The study revealed that management can apply numerous approaches to retain good talent. Moreover, it is vital for managers to bear in mind that these approaches might have dissimilar effects on different individuals. This study also answered some of the most critical issues the business sector is faced with, such as employee retention due to the shortage of skilled labour and failure to recognize good work done. The findings reflect that reward, passion, recognition, motivation, and effective talent management are some of the factors business leaders have to address in order to minimize voluntary turnover and retain good talent in the workplace.

Key Words: Talent, Human Resources, Employee Motivation and Retention

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1. Introduction

The effervescent nature of global business is putting mounting pressure on companies to be relentlessly on the guard for unique talent in a market where demand surpasses supply (Schuler et al., 2011). Competition to attract and retain human capital in the form of talented individuals and the ability to retain them have become a major competitive consideration even when compared to other competitive dimensions in the South African business environment. The competition for critical talent is very high, therefore organizations have to rethink the strategies to recognize and retain talent. This study will review the impact recognition has on retention of talented workforce at the workplace.

2.1 Employee Recognition

The Australian Office of the Commissioner for Public Employment (2011) defines employee recognition as “a return on an employee's effort, dedication at work and results”. The Human Resources Council of Canada (HR Council CA, 2015) use different words to define employee recognition as “the acknowledgement of an individual or team's behavior, effort and accomplishments that support the organization's goals and values”. Employee recognition is very important to organizations and is associated with the following benefits. With

employee recognition employees get to know that their work is appreciated and has value. This results in the employee morale and motivation becoming high and which enhances the loyalty of the employees to the organization. Employees will have a sense of ownership, create a supportive and conducive work environment and the organization's retention will significantly improve.

Employee knowledge, skills and competencies are very important for organizations. The employee talent needs to be maximized and recognized as one of the discrete source of competitive advantage (Bhatt, 2015). Managers need to be able to map and retain highly skilled employees and always remind them how valuable they are to the organization (Bhatt, 2015). In this way the organization will avoid dissatisfaction and prevent employees from leaving the organization (Noe et al., 2006).

Organizations need to reward and recognize employees in order to establish a balance between employees goals and organization goal and keep the employees morale high (Selden and Sowa, 2015). According to Selden and Sowa (2015), for organizations to improve on employee retention, they should invest more time and resources on developing employees as future leaders and cultivating a positive working environment.

Positive reinforcement in simple terms can be defined as the addition of a reward following a desired behaviour (Study.com, 2015). Positive

reinforcement keeps the organization employees morale and motivation very high. According to Fisher (2015), positive reinforcement is a form of recognition that provides encouragement for an employees. It develops job satisfaction and improves relationships and self-esteem among employees, supervisors and managers (Fisher, 2015). With positive reinforcement, employees tend to have much more positive attitude about their jobs, feel a heightened sense of satisfaction and self-worthiness and are actively involved in making the business successful. A contented employee always performs to the best of his abilities and is clear about the employer's expectations. Displaying elementary appreciative behavior is a simple but important tool for enhancing employee health and well-being (Stocker et al., 2014).

2.2 Employee Retention

According to the Business Dictionary.com (2015) employee retention is "an effort by a business to maintain a working environment which supports current staff in remaining with the company". In many organizations there are employee retention policies put in place to take care of the employee needs so as to improve their job satisfaction. Employee retention minimizes costs associated with the hiring and training of new employees.

Joao (2010) pointed out that the global skills shortages have led to an increase in career opportunities for the professionally qualified worker. This increase in opportunities with better packages has brought with it several challenges for talent retention in most organizations. At the moment the labour market is demanding the most talented workers and to retain these talented employees becomes a challenge to many organizations. Employee job satisfaction does not come from the salary alone but organizations must engage in other additional activities to give their employees more reasons to stay.

Neog and Barua (2015) studied relationships between:

- job security and employee retention,
- job satisfaction and employee retention,
- work life balance and employee retention and
- compensation and employee retention in the automobile service workshops in India.

The results revealed that job security is the most important factor for employee's retention at the automobile service workshops. It was concluded that it is high time for the management attention to shift towards enhancing the employee's retention level.

Deery and Jago (2015) examined the themes of talent management, work-life balance and retention strategies in the hospitality industry. What emerged from the study is that work-life balance appears to have become one of the key variables when

addressing issues of employee management and retention.

2.3 Talent Management

The CIPD (2015) defines talent management as "the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organisation, either in view of their 'high potential' for the future or because they are fulfilling business/operation-critical roles". In other words it is the talent positioning that highlights the right talent at the right time and on the right place with the required competencies and inspiration at all levels and locations of the organization (Schuler et al., 2011, Fisher, 2015, Stocker et al., 2014, Bakker and Demerouti, 2014). The human resources department has to attract and retain the talented workforce and this must be done in a proficient way at all levels of the hierarchy in the organization (Fletcher and Mundy, 2014). Effective talent management, best succession planning, and employee motivation are the systematic approaches companies need to practically align with the business strategy to achieve their objective of making profit (Fisher, 2015, Bakker and Demerouti, 2014, Fletcher and Mundy, 2014).

Mensah (2015) provided a conceptual framework that demonstrates the mechanisms through which talent management leads to the various dimensions of employee performance. In that study it was shown that implementation of a talent management system leads to improved employee performance.

According to a study by Baral (2014) in today's business environment, many monetary compensation remain critical, organizations are charged with achieving organizations continue to struggle with tying compensation to talent management. The study asserts that sustaining key talent becomes a challenging issue since companies or organizations need to spend on salaries and incentives and these resources are limited.

3. Research Methodology

The main aim of the study was to determine the impact of recognition and retention of talent in the workplace. The objectives were formulated as follows:

- To identify the best talent recognition and retention strategies in the workplace.
- To determine the impact of recognition on retention of good talent workplace.
- To determine the relationship between employee retention and employee turnover.
- To explore employee development and motivation.
- To determine the factors contributing to voluntary turnover.

3.1 Construction of the Instrument

A questionnaire was selected as the research instrument. It was made of questions on demographics and Likert-scale type dimension which had a number of possible responses from which the respondents could select. The respondents had to choose the one that best suited their perception (strongly disagree, disagree, neutral, agree, and strongly agree).

3.2 Sampling

A simple random sample of 150 participants was selected from a population of 800 professionals at an organization in Durban.

3.3 Pretesting, Reliability and Validation

The questionnaire was pretested using 10 randomly sampled professionals from the same population but not part 150 selected for the main study. The feedback from the 10 respondents was used to make

the necessary minor changes to ensure validity of the questionnaire. A Cronbach's alpha coefficient of 0.8729 was obtained implying that the instrument was reliable.

3.4 Administration of the Questionnaire

The questionnaire was personally delivered to all the 150 respondents. All the 150 respondents managed to complete the questionnaire.

4. Presentation of results

4.1 Data from the demographic section of the questionnaire

The biographical information of the 150 respondents is presented in Figures 1- 5 and Table 1. It is interesting to note that there are some professionals with matric as the highest level of qualification. These are the brilliant employees who benefit from workshops, seminars and in house training.

Figure 1. Age distribution of the participants

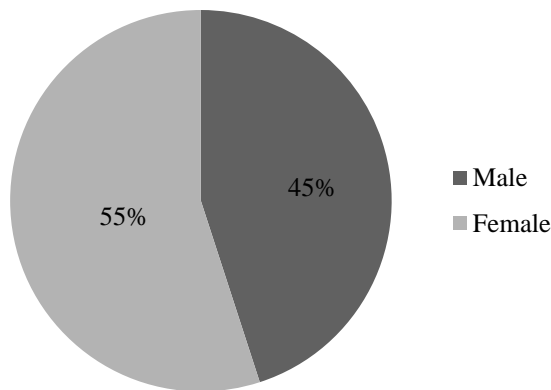


Figure 2. Racial composition of the participants

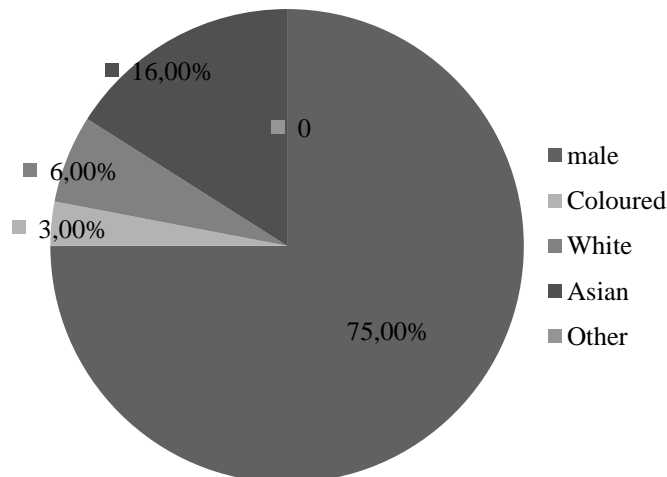


Figure 3. Age distribution of participants

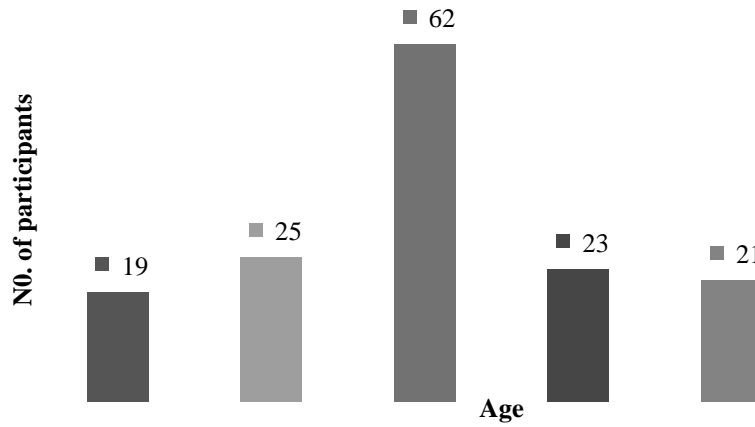


Figure 4. Highest qualification of participants

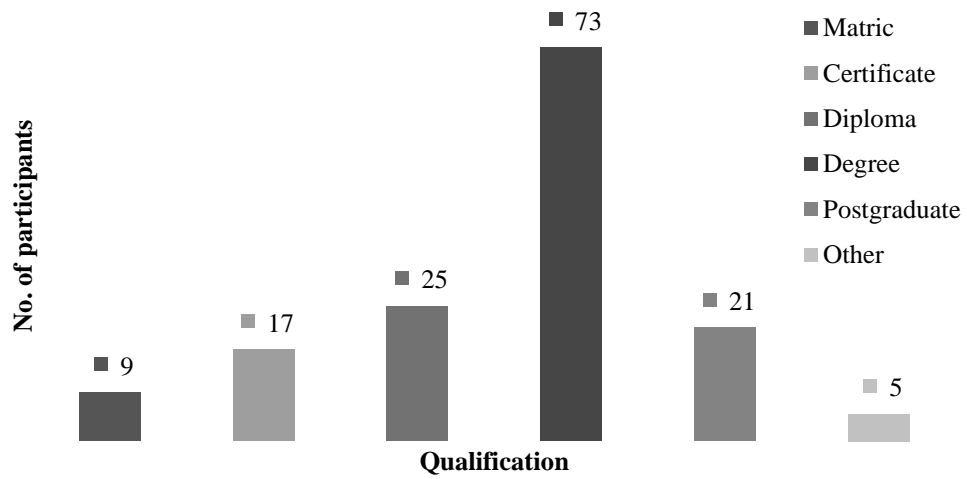


Figure 5. Level of work experience of participants

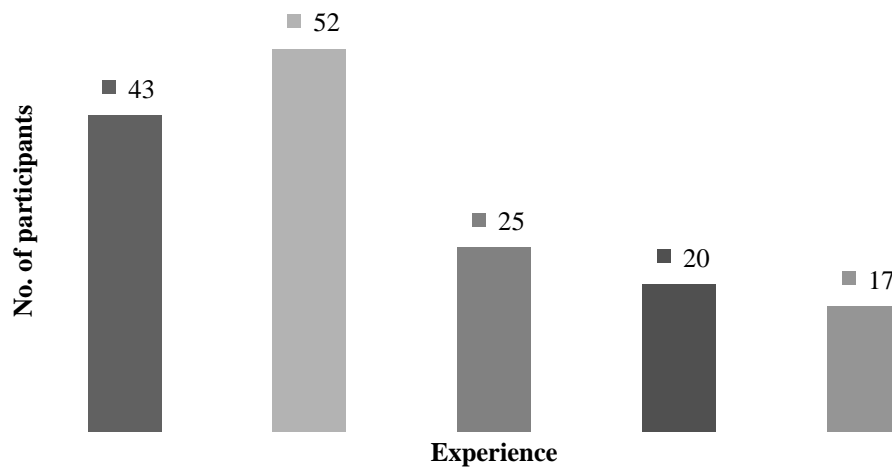


Table 1. Factors contributing to employee motivation

Factor	Number	Percentage
Monetary reward	45	30.00%
Passion for my job	25	16.66%
Recognition	20	13.33%
Nothing	18	12.00%
Training and development	12	8.00%
Respect and trust	8	5.33%
Success	10	6.67%
Good working environment	9	6.00%
Growth and promotion	3	2.00%

4.2 Data from the Likert Scale type of section of the questionnaire

possible responses from which the respondent could select. The data was recorded and analyzed as shown in Tables 2 to 5.

This section deals with the scaled responses with a Likert-scale dimension which had a number of

Table 2. Summated Score Analysis of All Variables by Subscales, N=150

Subscale	Average interitem covariance:	Number of items in the scale	Scale reliability coefficient
Retention	0.50	8	0.8151
Motivation	0.39	6	0.8108
Recognition	1.05	4	0.8820
Employee Turnover	0.30	2	0.3185
Succession	1.23	2	0.7989
**Retention of good talent	0.64	8	0.7714
All Variables	0.57	24	0.9175

**Reversed items:

Table 3. Recognition aspects

Recognition	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
*My employer gives recognition for good work done.	15	26.7	5.0	38.3	15.0
*I receive constructive criticism about my work.	10.0	40.0	13.3	33.3	3.4
*The employer makes me feel important.	18.3	25.0	13.3	30.0	13.4
*I get credit for what I do.	12.0	33.3	5.0	43.7	6.0

Scale reliability coefficient: 0.8820

Table 4. Retention aspects

Talent management	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
*Training and development provided by the employer helps me to improve performance.	10	21.7	6.7	43.7	17.9
*I have confidence in the future of my industrial sector.	8.3	15.3	31.7	36.7	8.0
*The company provides appropriate resources and equipment to perform my job.	15.0	26.67	8.33	46.0	4.0
*My working hours are reasonable.	10.0	33.3	11.67	38.3	6.73
*I am satisfied with the level of challenge in my current role.	8.3	38.2	8.3	38.3	6.0
*I am happy with the way things are done here.	34.7	40.0	3.3	20.0	2.0
*I am happy with the performance appraisal system of my company.	21.7	31.7	13.3	28.2	5.1
*I owe a great deal to my company.	13.3	25.0	2.7	36.7	22.3

Scale reliability coefficient: 0.8151

Table 5. Succession, Employee turnover, and Motivation

Sub Scale	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Succession					
The company identifies and prepares capable high-potential employees internally to ensure continuity of talent in critical positions	36.7	23.3	6.7	28.3	5.0
Relevant people are utilized in the right positions.	41.7	28.7	6.7	18.3	4.6
Employee turnover					
The scarcity of other job opportunities is the only factor that is keeping me in this company.	23.3	28.3	3.3	28.33	16.77
The company is faced with high volume of employee turnover.	3.3	28.3	33.3	33.0	2.1
Motivation					
I don't feel emotionally attached to this company.	25.0	35.0	11.7	19.3	9.0
I am interested in my work.	11.7	6.7	5.0	36.6	40.0
I have confidence in my employer.	13.3	30.3	25	28.3	3.1
My supervisor seems concerned about my welfare.	26.7	30.0	35.0	5.0	3.3
The employer provides growth and promotion opportunities.	21.6	18.3	8.3	35.8	16.0
The employer has managed to satisfy my needs as an employee.	30.3	41.7	18.3	6.7	3.0

Scale reliability coefficient: 0.6427

Summary of factors for retaining good talent

Table 6 gives a summary of the subscale-analysis output for the multi-item scale in terms of means scores.

Table 6. Summary of the Subscale-Analysis

Variable	Obs	Mean	Std.Dev.	Min	Max
Recognition	150	2.90	1.11	1.00	4.80
Motivation	150	2.89	0.78	1.10	4.33
Succession	150	2.89	1.10	1.36	4.77
Talent Management	150	2.96	0.88	1.13	4.88
Retention	150	3.06	0.78	1.38	4.99

Scale reliability coefficient = 0.8729

4.3 Correlations

The Pearson's Product Moment Correlation Coefficient was computed for the purposes of determining relationships:

Recognition and Motivation and Performance of Employees

The correlation analysis shows that there exists a strong positive correlation between the recognition aspects and the motivation aspects (Pearson correlation coefficient: $r = 0.918$)

Talent Management and Succession Plan

The correlation analysis shows that there exists a strong negative correlation between recognition aspects and motivation aspects (Pearson correlation coefficient: $r = -0.918$).

Retention and Employee Turnover

The correlation above indicates that there is a negative association between retention of employees and employee turnover with regard to job scarcity (Pearson correlation $r = -0.436$).

Recognition and Retention of Good Talent

The correlation analysis above shows that there exists a strong positive correlation between recognition aspects and motivation aspects (Pearson correlation coefficient: $r = 0.881$).

5. Recommendations and Conclusions

5.1 Findings

5.1.1 The impact recognition has on retention of good talent has in the workplace.

Recognition has a positive influence on all retention aspects. This means that recognition has an impact on retention of the workforce.

5.1.2 What impact does retention have on employee turnover?

The correlation results reveal that retention has an impact only on the issues to do with scarcity of job opportunities and this scarcity is the pull factor for most employees to continue working in the same workplace.

5.1.3 What motivate employees?

Table 1 reflects that 30% of the respondents felt that monetary rewards contributed to employee motivation compared to all other factors. This study reveals that motivational factors are unique to everyone. People are motivated by a variety of things, such as reward, passion for their work, recognition, training and development, respect and trust, success, good working condition, and growth and promotion, as seen in Table 1.

5.1.4 What impact does talent management and succession planning have in the workplace?

Correlation results indicate a positive association of these two and that generally talent management has an impact on succession plan in the workforce. The significant correlation results imply that aspects of training, confidence, appropriate equipment, satisfaction and happiness in the company do have a significant impact on the way the company identifies and prepares capable high-potential employees internally to ensure continuity of talent in critical positions.

5.1.5 What impact does recognition have on motivation and performance?

The correlation analysis shows that there exists a strong positive correlation between recognition aspects and motivation aspects. By implication, this means that if more focus is placed on rewards and

recognition, it could have a resultant positive impact on motivation and thus result in higher levels of job performance.

5.2 Recommendations

- Companies should learn that their success is totally dependent on retaining good or top talent at every cost, since South Africa is faced with a skills shortage and brain drain of its top performers due to global competitiveness. Employers must continue to search for top talent to upgrade their workforce. Through this study, organisations need to plan ahead, continue to invest in talent, reward high performers, and keep the culture intact. Organizations must always be anxious on how to attract and to retain good talent in the workplace.
- An effective retention strategy based on both recognition and reward can be of a good advantage if implemented in a business unit. Strategy should be applicable to the organization's talented workforce and high-performers. Pressing business necessities, such as globalization of markets, hostile competition and labour relations have increased the necessity to attain, motivate, develop, deploy, and keep good talent. Since front-line supervisors are decisive pertaining good talent retention, it is therefore essential for companies to acquire candidates with pertinent skills to the specific jobs. Effective communication and healthy relationships with their immediate boss will make workforce choose not to leave the employer.
- Organizations need to recognize the significant opportunity to improve the return on their human resources investment by aligning reward plans with business strategy and enhancing the value delivered to employees. This process is crucial to business success, and the ability of the organization to attract and retain top performers and critical-skill employees, in an increasingly competitive environment.
- A total reward management programme which structures the base pay and compensation package so that it attracts the right people to the organisation should be implemented. Once employees are on board, the organization should use its rewards and recognition programmes to strategically channel their efforts in a way that drives organizational success. Management should keep in mind that there should be a balance between the amounts of effort required and the size or significance of the reward.
- To ensure that leaders own the retention and engagement mission, they must be held

accountable and be rewarded for retention and engagement. All employees need retention and engagement advocates, thus encouraging colleagues to remain with the organization, communicating frustrations to their leaders, and helping to build a strong climate of trust and performance. Engaging employees is the best way to increase job satisfaction and prompt a high-performing workforce. High performers can be encouraged to take on new roles in other parts of the organization. Setting performance objectives that align with company strategies encourages employees to have an effect on business performance and helps them to see their work as meaningful.

- Organizations ought to develop a talent pool internally to build a supply of talent with succession planning. This includes insight into the capabilities required throughout an organization and an inventory of talent competency and skills. The key is to understand what "talent supply" you have access to in order to fill the right jobs with the right talent. Evaluation of where your best employees came from can put you on a road to developing your ace candidates into ace employees. Building a talent pipeline even if you are not hiring, is a strategy that will put you ahead in a tight economy.

6. Further research

Current literature on recognition has not adequately dealt with the issues of gender, age, education, and race diversities and the impact that they could have on the retaining good talent. Therefore, further research on the impact of recognition on retention of good talent in the workplace for diverse groups of people could be beneficial to organizations. The results of such studies could yield some fascinating findings and could also significantly impact the delivery of meaningful rewards, talent management, and recognition to diverse groups of people.

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