

# INVESTIGATING IDENTIFYING AND PRIORITIZING FACTORS AFFECTING THE RETENTION OF TALENTED (HIGH PERFORMANCE) EMPLOYEES AT THE NATIONAL IRANIAN OIL COMPANY

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## ABSTRACT

The present study was an attempt to investigate, identify and prioritize the factors affecting the retention of talented (high performance) employees to retain this group of valuable resources of organizations. The present study is an applied study in terms of aim. The statistical population of this study consists of 65 employees of the Iranian national oil company, which have filled key positions in headquarters and showed higher than normal performance in their positions. Factors identified and investigated in this study were training and empowerment of employees, work life quality and employee motivation (salary and benefits). After the statistical analysis of the collected data, the effect of these factors on retention of the employees was confirmed and priority of these three factors was obtained as follows: Issues related to training and empowerment of employees, such as a specified career path, and delegation of authority in doing works, were ranked first. The factors related to work life quality such as safety and cleanliness of work environment were ranked second and issues related to employee motivation such as fairness in payment, competitive payment compared to competing organizations were ranked third.

## Keywords

Employee retention, personnel talent, the National Oil Company of Iran

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## Introduction

The goal of human resources management is enhancing performance through individuals. From national perspective, elites and experts of each country are the most important and valuable assets of that country, and are considered as national wealth and land, since presence of the elite accelerates the process of archiving development and minimizes the time to achieve it. On the other hand, from organizational dimension, human resources are considered as the most important strategic resource of organizations. In general, an organization that is equipped with sufficient and qualified people can achieve success (Mirsepassi et al., 2010). With the increased emphasis of employers to attract and retain talented and high-performance employees to achieve competitive

advantage, McKinsey consultant group used the term "war for talents" early 1997 to highlights the importance of this issue in the next century (Scullion et al., 2010, 107).

In an article entitled "talent management in the twenty-first century", Peter Kapli about talent management states that management talent alone is not a goal. Talent management is not limited to employee development or planning to replacement. Also, it is not limited to tactical purposes. Management talent has been created to support the overall goals of an organization (Kapli, 2008, 76). According to Williams, talented people are those who have exceptional ability and are successful in a large part of their activities, or in a specialized field and show their competence and merit in various areas that are not be easily acquired (Williams, 2000). Hence, one of the

factors that distinguish the employees is their talent. If people are exposed to similar conditions to acquire and learn a skill on variety of activities, we will realize the difference in performances is due to internal factors.

Experience has shown that organizations that consider their human resources important and use talent management show better performance compared to their competitors (Rezaeian and Sultan, 2009). Talent management is defined as a system for identifying, hiring, training, promotion and retention of talented employees to increase capabilities to achieve optimal business results. These talents along with creativity, innovation, flexibility, responsibility, self-control and self-management are always looking for opportunities in the world themselves and accordingly they help the organization to achieve sustainable competitive advantage. Based on the definition of talent management, organizations should make a distinction between employees who are in charge of strategic jobs and those who are not in charge of strategic jobs, since strategic jobs have different and central effects on organizational performance. Hence, it is essential that these jobs to be occupied by people with high performance and high potential (Collins and Moaley, 2009). Following studies conducted in recent years on the retention of talented and high performance employees in organizations so far, various factors have been proposed. Mirsepassi et al. (2010) conducted a study entitled "Pathology of recruiting and retaining elites of National Iranian Oil Company" and reported the factors of ways of recruiting, salary and benefits, performance appraisal, training and development and promotion as the factors affecting recruitment and retention the employees. Given what was stated above, the main question of this study is: What are the effective factors in retaining the elite and talented employees given what was stated about talented and high-performance employees?

### **Theoretical foundations of research**

#### **Talented employees**

Human resources are main asset of any organization and each organization in line with its mission and goals and implementation strategies needs to take action in the field of human resources. Traditionally, assets of any organization included money, equipment,

technology and land, but human resources are nowadays considered as the best asset. Each organization needs to manage its employees well. In today's economic and information world, skill, knowledge and employees relationships are considered as the largest asset of organization and considered as competitive advantage (Tucker, 2005, 100-108). Qualified and talented human resources are valuable and scarce for the organization and are not easily copied, imitated and replaced (Gholipour, 2007, 54). Nowadays, experts in the area of human resource management argue that elites are the largest and most important human asset and capital within organizations and believe that success of an organization depends on the use of strategies such as attracting, retaining, supporting, participation and organization of these talented people. They believe that to achieve these goals elite and talented employees should have sufficient knowledge, skills and motivation so that investors with their help can steps towards achieving these objectives and create opportunities for promoting them. According to Williams, talented people are those who have exceptional ability and are successful in major part of their activities, or in a specialized field and show their competencies continuously that they cannot be easily acquired and their ability in evaluation conditions are comparable and very effective (Williams, 2000, 18).

Talent management as a vital activity is aligned with business strategies of the organization, which aims to attract, develop and retain talented employees of the organization (Stadler, 2011, 121-109). Talent management ensures organization that qualified and competent people with appropriate skills have proper job status in identifying, deployment and management of people needed to run a successful business strategy of the organization. The processes that are effective in employees' survival cycle are classified into three main areas of attracting, retaining and developing talents (Moaley, Tajeddin, 2008, 51-68).

#### **The importance of attracting talented employees**

Retaining these capital assets is in line with the mission and vision of the organizations. However, attracting and retaining these capitals is the

prerequisite for the success of organizations and the sufficient condition is to build networks of organizations to build relationships between these capitals in the organization (Dess et al., 2011, 119). However, voluntary turnover of employees can also be associated with positive effects, such as leaving of poor performance employees of the organization. However, the evidence suggests that the turnover of employees in general has a negative impact on the effectiveness of the organization (Rich, 2008, 89). As attracting and recruiting capable people has increasingly become important, the emphasis on people as the most important source of competitive advantage has grown (Aanaluei, 2007, 123).

Nowadays, due to the existing competitions among countries and organizations, the policies of attracting the elite and talented people are followed, since they combine discipline and creativity for innovation. Top ideas throughout the world are used make a difference and distinction. Top ideas are presented for new solutions, better utilization of existing markets, to work more efficiently, to persuade and attract customers and then to strengthen the brand. At the same time, they need to get power and continuous improvement to maintain this status (Fisk, 2006, 88). Some studies have been conducted regarding the effective factors in attracting and retaining talented people in developing countries. In this regard, tens of managers were interviewed and data were collected from more than twenty international companies. The goal was identifying the factors that distinguish the successful companies from less successful companies in attracting and retaining talented employees. Organization name and reputation, opportunity, and culture were among these factors. Organization name means that elite and talented people are often familiar with the name and reputation of the organization since optimal dependence may lead to their personal development. The term opportunity is also introduced by challenging work, and tasks and duties that apply all employees' skills and knowledge, training and continuous development and competitive payment. Culture is also introduced as meritocracy and talent orientation (Daglas et al 2007, 25-33).

## **Factors affecting retention of talented employees**

### **1. Quality of Work Life**

Quality of work life is a function of 1) sufficient and fair payment 2) safety and health factors 3) growth opportunities and continuous security 4) legality in organization 5) social dependence of work life 6) The general space of life 7) and integration and social cohesion in the organization (Kazemi, 2002, 23). Improving the quality of work life in any organization involves a series of activities that increase organizational effectiveness based on organizational growth. It is a process through which employees and managers and departments learn how work together, and it is associated with changes and reforms in the work of an organization members that make individual and organizational goals be realized and all members of it to operate to enhance the effectiveness of the whole organization and its units (Chalermppo, 2002, 108).

### **2-Empowerment of employees**

Empowerment is defined as a feeling of intrinsic motivation is defined. Empowered employees are committed individuals who have a sense of responsibility to do the job. These people are considered managers as valuable assets by the managers (Daily and Bishop, 2003, 397). Many scientists and researchers have emphasized on increasing the involvement of employees in goal setting, decision-making and motivational techniques and empowering employees to work in a collaborative environment (Hernkohel et al., 2008, 382). Empowerment is not realized by applying pressure from managers and guidelines, but it is a process that requires acceptance of a culture of empowerment and involvement and participation of employees.

### **3-Motivation**

It is argued that the presence of characteristics such as diversity in duties, sufficient authority and independence in doing the job, mutual relationship with other jobs and sufficient skill and responsibility in job can motivate the employees. Another study has referred to characteristics such as sense of identity at work, the presence of feedback in the job, and enough intimate relationship with others, diversity in job and autonomy and the existence of these factors in creating job motivation has been well proven.

Motivation plays a key role in increasing human resource productivity and includes factors that directly or indirectly affect human resource productivity. Hersey and Blanchard define

motivation as the needs, wants, driving forces, desires and interests within humans.

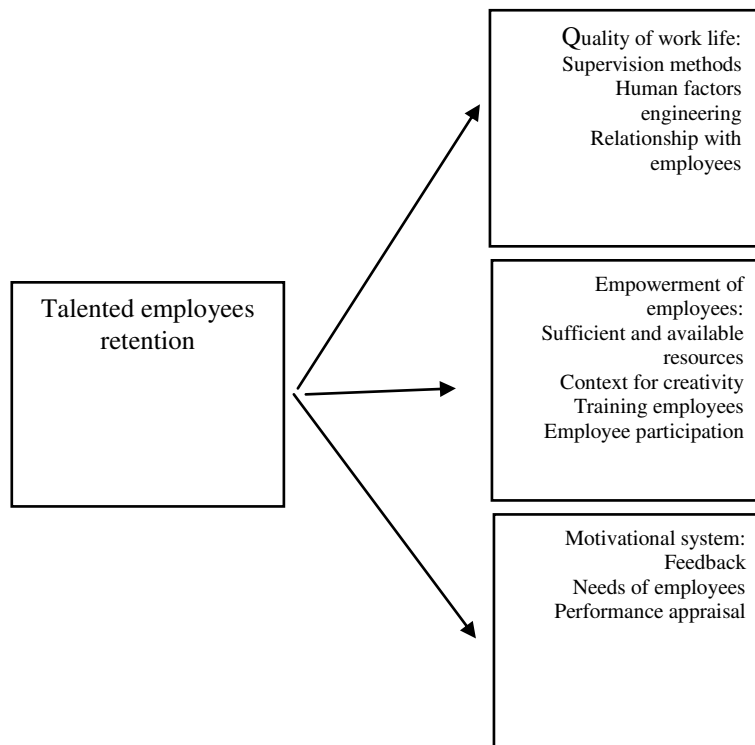


Figure 1- Conceptual model of research

### Methods

The present study is applied in terms of aim. It is also a descriptive study, since it uses questionnaire to collect the data to test the hypotheses. In the present study, the reliability of the questionnaire was examined using Cronbach's Alpha method and it was obtained at 0.822, 0.881, and 0.984 for work life quality, employee empowerment, and motivation, respectively. The

statistical population of the study consisted of 200 senior managers (in key positions) of Iran's National Oil Company who showed high performance in their job positions based on annual performance appraisals. Final sample size was selected to be 65 people. A total number of 80 questionnaires were distributed and finally 65 usable questionnaires were received. Kolmogorov – Smirnov test was used to examine the normal distribution of data, and Friedman test was to prioritize.

**Research questions**

- 1) Is improving the quality of work life in the priority than other organizational factors in retaining talented employees?
- 2) Is empowering employees in the first priority than other organizational factors in retaining talented employees?
- 1) Is employee motivation system (salary and benefits) in the priority than other organizational factors in retaining talented employees?

**Results**

In order to analyze data, different analyses were used. In the first stage, data normality was examined using Kolmogorov – Smirnov test. Then, the validity of all three variables and indicators resulting from them are examined using confirmatory factor analysis. Finally, Student's t-test is used to examine the research questions.

**Table 1:** Kolmogorov-Smirnov test for the variable of quality of work life and its dimensions

Variables	Work life quality	Supervision method	Human factors engineering	Relationship with employees
Sample size	65	65	65	65
Two-way significance	0.223	0.171	0.785	0.223

Since significance level for work life quality and its dimensions is larger than 0.05, it is concluded

that the collected data for work life quality and its dimensions are normal.

**Table 2:** Kolmogorov-Smirnov test for empowerment of employees and its dimensions

Variables	Empowerment of employees	Sufficient resources	Context for creativity	Employee training	Employee participation
Sample size	65	65	65	65	65
Two-way significance	0.491	0.159	0.527	0.207	0.061

Since significance level for employment empowerment and its dimensions is larger than 0.05, it is concluded that the collected data for

employment empowerment and its dimensions are normal.

**Table 3:** Kolmogorov-Smirnov test for motivation system and its dimensions

Variables	Motivation system	Performance appraisal feedback	Employees needs	Work nature
Sample size	65	65	65	65
Two-way significance	0.296	0.038	0.350	0.346

Since significance level for motivation system and its dimensions is larger than 0.05, it is concluded

that the collected data for motivation system and its dimensions are normal.

Using Kolmogorov - Smirnov test, we concluded that all variables are normally distributed, so

parametric methods are used to test hypotheses. Then, we compare the mean of variables with the value of 3.

First hypothesis: Improving the work life quality is in the priority than other organizational factors in retaining talented employees.

**Table 4:** Results of one-sample t-test the work life quality

Criterion	T test	df	Sig
Work life quality	4.164	64	0.000

Statistic t value is 4.164, degrees of freedom value is 64 and sig is 0.000, and since sig is less than 5%, the claim of mean scores given to work life quality compared to other organizational factors in talented employee retention greater than 5 cannot be rejected.

The second hypothesis: Employee empowerment is in priority than any other organizational factors in retaining talented employees.

**Table 5:** Results of one-sample t test for employee empowerment

Criterion	T test	df	Sig
Employee empowerment	4.375	64	0.000

Statistic t value is 4.375, degrees of freedom value is 64 and sig is 0.000, and since sig is less than 5%, the claim of mean scores given to employee empowerment compared to other organizational factors in talented employee retention greater than 5 cannot be rejected.

The third hypothesis: Employee motivation system (salary and benefits) is in priority than any other organizational factors in retaining talented employees.

**Table 6:** Results of one-sample t test for employee motivation system (salary and benefits)

Criterion	T test	df	Sig
Employee motivation system (salary and benefits)	3.125	64	0.003

Statistic t value is 3.125, degrees of freedom value is 64 and sig is 0.003, and since sig is less than 5%, the claim of mean scores given to employee motivation system (salary and benefits) compared

to other organizational factors in talented employee retention greater than 5 cannot be rejected.

The second hypothesis: Employee motivation system (salary and benefits) is in priority than any other organizational factors in retaining talented employees.

Friedman test was used to rank the factors. The results are presented in Table (7). The table below shows the mean rank of each of the factors.

**Table 7:** Friedman rank test

Factors	Mean rank
Work life quality	1.92
Employee empowerment	2.18
Employee motivation system (salary and benefits)	1.91

The mean rank of each factor reflects the weak or strong performance for that factor. With increasing the mean rank, its importance also increases. Empowerment of employees with a value of 2.18 has a better rank and employee motivation system (salary and benefits) with a mean rank of 1.91 is ranked last.

### Conclusion

Considering the role and importance of talented human resources in growth, development and success of the organization and investments of Iranian companies on attracting and retaining these individuals, this study aims to identify and prioritize the factors affecting the retention of employees in the national oil company of Iran, since the success of an organization depends on the performance of employees .After using



Friedman ranking test, the results of analysis showed that among the mentioned organizational factors, employee empowerment is in first priority, followed by work life quality improvement and employee motivation system, respectively. It suggests that empowerment is the most important factor in retention of talented employees and national oil company of Iran. In contrast to most organizations that consider issues related to salary and benefits as the most important factors in retention of employees, this factor has the lowest importance among talented employees in national oil company of Iran in this regard.

In an article entitled "Pathology of attracting and retaining talented people in National Iranian Oil Company", Mirsepasi et al. (2010) investigated the factors affecting employee retention in organizations, and they referred to differences in these factors and prioritizing them in some countries. Classification provided Avu et al include the factors that we used them in our research. For example, Horowitz et al (2006) in a study in Singapore concluded that to retain talented employees in Singapore, the use of appropriate payment of salary and benefits is suitable, while in African countries, this strategy is not a priority. Further studies on talent management can examine different aspects of this issue, such as measuring the impact of talented employees in achieving organizational their competitive goals and differences in the effects of ordinary employees and talented employees in achieving organizational goals, differences in levels of performance of ordinary and talented employees. Also, the effect of change in policies of government on performance or talented employees and rate of their turnover in each period can be examined. Also, it is possible to examine the challenges in recruiting and attracting talented employees in the National Oil Company of Iran, as industries become competitive, the issues of attracting these employees face many problems, and finally, the factors affecting the attraction of these employees in organizations can be prioritized.

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