ABSTRACT

The purpose of this research is to examine the relationship between employer branding and talent retention. The respondents of this research were 100 employees of company A from executive level and above. Specifically, the purpose of this study was to: (1) identify the perception of employees towards employer branding and talent retention; (2) examine the relationship between employer branding and talent retention; (3) examine the relationship between employer branding and talent commitment; (4) to identify the relationship between employer branding and talent engagement and involvement; (5) to identify the relationship between employer branding and talent training and career development; (6) to examine the relationship between employer branding and talent valuing and (7) to examine the impact of employer branding and talent retention. The survey method was used whereby a set of questionnaires was distributed to gather data and it was analyzed using the quantitative method descriptive and inferential statistics in order to achieve the research objectives. The result of the research shows that the average means score of respondents’ perception toward employer branding and talent retention were; employer branding; brand association- 3.636, brand identity- 3.65, brand culture- 3.602, brand loyalty / commitment– 3.39, brand psychological contract – 3.601. Talent retention; talent employee commitment – 3.44, talent engagement and involvement – 3.60, talent training and career development – 3.34, talent valuing – 3.33. The result also showed that there was a high and positive relationship \( r =0.825 \) between employer branding and talent retention and it supported hypothesis H1 at 0.05 level. There was also moderate and positive relationship between employer branding and talent employee commitment which is significant at level 0.05 \( r = 0.640 \) and which also supported H2. The results also showed that there was moderate and positive relationship \( r = 0.693 \) between employer branding and talent employee engagement and involvement and it supported hypothesis H3 at 0.05 level. There was moderate and positive relationship between employer branding and talent training and career development which is significant at level 0.05 \( r = 0.689 \) which supported H4. There was high and positive relationship between employer branding and talent valuing is significant at level 0.05 \( r = 0.790 \) which supported H5. Lastly the analysis result of multiple regressions showed that employer branding has a significant relationship on talent retention \( F= 7.32913 \) and is significant at level 0.05 which supported H6. The value of adjusted R Square proves that brand association, brand identity, brand culture, brand loyalty / commitment and brand psychological contract have influenced as much as 67.5% on talent retention. Results of multiple regression analysis also revealed that brand culture is the main contributor to the impact on the talent retention \( \beta = 0.261 \) and it is significant at level 0.05.
ABSTRAK

Kajian ini telah dijalankan untuk melihat hubungan diantara majikan branding dengan bakat retensi keatas pekerja. Jumlah responden adalah seramai 100 pekerja dari syarikat A yang terdiri daripada peringkat pegawai and keatas. Khususnya, kajian ini adalah bertujuan untuk melihat: (1) mengenalpasti persepsi pekerja pekerja terhadap majikan branding dan bakat retensi; (2) hubungan diantara majikan branding dengan bakat retensi; (3) hubungan diantara majikan branding dengan bakat komitmen pekerja; (4) hubungan diantara majikan branding dengan bakat penglibatan; (5) hubungan diantara majikan branding dengan bakat latihan dan pembangunan kerjaya; (6) hubungan diantara majikan branding dengan bakat bernilai; (7) impak majikan branding dengan bakat retensi. Kaedah tinjauan telah digunakan di mana satu set borang soal selidik telah diedarkan untuk mengumpul data dan di analisis dengan menggunakan kaedah kuantitatif di mana statistik deskriptif dan inferensi digunakan untuk menjawab persoalan kajian dan capai matlamat serta objektif kajian. Hasil kajian menunjukkan skor purata min persepsi responden terhadap majikan branding dengan bakat retensi adalah seperti berikut; majikan branding; brand persatuan – 3.636, brand identity – 3.65, brand budaya – 3.602, brand kesetiaan – 3.39, brand kontrak psikologi – 3.601. Bakat retensi: bakat komitmen pekerja – 3.44, bakat penglibatan – 3.60, bakat latihan dan pembangunan kerjaya – 3.34 dan bakat bernilai – 3.33. Hasil kajian ini juga menunjukkan bahawa terdapat hubungan tinggi yang positif (r = 0.825) diantara majikan branding dengan bakat retensi dan hasil kajian ini juga menyokong hipotisis H1 pada aras 0.05. Hasil kajian ini juga menunjukkan bahawa terdapat hubungan yang sederhana yang positif (r = 0.640) diantara majikan branding dengan bakat komitmen pekerja dan hasil kajian ini juga menyokong hipotisis H2 pada aras 0.05. Terdapat hubungan yang sederhana yang positif (r = 0.693) diantara majikan branding dengan bakat penglibatan dan hasil kajian ini juga menyokong hipotisis H3 pada aras 0.05. Hasil kajian menunjukkan bahawa terdapat hubungan yang sederhana yang positif (r = 0.689) diantara majikan branding dengan bakat penglibatan dan hasil kajian ini juga menyokong hipotisis H4 pada aras 0.05. Terdapat hubungan tinggi dan positif (r = 0.790) diantara majikan branding dengan bakat bernilai dan hasil kajian ini juga menyokong hipotisis H5 pada aras 0.05. Analisa juga membuktikan bahawa majikan branding mempunyai impak terhadap bakat retensi (F = 7.32913) yang mana elemen seperti brand persatuan, brand identiti, brand budaya, brand kesetiaan dan brand kontrak psikologi menpengaruhi sebanyak 67.5% terhadap bakat retensi. Hasil ujian regresi berganda juga menunjukkan secara keseluruhannya brand budaya memainkan peranan utama didalam penyumbang kepada impak bakat retensi berdasarkan kepada nilai ß (ß = 0.261) dan ianya adalah signifikan pada aras 0.05.
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## CHAPTER I INTRODUCTION

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1.0 Introduction

The current businesses exposed to ‘global open market’ and international link are facing great challenges. The main challenges for companies to sustain their businesses and growth are to keep abreast with changes of technologies, meeting the customers’ expectation and demand, product innovation, talent acquisition and retention. Globalization, technology developments, volatility of customer demands and shorter product life cycles have precipitated continuing radical environment shift, and demanded a more strategic perspective from those who manage and lead organizations. (Thomas, 1999).

Viewing the above changes which impacting companies, most companies embarked their branding and rebanding of their products and corporate branding exercise. The main purpose of product branding basically is to promote company’s goods and to strengthen company’s brand in the market by reminding consumers of their existing products in the market. Corporate branding is used to promote and publicize the company as a whole, i.e., type of company, products and services, company’s concept, type of people they have and etc. in other words, it is a holistic publicity approach for a corporation. Corporate branding is seen as; marks of denoting ownership, image, symbols associate with key values
means by which construct individual identities and a conduit by which pleasurable experiences may be consumed (Balmar and Gray, 2003).

On the other hand, some of the changes exercised in the corporation due to business challenges would bring impact and affect their existing employees’ careers, and employment. Outsourcing, merger and acquisition and organization restructuring exercises will make some of the existing jobs to be redundant. Those who were involved in the exercise felt cheated and disappointed with the organization. Those who still remain will feel uncertainty, anxiety and no guarantee on ‘job opportunity’ in the organization. Workers’ perception on job security, trust and lifelong employment with the organization has eroded. Individuals are thus expected to take primary responsibility for their own employability rather than relying on the organization to direct and maintain their career. (Clark and Patrickson, 2008).

The young workforce or potential talented candidates who are smart, intelligent and dynamic (Generation X and Y) have changed the ‘employment institution’. The ample opportunities and affordability of kids to colleges and universities, equip them with more knowledge and skills and ‘semi-prepared’ when they graduate and look for job. The observation and perception from young generations toward organization practices, e.g. retrenchment, layoff, due to economic bubble burst, merger and acquisitions, close down, dishearten them.

The concept of loyalty of employees to company and employers to employees is under question. The ‘new paradigm shift’ of workers’ attitudes toward company have changed. ‘Knowledge Workers’ know what they want to achieve in their lives and careers. Once they are comfortable and ‘trust’ with the company, they will commit and produce as agreed and expected. But, these workers would quit from the company if their ‘physiological contract’ with the employers is broken.
The new paradigm shift of talent workforce made the process of talent retention harder. The incentive so call using monetary, i.e. prepared to pay more than the salary pay in the market and good benefits might not guarantee retention of talented workers. Even though the organization managed to hire them, that does not meant the employee will be able to provide their best services and stay long with the organization, unless the organization has prepared a proper structure of career development and talent management program. As expected, competitive pay is the attraction driver. Work life balance, challenges at work and opportunities for advancement round out the list of top five global attraction drivers. (Sandra, 2006).

Viewing the challenges of talent retention, different approaches or strategies are needed to combat the issues. Employer branding is a concept using the similar concept of corporate branding and products branding exercise. A brand is “a name, term, sign, symbol or design or combination of them which is intended to identify the goods and services of one seller or group of sellers and differentiate them from those of competitors” (Schneider, 2003). A brand provides its owner with two benefits: differentiation so that customer is less able to decide on price alone and a franchise (Davies, 1992) and latter stemming from customer satisfaction with the brand and loyalty to it. (Gary 2008). Organization develops brands as a way to attract and keep customers by promoting value, image, prestige, or lifestyle. By using a particular brand, a consumer can cement a positive image (Ginden, 1993). Brand is promise for the customer and a bundle of attributes that someone buys that provides satisfaction. This attributes may be real or illusory, rational or emotional, tangible or invisible (Amber, 1992).

The concept of employer branding was adopted from products branding and corporate branding. Employer branding is the application of branding principles to human resource management (Bachaus and Tikoo, 2004). Employer branding
is defined as “a target, long term strategy to manage the awareness and perceptions of employees, potential employees and related stakeholders with regards to a particular firm” (Sullivan, 2004). The employer brand puts forth an image showing the organization as a good place to work (Sullivan 2004). According to the Conference Board report on employer branding (Conference Board, 2001) organization found the effective employer branding leads to competitive advantage, helps employee internalize company values and assists in employee retention.

The advancement and transformation of business approach and technologies require more specific or talent workforce in terms of soft and hard skills. Soft skills refer to good leadership, teaming, analytical thinking and problem solving technique and resourcefulness. Hard skills refer to technical skills and application to do the specific work. Thus, talent has become the key differentiator for human capital management and for leveraging competitive advantage (Bhatnagar, 2004). Firms are using employer branding to attract, recruit and assure that current employees are engaged in the culture and the strategy of the firm (Bachaus and Tikoo, 2004). A strong and effective employer branding is not only able to attract desired potential candidates to apply jobs in the corporation participate but also able to attract the existing talented workforce to excel their performance and career and retain them.

This organization A (due to corporate policy and confidentiality, the organization is named as Company A), is one of the top 200 United States Multinational Companies (MNC) and involved in engineering technology systems and integration for various industries such as oil and gas, smart building automation, medical and health products. In Malaysia, Company A has been established for more than 20 years and mainly focuses on engineering in the automation integration systems for oil and gas industry.
The corporate and product branding for Company A are well established amongst automation oil and gas industry. For the last few decades, the company endlessly and continuously embarked on several strategies of product branding. So much so that the brand is so successful and well recognized that it became a household name.

The “employer branding” per se programs started in Company A since end of 1999 and continuously until today. The continuation of employer branding program due to the desired talented candidates became scarce and the existing talented employees leaving for better opportunities.

Company A has a total permanent workforce of 175 and 75% or 131 employees are executive and above and the rest are non executive. They also engage outsource manpower vendors to do some projects installation work. In term of headcount by level; Company A’s headcount is divided into 3 categories;

- Managerial level - 20 people
- Executive / Engineer level - 111 people
- Non executive level – 44 people

<table>
<thead>
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<th>Table 1.1: Total Manpower Based On Department</th>
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<tr>
<td>Position</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>Manager</td>
</tr>
<tr>
<td>Executive</td>
</tr>
<tr>
<td>Non Executive</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: from the company A

In Company A, their core business and main revenue is generated from these two core divisions i.e. Sales and Marketing Division and Project and Service Division. Thus, the key critical positions are Sales, Marketing and Project
and Service people. This company also faces challenges with their main competitors, mainly from United States and Japan, which provides similar technologies system integrations to their customers.

The main challenges for company A are to maintain and expand their market share and continuously promote new products and fixtures with technology advancement. Human Resource Department constantly comes up with various strategies and initiatives for their employees. The main purpose is to retain their existing talented workers as well as to attract new talent to join their organization.

1.1 Research Problem

In early 2000, Company A faced another challenge due to the advancement of technology- from analog to digital system and additional competitors from eastern countries, e.g., Japan, Korea and Taiwan, which produced and sold cheaper products compared with western countries. Nevertheless, the advantages of this company are products reliability, quality and capabilities in providing a one-stop solution for automation integration systems. These advantages could be used as excellent selling points to their existing and new customers.

The constant demand of business growths, increased sales target and fast turnaround to complete projects created tremendous pressure for every employee. Thus, this made the employees feel under pressure and of low morale. Eventually some of them resigned and joined other competitors. The changes of the products technology created another problem to the technical side. The company needs to train the existing technical staff and they cannot afford to loose any of their trained technical staff. No doubt the company is able to engage potential talented
workers, but this will take time in terms of process of recruitment as well as their learning curve. Thus the existing talented workers need to be retained and engaged.

In 2005 the company embarked on several HR programmes to improve the overall employees’ wellbeing and balance life in working place. The human resource program eventually reduced the overall employees’ attrition rates. In 2007 and 2008 alone, the overall staff attrition per annum stood at 13.7% in 2007 and 9.71% in 2008 (average attrition per month: 1.14% in 2007 and 0.81% in 2008). Table 1.2 shown Company A – executive level – staff turnover in 2007 & 2008 for selective positions.

**Table 1.2: Annual Staff Turnover – Executive And Above Level**

<table>
<thead>
<tr>
<th>Item \ Year</th>
<th>2007</th>
<th>2008</th>
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<tr>
<td></td>
<td>Total</td>
<td>Percentage turnover</td>
</tr>
<tr>
<td>Executive level ( non technical)</td>
<td>5</td>
<td>2.85%</td>
</tr>
<tr>
<td>Engineer level</td>
<td>12</td>
<td>6.87%</td>
</tr>
<tr>
<td>Non Executive</td>
<td>7</td>
<td>4.00%</td>
</tr>
<tr>
<td><strong>total</strong></td>
<td><strong>24</strong></td>
<td><strong>13.7%</strong></td>
</tr>
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Remarks: Average workforce per month: 175 employees

In 2004, Company A regional office conducted their internal employee’s climate survey. The purpose of this survey was to engage the general feel or satisfaction of their employees toward their organization, corporate vision and mission, teamwork and etc. From the survey, the company has identified several issues which led to employees’ dissatisfaction and ended up leaving the company. The total average scoring point for the climate survey in 2004 was 60%.
Thus, in the 2005, the company embarked on ‘employer branding’ per se programs to attract talented potential candidates to join the company and to prevent the existing employees from leaving the organization.

1.2 Research Question

This study is to examine the significant relationship between employer branding and talent retention. The research questions are as follows;

i. What is the perception of employee towards employer branding and talent retention?

ii. Is there a relationship between employer branding and talent retention?

iii. Is there a relationship between employer branding and talent employee commitment?

iv. Is there a relationship between employer branding and talent engagement and involvement?

v. Is there a relationship between employer branding and talent training and career development?

vi. Is there a relationship between employer branding and talent valuing?

vii. What is the impact of employer branding towards talent retention?
1.3 Research Objectives

The objective of this research is to explore employer branding programs in retaining existing employees. To achieve the objective, it is necessary to see the relationship between the employer branding programs per se with talent retention program. Below shows seven main objectives.

i. To identify the perception of employee towards employer branding and talent retention.

ii. To examine the relationship between employer branding and talent retention

iii. To examine the relationship between employer branding and talent employee commitment.

iv. To identify the relationship between employer branding and talent engagement and involvement.

v. To identify the relationship between employer branding and talent training and career development

vi. To examine the relationship between employer branding and talent valuing.

vii. To examine the impact of employer branding and talent retention.

1.4 Research Hypothesis

i. There is a significant relationship between employer branding and talent retention program.
ii. There is a significant relationship between employer branding and talent employee commitment.

iii. There is a significant relationship between employer branding and talent engagement and involvement.

iv. There is a significant relationship between employer branding and talent training and career development.

v. There is a significant relationship between employer branding and talent valuing.

vi. There is a significant impact between employer branding and talent retention.

1.5 Scope of Study

The scope of study of employer branding refers to the activities implemented by Human Resource Department to internal employees only. For this research, there are two areas of focus; employer branding in terms of brand association, brand identity, brand culture, brand loyalty and commitment and psychological contract and talent retention which consists of talent commitment, talent engagement and involvement, talent training and career development and talent valuing.

In terms of data collection, data of staff turnover, based on executive and will be taken;
1.6   Significance of The Study

This research is contributing to Company A’s employer in Malaysia, Human Resource practitioners and body of knowledge.

1.6.1 Contribution To Company A’s Employer in Malaysia

From this research, the outcome of the research will be a good support to company A’s Human Resource Department in Malaysia. Generally, most of the people think that Human Resource Department is a support function and cost centre. Whereas, other departments such as Operations, Customer Service, Sales and Marketing and Service and Maintenance Department are profit centres and important departments. Thus, with this research which is supported with concrete findings and references, will ‘support’ and recognize the important Human Resource Department roles as a business partner with the rest of units/departments in an organization.

1.6.2 Contribution To Company A’s HR Practitioners

Furthermore, this research will be useful for all HR practitioners, including Company A’s HR practitioners. The data gathered and results will be references for future improvement.
1.6.3 Contribution to Body Of Knowledge (HR Development Discipline)

Employer branding programs is coming to be the main key factor in talent acquisition and talent retention program in most organization. Most companies through their Human Resource department do conduct their employer branding programs. But most of these programs did not do a proper structured program.

There are several articles from overseas on this subject but as far as my knowledge in Malaysia, no local research has been conducted on this subject. Thus, this research will be an eye opener to the body of knowledge and the finding will be a concrete evident to show the significant of relationship between employer branding and employee retention.

1.7 Limitation of The Study

Due to time factor as well as cost, this study is based on Company A in Malaysia only although the company is an international company which has several regional offices.

1.8 Conceptual Definition

This section will discuss the definition of the concept in the study as employer branding, talent and talent retention.
1.8.1 Employer Branding

The concept of employer branding was adopted from products branding and corporate branding. Employer branding is the application of branding principles to human resource management (Bachaus and Tikoo, 2004).

Employer branding is defined as “a target, long term strategy to manage the awareness and perceptions of employees, potential employees and related stakeholders with regards to a particular firm” (Sullivan, 2004).

The employer brand puts forth an image showing the organization as a good place to work (Sullivan 2004).

Strong employer branding shapes their expectations about their employment (Lievens and Highhouse, 2003).

According to the Conference Board report on employer branding (2001), organization found that effective employer branding leads to competitive advantage, helps employees internalize company values and assists in employee retention.

Thus, in the context of studying for employer branding, the employer brand puts forth an image showing the organization as a good place to work (Sullivan 2004). The employer branding which consists of brand association, brand identity, brand culture, brand loyalty & commitment, and psychological contract, that is able to create talent retention, it’s core components are; talent employee commitment, talent engagement and involvement, talent training and career development and talent valuing.
1.8.2 Talent

Talent, it sometimes appears, lies in the eyes of the beholding culture. In the west the abilities to draw or paint, to create music, and to write in vivid and compelling language have long been considered talents. Only recently, however, have we considered the ability to write a brilliant computer program talent, though it is accorded somewhat less status than being talented in the arts. The ability, after puberty, to learn a second language like a native speaker may be considered a talent in American society where so few have the opportunity to learn languages in childhood, but it is less valued in countries such as Denmark or India, where everyone speaks several languages from a young age (Fein and Ober, 1988).

Mihaly et al (1997), viewed that there are many similarities in the way teenagers learn to develop their talent, regardless of the domain in which they are gifted. For instance, as we have just said, most talent-related activity tends to take place in the school or to be sponsored by the school. But there are also important differences among domain in terms of where, how, and with whom they are encountered, and these differences, in turn, have an impact on the way the activity is experienced and therefore on the rewards it provides the performer.

The CIPD (Charted Institute of Personnel and Development UK, 2007), has developed a definition stating “talent consists of those individuals who can make a difference to organization performance either thorough their immediate contribution or in the long term, by demonstrating the highest levels of potential”.

Chee et al (2008) believed that the key factor in determining the success of any organization is its ability to use human talent – to discover it, develop it, deploy it, motivate and energize. Human talent – the combined capacity and will
of people to achieve an organization’s goals –is a productive resource like no other, with a unique capacity to add value to an organization.

Thus, from every viewpoint, talent consists of those individuals who can make a difference to organization performance either thorough their immediate contribution or in the long term, by demonstrating the highest levels of potential (Charted Institute of Personnel and Development UK, 2007)

1.8.3 Talent Retention

Talent retention can be identified as those organizations that invest resources in employee attraction and retention and turn a potential problem into an opportunity to gain industry leadership (Boxall and Steenveld 1999)

In its broadest sense, “Employee Retention”, simply refers to how many of your current employees stick around over a given period of time (Carsen, 2002)

For this research studying on talent retention, the talent retention can be identified in its broadest sense, “Employee Retention”, simply refers to how many of your current employees stick around over a given period of time (Carsen, 2002)

1.9 Operational Definition

This section will discuss on concept which are, employer branding and talent retention.
1.9.1 Employer Branding

According to Sullivan (2004), the employer brand puts forth an image showing the organization as a good place to work. According to the Conference Board Report on employer branding (2001), organizations have found that effective employer branding leads to competitive advantage, helps employee internalize company values and assists in employee retention. The operational definition of employer branding is brand association, brand identity, brand culture, brand loyalty and commitment and brand psychological contract.

1.9.2 Talent Retention

The operational definition for talent retention can be referred to as follows;

1.9.2.1 Talent Employee Commitment

This relates to employees’ trust in their organization, sense of belonging to their organization and willing to go the extra mile for their organization.

1.9.2.2 Talent Engagement and Involvement

This relates to employees’ who are willing to participate in additional assignments, encouraged to come up with new improvement ideas, opportunity to speak up with constructive comments and etc.
1.9.2.3 Talent Training and Career Development

The life long employment is no longer accepted by young talented workers, instead of employability. Any job opportunity with the organization should be open to everyone and everyone has the chance to apply and selection is based on knowledge, skills and ability and others.

Employer and employees are realizing that long-term loyalty and commitment cannot be guaranteed and that jobs are more likely to be for now rather than forever (Clark, 2008). Today, of course, employees can pick up and leave if they don’t get the jobs they wanted inside- and the most talented among them have the most freedom to do so (Cappelli, 2008). The employable person is able to move from job to job, organization to organization, confident in their own abilities and marketability. He or she is not dependent on the organization but is able to control his/ her career through “enriched jobs, lateral moves and multiple career paths” (Illes et al 1996).

1.9.2.4 Talent Valuing

Employers value their employees by recognizing their efforts. Recognition is part of appreciation and it can be conveyed through various ways and means. Monetary awards and incentives is one of the appreciation means but it is not the absolute. Recognition can be in any form and it is dependant on the employee’s level, position, needs and etc.

Commonly a sincere word of “thank you” or “I really appreciate what you have done” is a very good gesture to the other person. Celebration is an integral element of culture and, as noted already, provides the symbolic adhesive that welds a community together. But there’s more than that. Without transition ritual
and ceremony, businesses cannot adjust to changing circumstances. In many ways, celebration serves as an organization’s heart (Terence, Deal and et al, 1998). People need to get differentiated rewards and recognition to be motivated. And companies need to deliver both for retention (Jack Welch, 2005).

For this research, the talent retention refers to Executives and Engineers and above only.