

"TALENT MANAGEMENT, A DETERMINANT OF HUMAN CAPITAL RETENTION. » Case of Malagasy SMEs

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SUMMARY

The purpose of this study is to demonstrate the importance of talent management in the competitiveness of the company in the labor market in Madagascar. The study focuses on three areas of action of talent management, namely, satisfaction of motivational factors of employees and retention of talent in Malagasy SMEs. Employees are quite satisfied with the working conditions that exist. However, they deplore the working environment and the lack of financial benefits. This situation more or less impacts employee loyalty to the SME, as many employees wish to leave for other better opportunities.

Key words: Competitiveness, Management, Talents, Loyalty.

INTRODUCTION

In the current context of globalization, the opening of borders not only leads to free economic exchanges, cultural exchanges and social exchanges, but also to the globalization of the labor market. In terms of staff retention, companies are obliged to retain their employees in order to guarantee a return on the investments they have made in terms of recruitment, and retention is also the responsibility of Talent Management. Moreover, two out of four Malagasy companies declare that despite their efforts to retain employees, their turnover rates are still high, as employees are attracted by other job offers¹. The labor market in Madagascar is highly competitive because all companies, regardless of sector or activity, are competing to find a similar profile, to retain that profile, and to develop it.

In this context, the following problem arises: How does the satisfaction of motivational factors of employees impact their loyalty in Malagasy SMEs? This article is about knowing the link between motivational factors and employee loyalty. The analysis and reflections on this study will be conducted from the following hypothesis: "The satisfaction of motivational factors leads to employee loyalty".

CONCEPTUAL AND METHODOLOGICAL FRAMEWORK

Literature on Talent Retention

¹www.indianoceantimes.com, The challenges of small business in Africa, CHAZE C., May 2020

Louart (1991) defines retention as "a policy aimed at keeping certain employees in the organization". In other words, retention is the "set of measures that reduce the voluntary departure of employees" (**Peretti, 2001**). Employee loyalty is generally measured by two indicators: the turnover rate and the absenteeism rate. Turnover reflects the extent to which employees move in and out of a company over a given period of time. Employees hired during a given period, either to replace those who have left or to fill new positions as a result of company growth, constitute "entries"; employees who have left the company as a result of layoff, dismissal, voluntary departure (career development, better working conditions) or involuntary departure (retirement, total disability, death) constitute "exits. Furthermore, the absenteeism rate can also be considered as an indicator of loyalty, as **Burke and Wilcox (1972)** point out that an individual's decision to be absent is a miniaturized version of a larger decision to leave the company permanently. In addition, **Weiss D. (1978)**, sees absenteeism as a form of refusal to work, a decision left largely to the choice of workers, especially when it is a short-term absence². The determinants of absence from work are levels of professional qualification and remuneration, the function performed, motivation at work, or health (**Cote-desbiolles, 1985; Fournier, 1989; Jardillier and Bauduin, 1979**). Other collective factors linked to the company also influence employee absenteeism; some authors cite the sector of activity and the type of remuneration (**Vlassenko and Willard, 1984**). Others say that it is rather the regulatory working hours (**Cote-desbiolles, 1985**), or the size of the company (**Cote-desbiolles 1985; Vlassenko and Willard, 1984**), the status, the working conditions and drudgery (**Depardieu and Lollivier, 1985**). This is why there is no general theory of absenteeism (**Weiss, 1979**).

After attraction and recruitment, the company must retain its employees because this guarantees the return on investment of the sums invested in the previous Talent Management activities. A lot of work exists on this topic, however, understanding and satisfying the motivational factors of employees remains the best way to retain employees. Motivational factors at work come in three forms, namely: physical conditions (**Williamson et al, 1985, Rajan and Zinglaes, 2000**), organizational conditions (**Biron, 2016, Kelloway et al., 2010**), and social (**Antonioli et al, 2004, Deery and Iverson 2005**) and financial conditions. The satisfaction of these three conditions, ensures employee motivation and leads to employee loyalty. First, the physical conditions refer to a set of tools in the immediate work environment. It is also everything that characterizes a work situation and promotes or hinders the activity of workers.

On the other hand, **Leplat J.** considers that the working conditions summarize all the factors, excluding the individual characteristics of the workers, which can influence the performance at work. The work environment can either be a factor in the deterioration of workers' health or contribute to their development in the workplace. Secondly, organizational conditions are the mechanisms put in place within the organization to strengthen and improve the productivity of the workforce and to make the recruitment investment profitable. These conditions are governed either by the company's statutes and internal regulations or by the collective agreement. These organizational conditions are generally working hours and procedures. Finally, the social and financial conditions. These are a set of mechanisms that aim, among other things, to establish a climate of equity and balance between employees, the company and other partners, and between the employee and the employer. Social and financial conditions are reflected in the social relations and financial conditions.³

Methodology and sample description

The main idea of the hypothesis: "Satisfaction of motivational factors leads to employee loyalty" is more precisely oriented to the retention of human capital through the satisfaction of motivational factors. Retention is part of the talent management practices on talent, and it guarantees the return of the investments made on recruitments. In this hypothesis, the variable to be explained is the loyalty of human resources and the explanatory variable is defined by the satisfaction of motivational factors. Each of these two variables is made up of sub-variables that define them. The variable to be explained "human resources loyalty" has the following sub-variables: a low turnover rate and a low absenteeism rate. As for the explanatory variable, the sub-variables of the satisfaction of motivational factors revolve around the satisfaction of physical conditions, organizational conditions, and social and financial conditions.

The study focused on the 194 SMEs in the city of Antsirabe, but the various constraints on the resources involved led us to restrict the analysis to a sample size of 84 covering a little less than half the size of the study population, allowing us to check any scientific technical constraints on the calculation of a sample size. The survey of 84 employees of Malagasy SMEs, a sample of personnel, made it possible to collect information corresponding to the sub-variables forming the variable to be explained, but also the explanatory variable. 29 Likert scale opinion measurement items were used to verify our study hypothesis. The answers to the questionnaires of the employees who were submitted to the survey were the object of statistical analysis of the data aiming firstly at justifying the possibility of factoring the evaluation items of the opinions of the employees on the 2 principal variables of study via the index of KMO and the test of Bartlett then in a second time, the

²www.cairninfo.com, Manifestation, determinants and consequences of staff retention, VIGNOLLES A. May 2020

³CADIN L., GUERIN F. "Gestion des Ressources Humaines", Edition DUNOD, Paris, 2012, p.252

determination of the numbers of factors which compose each principal variable by the criteria of Kaiser and the matrix of the components to identify the items of associated sub-variables and finally the analysis of the reliability of the items by the coefficient of Alpha of Cronbach It is then conducted through the analysis, cross-tabulations of the variables studied and chi-square tests of independence and factorial analysis of correspondences to discover the trends of opinions and explanatory factors.

RESULTS

Reliability of measurement scales

The KMO index and the Bartlett test carried out to identify the possibility of factoring the 29 items of measurement of the variables provided significant results with respectively an index value of 0,834 close to 1 and a p-value of the test lower than the risk of error of 0,05. The Kaiser criterion applied to the factorization provides 6 factorial axes with eigenvalues all greater than 1. Thus, it is highlighted the creation of 6 latent variables whose associated items through the matrix of components allow us by the weights of items greater than 0.5 to define the 6 variables as being respectively: physical, organizational, social and financial conditions of work on the one hand which generate our explanatory variable. Indeed, the motivational factors are translated by the working conditions that the company applies to its workers. These conditions fall into three categories. First, the physical conditions, which relate to the work environment in which the employee is located. Secondly, the organizational conditions, they are characterized by the internal organization in the company. Third, the social and financial conditions, they refer to the social climate, and financial benefits. In this case, the satisfaction of the motivational factors was determined from four points, namely: the work environment, the work schedule, the work atmosphere, and the financial benefits.

On the other hand, employee satisfaction and loyalty are designed to define our variable to be explained. The analysis of employee satisfaction includes the 4 dimensions of the motivational factors which, contrary to the opinions of the SME employees on their concepts, see all the measurement items retained with a Cronbach's Alpha coefficient of 0.745 considered reliable and, at the same time, the 3 measurement items of employee loyalty are also maintained because the analysis of their reliability produces a value of Cronbach's Alpha coefficient of 0.823 higher than 0.7.

The table below presents summaries of the results of the exploratory factor analysis conducted on the responses to the 29 items asked of SME employees.

Table 1: Factors generated by the exploratory factor analysis and item reliabilities associated with the study of motivational factors and employee loyalty in SMEs

	Dimensions	Items	Cronbach's Alpha	Number of items selected	Cronbach's Alpha	Rejected items
Motivational factors (22 items)	Physical working condition (7 items)	Spacious	0,489	4	0,786	Spacious; Airy; Bright; Other
		Luminous				
		Aerated				
		Lack of space				
		Terne				
		Lack of air				
		Other				
	Organizational work condition (6 items)	Entry time too early	0,478	3	0,811	Short break duration; Long break duration; Other
		Exit time too late				
		Short break duration				
		Convenient time of entry and exit				
	Long break time					

		Other				
	Social conditions (5 items)	Good understanding between colleagues	0,436	2	0,793	Poor understanding among colleagues; Existence of many conflicts; Other
		Existence of some conflicts				
		Poor understanding between colleagues				
		Existence of many conflicts				
		Other				
	Financial conditions (4 items)	Provides regular bonuses	0,521	2	0,823	Gives gifts for the holidays; Other
		Gives gifts for the holidays				
		Does not offer any financial benefits				
		Other				
Employee loyalty (7 items)	Employee satisfaction (4 items)	Physical condition (work environment)	0,745	4	0,745	
		Organizational condition (work schedule)				
		Social condition (work environment)				
		Financial condition (financial benefit)				
Employee loyalty (3 items)	Employee loyalty (3 items)	Staying in the long term	0,823	3	0,823	
		Staying in the short term				
		Leave if there are better opportunities				

Source: Author, 2021

It should also be noted from the previous table that many of the measurement items were unreliable based on the responses collected from the SME employees since the Cronbach's Alpha values are below the reliability threshold set at 0.7 and leads us to remove some of the items from the different factors. These discarded items will be discussed later in the descriptions of opinion trends and the analysis of explanatory factors.

Human capital loyalty

The results on the loyalty of human capital are the basis for the verification of the working hypothesis. The purpose is to present the satisfaction of the employees in relation to the working conditions, as well as the impact of these conditions on the loyalty of the employees, in addition to the evaluation of the movement of the personnel in the company through the rate of turnover. It is the results of the staff survey that will lead to the evaluation of employee satisfaction and loyalty. In view of the results of the previous table, it must be noted that of the items established to analyze satisfaction with the motivational factors of the employees, 4 were withdrawn because of their unreliability on the physical working conditions. These are the state of light, space and other physical working conditions. Therefore, we can say that the motivational factors based on the physical working conditions of the employees could be generated mainly by the ventilation, the cramped space and the dullness of work. However, the chi-square test of the employees' satisfactions with their opinions on the physical working conditions gives a non-significant p-value of 0.7660 which establishes the independence of their opinions on the motivational factors and their satisfactions. The work environment of the employees of the SMEs could be thus said as either brakes or drivers of the satisfaction of the employees.

Table 2: P-value of chi-square test of employees' opinions on the concepts of physical working conditions in SMEs

DF	4
p-value	0,7660

alpha	0,05
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Source: Author, 2021

The same analysis carried out on the opinions of the employees as regards the organizational conditions adopted by the leaders of the SME was the subject of the use of 6 items of which 3 are considered not reliable according to the analysis of reliability resulting from the coefficient of Alpha of Cronbach whose value of 0,478 does not exceed the threshold of reliability of the measure. The removal of the 3 items relating to the duration of the short or long break and the other organisational conditions mentioned by our respondents allowed us to have a coefficient of Alpha of Cronbach higher than 0.7 and suggests that in terms of satisfaction with the organisational conditions of the SMEs, the entry and exit times - whether too early or too late - could be indicators of employee satisfaction in relation to organisational conditions. Nevertheless, the chi-square test of independence between employee opinions and organizational conditions shows a p-value of 0.9998 above the 5% risk of error and rejects the impact that SME organizational conditions could generate on employee satisfaction.

We thus retain that neither the physical working conditions, nor the organizational conditions adopted by the SMEs can be considered as a source of employee satisfaction.

Table 3: P-value of chi-square test of independence between employees' views of SME organizational conditions.

DF	4
p-value	0,9998
alpha	0,05

Source: Author, 2021

The third dimension of evaluation of the variable motivational factor of SME employees concerns the prevailing social conditions within the SMEs. Six items were also measured in terms of the employees' opinions on social conditions, but the value of Cronbach's Alpha equal to 0.436, which is lower than the reliability threshold of 0.7, necessitated the removal of three items relating to the relational climate of the employees, materialized by bad agreements or the existence of conflicts as well as other social problems, and raised the reliability indicator to 0.793. Also, the social conditions in the SMEs according to the answers of our respondents are based on an ambient atmosphere sometimes stained by some conflicts. The significant p-value of 0.0007, which is lower than the risk of error of 0.05, of the chi-square test measuring the dependence between the opinions of SME employees regarding the social conditions prevailing in their workplace expresses a significant dependence of these two variables studied.

Table 4: P-value of chi-square test of independence between employees' opinions of social conditions in SMEs

DF	2
p-value	0,0007
alpha	0,05

Source: Author, 2021

The trend of employees' opinions on the noticed facts of the prevailing social conditions in SMEs can be deduced from the following distribution table of results:

Table 5: Distribution of employees' opinions on the prevailing social conditions in SMEs

Opinions Social condition items	Very noticed	Quite noticeable	Not noticed	Total
Good understanding between colleagues	22,95	37,70	4,92	65,57
Existence of some conflicts	11,48	19,67	3,28	34,43
Total	34,43	57,38	8,20	100

Source: Author, 2021

The statistics in the table suggest that, firstly, the social conditions in the SMEs are quite noticeable and are unanimously supported by 57.38% of the employees surveyed and, secondly, the good understanding that marks the social climate of the employees, according to 65.57%. It should be noted, however, that more than 3 out of 10 employees of SMEs, more precisely 37.70%, have fairly distinguished this social condition of employees of SMEs marked by good understanding despite the existence of some social conflicts.

Finally, the analysis of the last dimension of the motivational factors of SME employees uses as previously mentioned 4 items, 2 of which are considered unreliable according to the value of Cronbach's Alpha coefficient of 0.521 lower than 0.7. The 2 unreliable items concern gift offers during holiday periods and other forms that are close to the financial conditions of SME employees. Also, we suggest that according to the results obtained, the financial conditions that could be considered fair by the employees of SMEs must be oriented on the periodic granting of bonuses and offers that do not engage in any impartial financial benefits. As for the opinions of the employees on the satisfaction of the financial conditions, our results of analysis by the means of the test of chi-deux gives a not significant p-value of 0,9997 and rejects the fact that the financial conditions offered by the SMEs could be motivational factors of the employees of the SMEs.

Table 6: P-value of chi-square test of independence between employees' views of financial conditions in SMEs

DF	2
p-value	0,9146
alpha	0,05

Source: Author, 2021

In summary, on the four dimensions of motivational factors of SME employees, namely physical condition, organizational condition, social condition, and financial condition, it was found that only social condition could affect the job satisfaction of SME employees if we refer to the measurement items of motivational factors of SME employees.

However, it has been highlighted through this study that the use of the 4 dimensions of motivational factors of SME employees as items of measurement of employee satisfaction on motivational factors allows us to judge the reliability of the measure by the value of Cronbach's Alpha coefficient equal to 0.745 presented in the first table. The satisfaction trend is summarized in the following tables where the chi-square test of independence shows a significant p-value of 0.0003 :

Table 7: p-value of chi-square test of independence on SME employee satisfaction opinions.

DF	6
p-value	0,9997
alpha	0,05

Source: Author, 2021

The table of the distribution of the satisfaction of the employees of the SME as for the items of measurement of this dimension informs us that the social condition contributes the most to the satisfaction of the employees with a percentage of 86,67% of the employees rather satisfied or satisfied. In fact, those who find that there is a good understanding within the company and that there are only a few social conflicts consider that they are fairly satisfied or satisfied with the working conditions in the SME. On the other hand, the financial condition is also one of the conditions that most satisfied the respondents, at least more than the majority of them are quite satisfied or satisfied. The situation is quite similar for the organizational condition. However, it should be noted that physical condition contributes to the satisfaction of only a minority of SME employees.

Table 8: Distribution of employee satisfaction by motivational dimensions of SME employees

Measurement items Level of satisfaction	Physical condition (work environment)	Organizational condition (work schedule)	Social condition (work environment)	Financial condition (financial benefit)	Total
Satisfactory	9,52	14,29	38,10	38,10	100
Quite satisfactory	2,86	25,71	48,57	22,86	100
Unsatisfactory	14,29	28,57	42,86	14,29	100
Total	8,89	22,86	43,17	25,08	100

Source: Author, 2021

Impact of SME employee satisfaction on employee loyalty

It follows from this that, in relation to the different categories of working conditions, the respondents expressed their concepts of motivational factors based on social conditions. It is now a question of determining whether these concepts, or their satisfaction with them, actually have an impact on employee loyalty. To do this, the variables "Employee satisfaction" restricted to satisfaction with the social conditions of SME employees and "Employee loyalty" were crossed or analyzed through a chi-square test of independence. The associated significant p-value equal to 0.0003 presented in the table below expresses the existence of a significant dependence of employees' opinions on motivational factors on their current loyalty states.

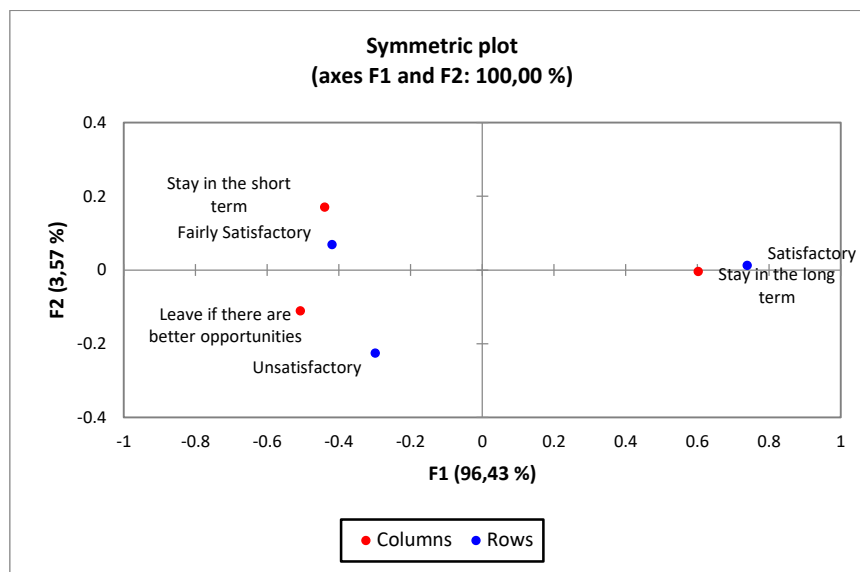
Table 9: P-value of chi-square test of independence between employees' views of motivational factors and SME employees and their current loyalty states

DF	9
p-value	0,0003
alpha	0,05

Source: Author, 2021

The factorial analysis by correspondence carried out at the end of the property of dependence between the two studied variables allows us to better visualize through the following perceptual map or the symmetrical graph of the various modalities of the 2 variables more precisely the proximities of the opinions as for the satisfaction of the motivational factors and the states of loyalty of the employees of the SME.

Figure 1: Perceptual map of opinions on satisfaction of motivational factors and loyalty states of SME employees



Source: Author, 2021

The information produced by the previous figure is obvious and suggests that the more satisfied SME employees are with the motivational factors, the more likely they are to stay with the organization in the long term. Otherwise, SME employees do not hesitate to leave in search of better opportunities.

In fact, according to the rule of proximity to the center of gravity, the "Quite satisfactory" modality is closest to this center. As a result, the average behavior of the distribution is as follows: Employees are quite satisfied, but they consider leaving if there are other better opportunities, or they consider staying in the short term. However, some of them want to remain loyal to the SMEs, as it can be seen that the modality "Stay in the long term" is more or less close to the modality "Quite satisfied", this indicates an attraction between them.

Moreover, in this factorial map, it is also to be seen that the modalities "Satisfied" and "Staying in the long term" are very close, this is explained by the fact that when employees are satisfied, they express their loyalties by considering staying in the long term at the SMEs. Previous results have shown that satisfied employees find the hours of entry and exit from the company convenient. In addition, the working climate is friendly because there is a good understanding among the staff. Apart from that, the company gives them considerable financial benefits such as bonuses and food.

CONCLUSION

We were able to present the results of the study on employee loyalty in the company. In addition, it was possible to determine the satisfaction of the human capital in relation to the motivational factors which are the physical conditions, the organizational conditions, the social conditions, and the financial conditions although most of the measurement items were not considered reliable by our study or survey results. In addition, we also saw the impact of this satisfaction with motivational factors on employee loyalty. Thus, satisfied employees remain loyal to the company. However, dissatisfied employees want to leave the company. For those who are fairly satisfied, the majority want to explore other new horizons, while some still want to stay. With regard to staff turnover, the number of departures and the number of entries are roughly equal. But the number of departures slightly exceeds the number of arrivals. This is due to the health crisis in the country. Finally, when calculating the turnover rate, it was seen that the rate is quite high. However, this rate is high due to reasons beyond the company's control.

To conclude, internal promotions that contribute to employees' career development are most often the result of an annual performance review. But, for the employees, their careers are stagnating because they do not observe any job evolution in their professional careers within the entity. Finally, the working conditions offered by the company are quite satisfactory as employees deplore the working environment and the financial benefits. This may impact employee loyalty as they may be attracted to other companies with more attractive conditions.

Finally, it has been seen that the outflow of employees has increased, and as a consequence, the turnover has also evolved.

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