

TALENT MANAGEMENT AND EMPLOYEE ENGAGEMENT

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Abstract:

The purpose of this article is to elaborate what is Talent Management, its importance and how the Strategy influences Employee Engagement and in turn what are the Organizational out comes. It is a conceptual paper based on a review of the academic and popular literatures on Talent Management and Employee Engagement. The study reveals that there is a widely shared belief that human capital is the Organization's primary source of Competitive Advantage; an essential asset that is becoming increasingly short supply. An effectively implemented Talent Management strategy enhances Employee Engagement which in turn is associated with improved Organizational performance. The term talent was discussed together with some of the approaches to talent management. Whether the approach to talent management is 'inclusive' or 'exclusive,' the terms 'talent management' and 'employee engagement' are inextricably linked such that talent management is integral to engaging employees in the organisation. This is further insight, based once again on research and management practice, takes the subject of talent into the area of employee engagement.

Key Words: Talent Management, Employee Engagement, Organizational Outcome.

Talent Management & Employee Engagement:

Talent management (TM) and Employee Engagement (EE) concepts have been extensively studied in management literature in the past ten years (Lewis & Heckman, 2006; Scullion, Collings & Caligiuri, 2010, Saks & Gruman, 2014). Both concepts have been an area of interest for both practitioners and academic researchers. Each concept aiming to investigate their impact on organizational performance and competitive advantages which have been the main theme in literature (Amit & Shoemaker 1993; Barney, 1991; Collings & Mellahi, 2009; Lepak & Snell 1999; Saks & Gruman, 2014; Wernerfelt, 1984). However, there is a dearth of research in management literature to study the relationship between the two concepts simultaneously. The objective of this study is to know the academic understanding of talent management and employee engagement.

Literature on Talent Management:

Organizations are made-up of people; these people can make or mar an organization. Every organization is striving to find an answer to how to persuade people to make the organization, not to mar it. It's important to not only finding the people who can contribute to make an organization, but also making them acquire the required competencies and motivating them to add value continuously for the success of the organization. The function in the organization that takes care of managing people is called Human Resources Management. It basically deals with employing the right people, developing their competencies as per the demands of the organization, compensating, utilizing, maintaining them to meet the organizational goals. People with diverse competencies and backgrounds need to be managed effectively by the organization.

To enable this modern organizations are required to implant integrated talent management system. Talent is an instinctive quality possessed by few people, who have the capability to make a significant difference to current and future company performance, which is equal to competencies of a person that needs to be explored for the competitive advantage of the organization.

The strategic importance of talent was appreciated after the study of McKinsey & Co found that the most important corporate resource over the next 20 years will be talent: smart, sophisticated businesspeople who are technologically literate, globally astute, and operationally agile. And even as the demand for talent goes up, the supply of it will be going down. The war for the shortage of talent between companies is the biggest human resources concern (Makela et al., 2010). The organizations that are interested in achieving its strategic goals must adopt unique approaches for attracting, developing and retention of talented employees (Huselid et al., 2005).

Thus, talent is the core competency of the organization and its management will definitely enable organizations to be competitive. Talent Management is a set of strategies and systems to increase productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs. Talent management ensures organizations that right people with fit skills located at right place to access business strategy. In

fact, talent management include complete set of process for recognize, managing people for successful of business strategy that organization used it. (Ballesteros, 2010) Stockley (2007) states that the talent management is a very conscious, deliberate approach adopted by the organization to attract develop and retain people who possess right competencies, attitude and aptitudes to meet the strategic objectives of the organization. It focuses on people who got the right potential for achieving high performance levels.

Talent management has been the focus of practitioners and consulting companies more than in the academic field. However, lately, there is increasing interest and attention from researchers. There is some agreement among experts that there is inconsistency in TM definitions and lack of theoretical frameworks (Lewis & Heckman, 2006; Scullion, Collings & Caligiuri, 2010). Some of these common interpretations include that TM is a new term for human resources management practices; it is similar to succession planning, and it is more directed toward the management of talented employees (Lewis & Heckman, 2006). It is interesting to note that the term TM emerged from the HR field which has developed in modern societies. It began by targeting high management positions, attracting and recruiting competent and talented individuals, along with evaluating and rewarding management success (Miner, 1973).

Literature on Employee Engagement:

Employee engagement is a critical factor to the success of the modern organization. This is because those who are engaged, are likely to be more competent, committed to the organisation and contributing to its success. This will in turn lead to greater client satisfaction and commitment and ultimately to better business performance. It is for these reasons that employers want engaged employees. They will work harder, be more loyal, more productive and are less likely to leave. But there are many factors that affect the level of employee engagement. These include the different attitudes and behaviours brought about by the generational mix and different expectations of the working environment; how work has changed through technology and the growth of knowledge work; the economic cycle which can create fluctuating demand for labour; changes in the employer-employee relationship and the increased demand for work/life balance. These powerful forces mean that organisations have to be mindful of the effect on employee engagement levels and skilful in their approach to its development.

The drivers of employee engagement include a shared purpose and values; pride about the company; trust and integrity; the nature of the job; the nature of relationships with co-workers/team members and managers; employee voice and physical and mental well-being and career growth opportunities. Looi, Marusz and Baumruk (2004). According to the them, engagement is: Engaged employees are those who initiate action with passion to advance organizational performance. They stay, say, and strive-stay with and are committed to the organization, say positive things about their workplace, and strive to go above and beyond to deliver extraordinary work (Looi et al., 2004, p. 12).

Leading organizations in the field of market research and recruitment such as Gallup and Towers Watson, advised that companies which ranked high in employee engagement have better profit and operating margins in comparison to companies with lower level of employee engagement (Towers Perrin, 2006). Moreover, Caplan (2013) argues that employee engagement can result in better employee productivity and performance; enhance team work environment; minimize absenteeism and lower level of employee's turnover without extra operational cost i.e. salary costs. Singh et al. (2012), in their study found that engaged employees are ready to give more effort and take further action in order to improve the performance of their organizations. Moreover, the same authors argue that "achieving higher levels of employee engagement in the Middle East matters significantly especially as it is one of the fastest growing regions in the world, economically and demographically" (Singh et al., 2012, p. 101).

There are various definitions and meanings of employee engagement that can be attributed to the theoretical background of the definition, whether it stems from psychosocial conditions by Khan (1990) or job burnout theory by Maslach et al. (2001). As Khan (1990) was the first scholar to introduce the concept of employee engagement, it makes sense to start with his definition of employee engagement and that is "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances" (Khan, 1990, p. 694). Engagement is the "simultaneous employment and expression of a person's 'preferred self' in task behaviors that promote connections to work and to others, personal presence (physical, cognitive, and emotional), and active, full role performance" (Khan, 1990, p. 700). Personal disengagement refers to "the uncoupling of selves from work roles; in disengagement, people withdraw and defend themselves physically, cognitively, or emotionally during role performances" (Khan, 1990, p. 694).

The second definition of employee engagement introduced by Maslach and Leiter (2008) was based on job burnout theory (Maslach et al., 2001), and views employee engagement as "an energetic state of involvement with personally fulfilling activities that enhance one's sense of professional efficacy" (Maslach & Leiter, 2008, p. 498). They characterized engagement by energy, involvement, and efficacy which are the direct opposites of the burnout dimensions of exhaustion, cynicism, and inefficacy.

The above two definitions can be considered as the main definitions of employee engagement in the academic literature, with reference to Kahn (1990), and Maslach and Leiter (2008). According to Saks and Gruman (2014), both definitions share the basis of being a motivational state but they differ in other aspects. For example, Khan (1990) includes the notion of personal agency, which involves placing the

complete self in the role and individuals decide on how much of true selves they will put in the performance of a role (Saks and Gruman, 2014.)

Link between Talent Management and Employee Engagement:

Caplan (2013), believes that strategic talent development, which includes everyone in the workforce, is essentially linked to employee engagement. This is clear because they share many of the same indicators. Moreover, Caplan explains strategic talent development as the process that provides the organization with its required capabilities; determine potential competences; ensures team capabilities; generates innovation; strive for people's creativity and actively communicates. Caplan proceeds to identify some talent development indicators of success that are also common to employee engagement that it delivers capabilities that the organization needs, when and where it needs. This requires a review of the needs of the organization and its goals in order to identify those needs, but that is not enough-it also demands dialogue with employees to answer their questions such as: What is expected of me? How am I doing? How will I be rewarded? What does the future hold? How will I get there? How are we doing as a team? Caplan (2013) theorises that this process is concern with the broader issues of retaining, recognizing and developing people in order to meet organizational needs.

Hughes and Rog (2008) argue that in addition to what talent management strategy is already contributing with effective recruitment, development and retention of employees, an organization should also contribute to employee engagement. In line with that, Gibbons (2006) identified the top drivers of employee engagement which culminated from 12 major research studies done by Gibbons (2006, p. 6). These include:

- Trust and integrity - This when employees feel that the leaders of the organization listen, care and meet their needs, is trustworthy, and 'lead by example';
- Nature of the job - the level of people's involvement and independence;
- The link between employees and organizational performance - The degree to which employees recognize the objectives of the organization, required level of performance, and what is expected of them;
- Career growth opportunities - The degrees to which have the chance to progress in their career and get a promotion.
- Pride about the company - The level of self-esteem from obtained from their roles;
- Coworkers / team Members - Behavior and perceptions of team members towards their work and the organization;
- Employee Development - How much effort and resources are allocated from the organization for the development of the employee's competencies;
- People's relationship with their leadership - The degree to which this relationship is valued.

Engagement and Its Impact on Talent Management Processes:

Employee engagement has an impact on the efficacy of the four key talent management processes of Development, Performance Management, Recruitment/Selection and Succession/Progression.

Performance Management and Engagement:

According to the Institute of Employment Studies (IES), there is a clear positive correlation between those who have participated in an appraisal and those that exhibit higher levels of engagement. This appraisal process signals to the employee that their training needs and their development are being taken seriously by the organisation. The underpinnings of an effective performance appraisal are a clear set of role-specific characteristic measurements. This, in conjunction with a comparison with benchmarks, will show without ambiguity, where an individual needs to develop, the behaviours they need to adopt (or not) and how they compare against their peers.

Development and Engagement:

There is much in common with many indicators of sound leadership and people management used in 360 reviews, and those found Engagement Diagnostics. For example, 360 reviews solicit input from direct reports (typically on competences such as maximising potential and communication) providing a score for that manager against these competences.

Recruitment & Selection and Engagement:

The IES study demonstrated that where a realistic job preview is provided to candidates, those who subsequently joined the organisation had higher engagement levels. In terms of your own recruitment processes, to what degree do you use assessment centres or other job preview mechanisms to set clear expectations as to the nature and requirements of the role - surely not just a job description.

Progression & Succession and Engagement:

The IES note that those who have a personal development plan exhibit higher levels of engagement than those that don't. Very often a perceived lack of opportunities or career paths lead to dissatisfaction with the employer and it is just a perception. Practical career planning support, put into the hands of the employee, with easy to use tools that they can experiment with and develop their own thinking, enables an informed and purposeful career planning activity.

Organizational Outcomes:

There is an increasing body of compelling research that has linked various talent management and employee engagement practices with bottom line results. Hunter et al. (1990) stated that leadership

quality has been found to account for as much as 45 percent of an Organization's performance. Also, there is a strong correlation between high - performance HRM systems and practices and a number of Organizational variables including turnover, sales per employee and market value.

Employee Engagement has been associated with a number of important Organizational outcomes, many of which are directly related to talent Management such as ease of recruitment, retention and employee turnover. Other important Organizational outcomes associated with increased levels of employee engagement include higher employee productivity and customer engagement levels, as well as revenue growth.

Conclusion:

Employee engagement initiatives can overlap with talent management initiatives and the two are often closely aligned. Indeed effective talent management policies and practices show that an organisation has a commitment to its employees which results in more engaged employees and lower turnover.

In order to maximize the benefits of both employee engagement and talent management therefore the organisation should create an engagement culture which is part of and contributes to the development of a talent culture; develop leaders and managers who recognise and have the skills to enhance performance in both talent and engagement and give employees a voice in which they can articulate their career aspirations. If there is success in delivering these approaches, then employee engagement and talent management can become mutually beneficial.

It's possible to highlight strategies and approaches to employee engagement and talent management that become self- reinforcing. These include creating a culture of talent and engagement and leaders and managers who understand, can articulate and put in place practices that ensure the development of a workforce that is both talented and engaged.

To achieve these objectives will require managers who encourage their teams in career conversations, drawing out strengths, interests and aspirations and working with all employees to meet these where it is possible. This process also recognises that 'while managers play a large role in creating an environment that fosters employee engagement, employees also need to take responsibility for the work that they do and the level in which they are engaged.' (Sirisetti 2012)

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