



A study on association of talent management with employee engagement, employee retention and organizational performance

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Abstract

Talent is now an organization's major source of competitive advantage. The success of a company is determined by the performance of its workers. In today's competitive climate, HR managers must focus on both retaining and acquiring skilled employees. Talent management is a difficult and important task. The acquisition of the right talent strengthens the organization's strategy. The current global economic scenario has boosted total job-seekers in the labor market throughout the world, yet there is still a significant talent shortage in many sectors and nations, resulting in a rise in the problem of "Talent Mismatch.". The changing corporate landscape necessitates HR to act more strategically to increase employee engagement and retention, which is a valuable tool for talent management. When a company properly implements talent management methods, it increases employee engagement and employee retention, which helps the company perform better. The more engaged your employees are, the more productive they are. This research is based on empirical research findings gathered from literature reviews conducted in this area. To determine the beneficial link between talent management, employee engagement, employee retention, and organizational performance, the researcher will study a variety of publications, research papers, and literature. This study paper will give HR managers and academicians an insight that how talent management will as a strategic tool for increasing employee retention and engagement, as a result, enhancing organizational performance.

Keywords: talent, talent management, employee retention, employee engagement, organizational performance

Introduction

Individuals build up organizations, and that's why these people can work as either constructor or destructor. Every organization is intensively putting its enormous efforts to figure out how to persuade individuals to contribute towards organizational goals. It is very important to locate individuals who can contribute to the success of a business as well as to help them in developing the necessary skills and motivating them to create value for organization. Human Resources Management is the department inside a company that is responsible for managing people. It entails hiring the proper people, developing their skills in line with the organization's needs, paying, utilizing, and sustaining them to achieve the organization's objectives. The organization must efficiently manage people with a variety of skills and backgrounds. To do this, modern firms must implement an integrated talent management system. Talent is an instinctive trait held by a small number of individuals with the capacity to make a major impact in the present and future company performance, and it is comparable to a person's competencies that must be discovered for the organization's competitive advantage. Modern businesses have understood that their success is based on their ability to recruit, develop, and retain the proper personnel to enable them to compete in today's competitive business climate. To achieve the organization's goals, it is critical to anticipate and proactively address talent demands. And, as the demand for skill rises, the supply of talent will fall. The largest human resources challenge is the battle between organizations over talent shortages (Makela *et al.*, 2010). Organizations that want to achieve their strategic goals must use innovative ways to attract, develop, and retain outstanding individuals (Huselid *et al.*, 2005) ^[21]. As a result, talent is an organization's fundamental strength, and managing it will ensure that firms remain competitive. Talent management refers to a set of strategies and procedures for enhancing productivity by improving systems for recruiting, developing, maintaining, and employing persons with the requisite skills and aptitude to meet current and future company demands. Talent management makes sure that firms have the appropriate people with the right skills in the right places to implement their business strategies. In truth, talent management entails a comprehensive set of procedures for identifying and managing people for an organization's business plan to succeed. 2010 (Ballesteros). According to Stockley (2007) ^[26], talent management is an organization's intentional, purposeful strategy to attract, develop, and retain individuals with the proper competencies, attitude, and aptitudes to accomplish the organization's strategic objectives. It focuses on persons who can achieve high levels of

performance. This article tries to explain the link between talent management, employee engagement, retention, as well as the organization's performance.

Objective of Study

- The main objectives of the study are mentioned as under –
- To understand the concept of talent and talent management in an absolute way.
- To understand the concept of employee retention and employee engagement.
- To understand the association between talent management and employee retention.
- To understand the association between talent management and employee engagement.
- To understand the association between talent management and organizational performance.

Research Methodology

The current study is based on the literature available in books, research papers, and various articles related to talent management and employee engagement. The present study is based on secondary data.

Review of Literature

Employee engagement refers to an employee's level of dedication and involvement in their organization's basic values and ideals. An engaged employee is assumed to be aware of the business context and work dynamics with colleagues and peer groups to increase job performance for the organization's benefit and excellence. It is the employees' favourable attitude toward the organization and its principles. It encourages positive employee conduct, which contributes to the company's success. In both local and international companies, high levels of engagement help to retain personnel, build customer loyalty, and boost organizational performance and shareholder value (Nancy R. Lockwood, 2007). It's not unsurprising that employee cynicism and distrust have developed as corporations have demanded more from their employees while providing little in return other than a job or employability. (Nicola Holmes and Susan Cartwright, 2006). High factor loadings during intermediate periods of employment were associated with great levels of engagement, but the interview data revealed that this may also indicate high loyalty, but only for a limited period. Factor loadings in the second phase revealed three separate factors: corporate culture, career planning, incentives, and organizational support (Jyotsna Bhatnagar, 2007). Employee engagement and talent retention are determined by work experience and, ultimately, organizational culture. Strong participative leadership, organizational buy-in, and employee engagement are all required for effective talent management (Lockwood, 2006).

Talent

Before creating the idea of talent management, it is vital to understand the concept of talent. According to Lepak and Snell (1999, 2002), human capital (talent) may be classified into two categories: value and distinctiveness. Value has been described as human capital's capacity to strengthen an organization's fundamental skills and effectiveness, whilst uniqueness has been characterised as the degree to which organisational talent is difficult to reinstall rather than readily available and simply reproduced by competitors. And both aspects will be used to characterize the organization's human capital. High-value individuals with a high level of distinctiveness will always be preferred by the organization. According to Dries, "someone with mental power, natural endowment, an aptitude, ability, natural talent, or distinctive gift" (2013). Beecher and Woodward (2008) define talent as a mix of skill, dedication, and contribution. Talent is defined as the sum of a person's talents, intrinsic gifts, skills, knowledge, experience, intelligence, and judgement in completing a task with greater efficiency (Mckinsey and Company). Talent may also be defined as the capacity to learn and improve (Michaels, Handfield - Jones, Axelord, 2001). The notion of talent management may be easily comprehended once you have a theoretical understanding of talent. Many studies have attempted to define the conceptual foundations of talent management, which might help practitioners and researchers alike. Despite their similarities, talent management and human resource management are two separate areas. HRM is a wide topic that does not provide specific information regarding employee talent, whereas talent management is a separate scientific area that focuses on employee talent and is a subset of HRM. Christina Meyers (Christina Meyers, 2014). According to Khurshid and Darzi (2016), talent management is the only way to gain a competitive advantage in a hyper-competitive business environment. It is the only talent that will determine the organization's future. The only weapon that can combat the problems provided by an uncertain and turbulent environment is talent management. Over time, business units have accepted the fact that a company's most valuable asset is its deserving employees, who can distinguish one company from another because one person's skill set differs from that of another, and if a company hires the right skill at the right time and in the right place, it will have a competitive advantage over competitors.

Employee Retention

Because skilled people have become critical to success, talent retention is a critical part of talent management. Previously, companies were mainly concerned with generating and replacing senior leaders. Today's businesses, on the other hand, place a strong emphasis on attracting and retaining top talent at all levels to maintain high productivity, reduce anxiety and distractions, minimize customer interruptions, and save money on recruitment and onboarding (Lehmann 2009, Heinen & O'Neil, 2004, Kontoghiorghes & Frangou, 2009). As a result,

businesses should develop tactics to attract and retain personnel over time. All firms utilize performance-linked compensation, training, transparent reward systems, difficult assignments, intrinsic and extrinsic motivations, rapid gratifications, career growth, and other significant strategies for talent retention (Raespoor *et al.*, 2015, Davis *et al.*, 2007, Piansoongnern *et al.*, 2011, Lehmann, 2009, Connors *et al.*, 2008) ^[14]. Job happiness, extrinsic incentives, constituent ties, organization prestige, and commitment are the top five characteristics that impact employee retention in the workplace (Agarwal, 2010).

Employee Engagement

Employee engagement is defined as an employee's emotional and intellectual commitment to the business (Bhatnagar, 2007). It's a measurable evaluation of a high-potential employee's positive or negative emotional attachment to their job, colleagues, and company, which has a significant impact on their motivation to learn and succeed at work. An engaged employee is invested in his or her work, is enthusiastic about it, and behaves in the best interests of the company. In a nutshell, motivated, empowered workers cooperate with employers in an atmosphere of mutual trust. Lower absenteeism, more profit, higher customer engagement, higher employee satisfaction, fewer mistakes, and fewer employee departures have all been observed by companies with engaged workforces. "Employee engagement," according to Gubbons (2006), is "a heightened emotional and intellectual connection that employees have for their job, organization, management, and co-workers that encourages them to apply more discretionary efforts to respective works." Employee engagement, according to Saks (2006), is made up of two parts: job engagement and organizational engagement. The organizational engagement has taken into account how much dedication and sense of loyalty workers feel towards the business. Work engagement comprises the demanding and diverse sort of work that employees have to complete. Employees' organisational engagement will improve as a result of the open, liberal, and flexible organisational policies, while their work engagement will increase as a result of difficult and inventive job duties.

Association between Talent Management and Employee Engagement

Employee engagement refers to an employee's emotional and intellectual commitment to a company or organisation. An engaged employee is constantly totally interested and passionate about the job obligations that have been allocated to them (Falcone, 2006) ^[15]. When skilled employees feel valued, their efforts will help the business achieve its goals and objectives. It allows people to feel acknowledged, respected, and driven, as well as linked with the organization's aims and objectives (Davies & Davies, 2010). According to a survey conducted by the Society of Human Resources Management in 2012, talent management enables all levels of employees to focus on driving revenue, resulting in employee engagement, performance improvement, customer satisfaction, and reduced turnover and absenteeism—all of which will impact the organization's bottom line. According to a 2012 survey by the Society of Human Resources Management, talent management allows all levels of employees to focus on driving revenue, resulting in employee engagement, performance improvement, customer satisfaction, and reduced turnover and absenteeism, all of which have an impact on the bottom line. Although it is common knowledge that engaged employees are more motivated to contribute to the company's success, research also shows that work engagement, which is derived from job satisfaction, is derived from effective talent management practises, which leads to lower employee turnover and increased productivity. Firms are now putting a larger emphasis on talent management, according to the CIPD (2008) report, which leads to enhanced job satisfaction and engagement. Over half of the firms polled expected to grow or retain employee learning, engagement, and development spending through people management throughout the downturn, according to a Hewitt study (Beechler and Woodward, 2009) ^[4].

Association between Talent Management and Employee Retention

Many companies place a high value on keeping qualified employees, and it is a key differentiator in human capital management. As they compete in global markets, today's leading firms confront the challenge of preserving their expertise (Schuler *et al.*, 2011; Scullion *et al.*, 2010; Tarique & Schuler, 2010) ^[27]. 75% of CEOs believe that managing organisational talent is their most important duty (CIPD, 2010) ^[7, 9]. People, intellectual capital, and talent are all becoming more critical to a company's long-term strategic success (Frank & Taylor, 2002). Talent management, according to Iles (2007), is a technique for improving organisational capacities through performance management, talent development, succession planning, and career planning, all of which lead to organisational success. When effective talent management processes are not in place, talented individuals leave the firm because they are dissatisfied with total compensation, leadership, and organisational policies, among other things (Griffeth and Hom, 2001). Despite the organization's best efforts to keep its personnel, many employees depart. Turnovers are unavoidable in some situations. To reduce needless turnovers, organisations strive to handle low work satisfaction, inadequate supervision, and wage concerns. Staff turnover rates are also linked to sales growth and higher employee morale, according to research. High-quality HR policies help a company's profitability and market value while also lowering staff turnover rates (Batt, 2002). Employee turnover is influenced by organisational performance (Shaw *et al.*, 2005). Individual turnover is influenced by pay levels and employee satisfaction.

Association between Talent Management and Organizational Performance

Companies have learned that using staff management practises that are strategically aligned can help them achieve their goals. This is why, in the United States, 73 percent of executives feel there is a strong relationship

between human management and company strategy in establishing organisational success (Boudreau & Ramstad, 2007) ^[5]. Organizations may gain a competitive edge by managing their personnel, which injects talents that are tough for competitors to compare and reproduce. Talent, more than any other commodity, can create a long-term competitive edge (Lawler, 2008) ^[23]. 73 percent of the population Executives in the United States agree that there is a good association between personnel management and business strategy in achieving organisational performance (Ballesteros *et al*, 2010) ^[2]. It indicates that businesses understand the need of integrating personnel management with business strategy to achieve organisational excellence. When companies want to establish winning teams made up of brilliant individuals, talent management is critical (Davis *et al*, 2007) ^[14]. Because they have qualified and experienced individuals in these sectors, they may employ these teams to fix problems or deficiencies in their company. Because they have qualified and experienced individuals in these sectors, they may employ these teams to fix problems or deficiencies in their company. If a company wants to be successful, it needs to invest in the talent management of its employees to create certain circumstances in the workplace, such as a favorable business climate (Snell, 2005).

Discussion and Conclusion

Employee engagement, retention, value creation, and organisational performance are all aided by talent management, as evidenced by the literature review above. As a result, every company must have a personnel management plan that prioritizes talent acquisition, retention, and development. Apart from hiring people with the necessary abilities, it's critical to set strategy-based goals, track performance against those goals, and provide feedback to performers so that everyone is on the same page (Lawler, 2008) ^[23]. Because to talent management initiatives, employees will be more dedicated and engaged in their employment, resulting in maximum returns. Talent management requires participation from all levels of management, which will motivate and inspire individuals to work harder if the overall incentives, as well as social recognition and opportunities for self-development, are desirable. As a result, talent management helps employees to be continually engaged and have a positive attitude. Employee turnover is extremely damaging for businesses since people's contributions to the company will be inconsistent if they depart frequently. Organizations must understand the many forms of employee turnover, the nature of employee turnover, expenses, and the consequences on the business to avoid turnovers. Turnover may be advantageous to a business by removing ineffective staff and lowering operating costs. HR managers must put in place effective strategies for minimizing employee turnover and keeping top personnel (Ringo *et al.*, 2010). It is critical to give chances for people development based on competencies and business requirements. Employees may grow their abilities, attitudes, and organizational performance through high-quality talent management (Abel, 2008) ^[1]. To summarise, to compete in today's market, all contemporary businesses have acknowledged the need of acquiring, developing, and maintaining their people. Companies compete for the attention of brilliant employees in a talent war. Talent management helps a business to promote employee engagement, commitment, retention, and value addition, all of which contribute to improved organizational success. Talent management is an organization's unusual ability to continually produce and optimize the talent resources required to accomplish strategic goals and performance. Modern businesses' primary focus is talent management, and talent development in the areas of technical and managerial talents may help firms acquire a competitive edge. First and foremost, HR departments must analyze the capabilities that the business requires to execute recruiting and training initiatives. Second, the talent management approach must be in sync with the organization's overall strategy. The biggest issue in talent management is not to place a premium on talent but to align talent management techniques with business objectives.

Limitations of Study

This research is based solely on secondary data, and the time spent on it is insufficient, and the use of non-statistical techniques to evaluate and interpret the data may not be relevant to the entire sector.

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