

# THE ROLE OF TALENT MANAGEMENT IN EMPLOYEE ENGAGEMENT – A STUDY OF PERSPECTIVES

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## Introduction

“The typical organization today views talent management as three building blocks: attract, develop, and retain. These are solid building blocks. The challenge is that these blocks won’t stick together unless there is mortar. And that mortar is employee engagement. A robust, world-class talent management process has to put the mortar between those three key building blocks.” —Brian Gareau, manager, people and organizational development, Caterpillar Inc.

To be successful, employee engagement efforts cannot be stand-alone endeavors, or even a set of activities. Rather, employee engagement must be a journey and ingrained in an organization’s culture.

This paper attempts to understand the collating areas of Talent Management and Employee Engagement

### 1. What is Talent Management?

Talent Management is more than Human Resource Management HRM, leadership development initiatives or succession planning. It is an harmonic approach to recruiting, retaining and developing talent within the organization for its future benefit, and extends beyond the domains listed above to include strategy, organizational culture, and change management. Talent Management on the other hand focuses on enhancing the potential of people by developing capacities. Capacities are the basic DNA of an organization and also of individual potential.

In business, due to the current emphasis on intangible assets such as brand names, innovation, creativity and entrepreneurship, more than previously, the arenas of today cater to companies that can harvest the potential of their key resources “people”. This is what makes a company, regardless of industry, to be defined as “good”. Beyond these are companies that become “great”. These companies first ask who, then what, and only when the right people are in the right positions the companies can take steps forward towards achieving beyond their competitors (Collins, 2001).

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Today's business success hinges on strategic agility and the ability to execute in a timely manner. In a continually evolving global business environment, opportunities for growth are juxtaposed against a shrinking pool of high-performing Talent that can quickly seize those opportunities. The ability to anticipate Talent needs, optimize a Talented workforce, and keep retention rates high—despite constant change—is the key to a company's sustainable competitive advantage. According to the Price Waterhouse Coopers 11th Annual Global CEO Survey, "access to Talent" remains a major issue. Less than half of all CEOs agreed that their HR teams were equipped to handle the change required to compete for Talent. Research demonstrates that companies with enlightened Talent Management policies have higher returns on sales, investments, assets and equity (Caudron, 2001).

People are an increasingly valuable source of sustainable competitive advantage for organizations operating in a global economy characterized by only one certainty – change. Chronic skills gaps combined with a mismatch between demand and supply of talent means that getting (and keeping) the right people in the right places at the right time has never been more challenging. Against this background CEOs are once again citing a lack of key skills as the hottest issue on their agenda. HR leaders are being challenged to mobilize talent to help businesses grow. If organizations don't transform themselves to ensure they can attract, inspire, motivate, manage, develop and reward their people appropriately – they may lose their most valuable assets

A new CGMA report shows that 43% of chief executives, CFOs and human resources directors believe poor human capital management has kept their companies from reaching key financial targets in the previous 18 months. Forty per cent of executives said subpar talent management hinders their ability to innovate, and the respondents also linked inadequate talent management to issues including the inability to expand into new markets and complete major projects, difficulties forecasting growth and a slide in their company's competitiveness.

In the financial sector, the correlation was felt strongly: 58% of executives said their firm was unable to start a major project or achieve key financial goals in the previous 18 months because of poor human capital management.

## **2. How does Talent Management add value??**

<https://www.bersin.com/News/Content.aspx?id=10658> The research finds that companies with highly effective talent management strategies gain these and other benefits:

- Greater employee productivity. Average revenue per employee is 26% higher.
- Reduced employee turnover. Turnover among high-performing employees is 41% lower and overall voluntary turnover is 17% lower.

- Improved ability to adapt to today's economy. These organizations were 28% less likely to have experienced a major layoff (workforce reduction of 10% or more) between 2008 and 2009, illustrating their ability to rapidly adapt to change.

### **3. What is Employee engagement?? How does it add value??**

Employee engagement is a workplace approach designed to ensure that employees are committed to their organization's goals and values, motivated to contribute to organizational success, and are able at the same time to enhance their own sense of well-being.

“This is about how we create the conditions in which employees offer more of their capability and potential.” – David Macleod

There are differences between attitude, behavior and outcomes in terms of engagement. An employee might feel pride and loyalty (attitude); be a great advocate of their company to clients, or go the extra mile to finish a piece of work (behavior). Outcomes may include lower accident rates, higher productivity, fewer conflicts, more innovation, lower numbers leaving and reduced sickness rates. But we believe all three – attitudes, behaviors and outcomes – are part of the engagement story. There is a virtuous circle when the pre-conditions of engagement are met when these three aspects of engagement trigger and reinforce one another.

Engaged organisations have strong and authentic values, with clear evidence of trust and fairness based on mutual respect, where two way promises and commitments – between employers and staff – are understood, and are fulfilled.

-Tower Perrins' 2006 global survey found that companies with highly-engaged employees had a near 52% gap in performance improvement in operating income, compared with companies whose employees had low engagement scores

-Companies with high levels of employee engagement improved 19.2% in operating income while companies with low levels of employee engagement declined 32.7% over the study period

-70% of engaged employees indicate they have a good understanding of how to meet customer needs; only 17% of non-engaged employees say the same

Companies with both highly aligned cultures and highly aligned innovation strategies have 17% higher profit growth than companies with low degrees of alignment<sup>7</sup>.

#### **4. Intertwining nature of Talent Management and Employee Engagement**

Effective talent management policies and practices can result in more engaged employees and lower turnover with the knock on benefit on both employee productivity and talent retention (employees who are most committed are 87% less likely to resign) and hence preserve the investment that has been made in them through inclusive talent management. Furthermore, a study by the US Society for Human Resource Management (2012) found that it was possible to increase employee engagement through focused talent management initiatives. In particular, it was argued that line manager relationships as well as the opportunity to use knowledge and skills were two of the key drivers of employee engagement. Hence the conclusion was reached that focusing talent management initiatives in these two areas would yield results. The suggestion was a ‘talent management framework in which employees and managers can work together to establish clear measurable goals, competencies, and career development activities that align with corporate objectives.’ And it was noted that: ‘The challenge today is not just retaining talented people, but fully engaging them, capturing their minds and hearts at each stage of their work lives.’

#### **5. Perspectives : Talent Management & Employee Engagement**

Talent management and employee engagement have become key buzz phrases in business. Each has taken human asset management to a more specific, more integrated level. Talent management’s definitions are reasonably consistent. Here are valid examples:

- Everything done to recruit, retain, develop, reward and make people perform forms a part of talent management....
- Talent management is an organization’s commitment to recruit, retain, and develop the most talented and superior employees available...
- Talent management means selecting the right people, developing their potential and fueling their enthusiasm, building their commitment, and also supporting them through periods of change.

Talent management offers value at the revenue end. Customer satisfaction, product development, and marketing innovation all benefit by being accomplished by talented performers. Talent management also contributes to expense reduction. Quality improvement, process redesign and employee retention are results generated when talent works the business.

Simply stated: talent management acquires and supports higher levels of skills and knowledge; employee engagement increases the value application of the skills and

knowledge. Talent generates revenue and reduces expenses; engagement lets them do that more, does that better.

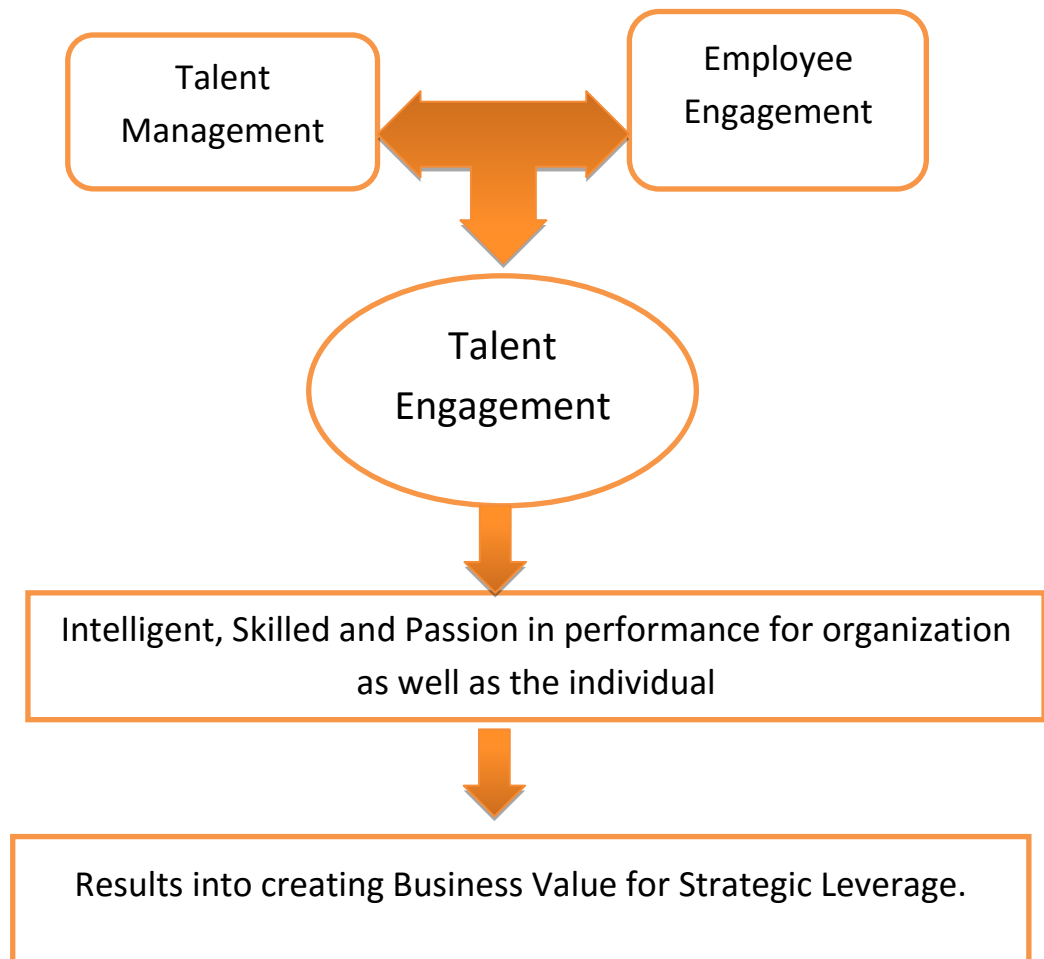
Businesses now aim to give more attention and action to both talent management and employee engagement. That attention needs to be well-directed; those actions need to be well-developed. Let's look at five links between talent management and employee engagement. These links promise to increase a company's success in improving both attention and action.

<b>Sr. No</b>	<b>Parameter</b>	<b>Talent Management</b>	<b>Employee Engagement</b>
<b>1</b>	<b>Definition</b>	Talent management means selecting the right people, developing their potential and fueling their enthusiasm, building their commitment, and also supporting them through periods of change.	Employee Engagement: the individual's investment of her/his time, energy, skills, knowledge, and creativity in the efforts and directions set by the organization.
<b>2</b>	<b>Nature</b>	talent management acquires and supports higher levels of skills and knowledge;	Employee engagement increases the value application of the skills and knowledge.
<b>3</b>	<b>Significance</b>	Talent generates revenue and reduces expenses	Engagement lets them do that more, do that better.
<b>4</b>	<b>On boarding</b>	A powerful on boarding program introduces talented candidates to the business' engagement culture immediately.	A strong program demonstrates employee engagement as the business lifestyle
<b>5</b>	<b>Competitive Advantage Link</b>	Recruiting, developing and retaining talent are the tools that build competitive advantage. Organization's talent injects capabilities that are very difficult for competitors to benchmark and replicate.	Employee engagement adds to developing and retaining talent. It demonstrates the company's appreciation of their value to the company — as it builds their value to the company.
<b>6</b>	<b>Performance Improvement Link</b>	Talent joins a company appreciating the company and its product.	As talent engages more fully in company operations, assignments, projects, that appreciation grows. The greater the appreciation, the greater one's commitment to performing with quality.
<b>7</b>	<b>Customer Satisfaction Link</b>	Research says it is the people with whom customers interact that determine the customer's opinion of that quality. Talent management looks for quality candidates	Employee engagement turns up that quality. Successful attraction and recruitment combine for the first step. Once talent is hired, employee engagement strategies increase communication and commitment.

8	<b>Reduced Turnover, Increased Retention Link</b>	If intense effort is made to hire talent, equally intense effort should be expended to retain talent.	Employee engagement is a specific element of talent management insofar as it boosts a company's ability to hold on to talented employees.
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**6. Developing The Talent Engagement Model :**

**Based on the understanding the perspectives of Talent Management and Employee Engagement following Model of thought is developed.**



## **Conclusion**

From the discussion and evaluation of perspectives of Talent Management and Employee Engagement we can conclude that :

1. A proper understanding and comparison suggests cohesion of two very powerful concepts Talent Management and Employee Engagement to the extent that they need to be thought of mutually inclusive.
2. Hence the term coined as Talent Engagement addresses both truths collaboratively and inclusively.
3. It also evolves human resource function progressively towards being and true business partner.

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