

TALENT MANAGEMENT AS A STRATEGY IN REDUCING TURNOVER INTENTIONS: THE MEDIATING ROLE OF EMPLOYEE ENGAGEMENT

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Abstract

The sustainability of an organization is mostly dependant on its various emerging strategies and talent management is one of them in the process of building competitive advantage. It also depicts that organizations are experiencing the drench of talent which fosters them to develop various strategies not only for resourcing the talent but also for identifying, retaining and developing them. If the organisation is unable to generate such strategies, it becomes in competitive, which leads to disengagement and high turnover intentions of the employees. This paper aims at establishing the relationship between potential talent management strategies with the degree of employee engagement and the intent of the employees to remain within the organisation. It also seeks to explore the mediating role of employee engagement in between talent management strategies and turnover intentions.

Keywords: Talent Management, Employee Engagement, Turnover Intentions, Competitive advantage, Disengagement

Introduction

The horizon of the marketplace for the organization has become wider and so the competition has become global in nature. It has made the organizations dependant on the abilities, skills and knowledge of their talented workforce (Collings & Mellahi, 2009; Lewis & Hackman, 2006) for their sustainability and competitive advantage. But, the realization of the increasing shortage of talented employees (Bruke & Ng, 2006) is a barrier for organizational growth (Ma & Trigo, 2008; Taylor, 2007). The very concept has been coined by McKinsey (1990). It tried to reveal the fact that organizations are experiencing the war for talent which is likely to intensify in the future. The leaders are of the view that ultimately they bet on people and not merely on strategies (McKinsey, 1990). So, in the 21st century talent management plays a vital role for firms and is used as a strategic tool in order to beat the global competition and meet the boom in current technology (Capelli, 2008). It not only matters for the organization to attract talented people and maximize the output but also to retain them in order to meet their goals (Cheese et al., 2008) more effectively.

Key Variables in the study:

Talent Management

Talent Management is one of the emerging concepts in the field of Human Resource Management in the past years. Authors are unable to reach at a clear cut agreement on its meaning, nature and characteristics (Collings & Mellahi, 2009; Garrow & Hirsch, 2008; Iles et al., 2010; Lewis and Hackman, 2006). Till now many studies are trying to explore its attributes, scope and aspects (Kim & Mclean, 2012). Henin and O'Neil (2004) are of the view that talent management practices can help the organization to attain sustained competitive advantage through the different practices like attracting, developing, motivating and rewarding its employees. Organisations are gradually differentiating talent management from traditional human resource management practices in terms of being strategic and futuristic (Blackman & Kennedy, 2008; Lewis & Hackman, 2006; Schweyer, 2004). From Deloitte research (2004) it can be deduced that a talent management model possesses the four elements (shown in fig.1) such as talent acquisition, talent deployment, talent development and talent retention (Kumar & Kumudha, 2011).

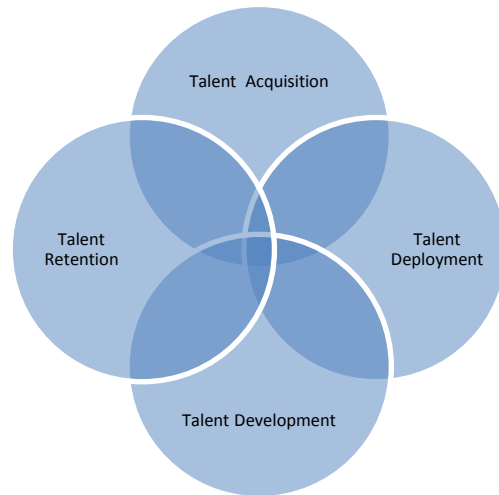


Fig. 1 Source: Deloitte research (2004)

The major functions of TM practices include talent identification, talent retention and talent development (Schweyer, 2004). It provides the organization with the opportunity to find out the potential and the actual performance of the employees in order to assess the different measures that can be used to reward and develop them (Michel et al., 2001). In the present scenario technological advances has made it challenging for organizations to recruit the right people in order to approach the market with the right products prior to the competitors. It not only provides the opportunity to the recruiter to know about the top talent available for accomplishment of their task but also reveals their top performers to rivals (HR.cpm, 2012).

The talent management development system propounded by Gandz (2006) in Fig.2 identified seven core areas that expedite the development of employees within an organization.

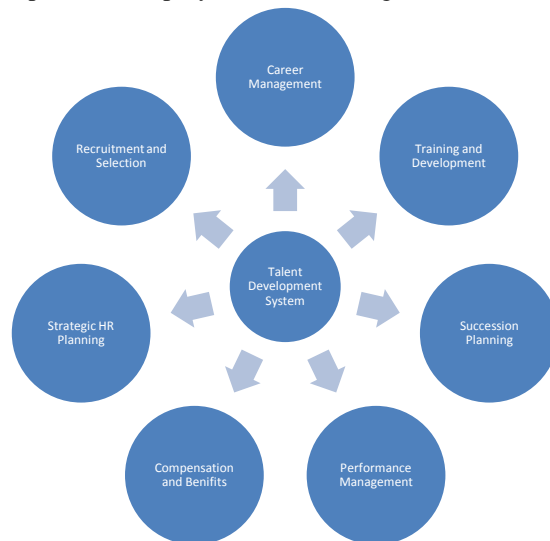


Fig. 2 Source: Gandz (2006)

Employee Engagement

Employee engagement is the most commentative instrument for organizations in this twenty first century, which was originally developed by Kahn (1990). Right management, describes employee engagement by citing four different factors, such as, commitment to the job and organization, pride in the job and organization, eagerness in finding the advantages of job and organizations and satisfaction with the job and organization. Employee engagement is an affirmative, satisfying, job related state of mind, which is described by healthiness, commitment and engrossment. (Schaufeli & Bakker, 2004; Kahn, 1990). It is also described in the HRD field as the affective, cognitive and conative energy that directs employee towards constructive organizational resultant (Shuck & Wollard, 2010). Employees feel engaged when they excavate passion and distinctive sense in their respective works and get favourable social support (Berntal, 2004).

An employee who is engaged can be characterized as passionate, dynamic, inspired and desirous about his or her work, where as a disengaged employee is one which is laid back, mechanized, antagonistic and withdrawn from his or her job (Salanova, Agut & Peiro, 2005). Engaged employees feel passionate about their job, provide drive for innovation and feel that their innovation is giving productivity to the organization (Roche,

2005). Hundley, Jacobs and Drizin (2005) described that employee engagement shows an exact path in recruiting, retraining, rewarding and retaining efficient employees by increasing the understanding of organizational practices and employee perspective.

Empirical studies have concentrated on certain prophesier (predictor) of employee engagement. The predictions include job conditions, i.e., supervisor and co-worker support (Bakker & Demerociti, 2007), perceived flexibility (Perry-smith & Dumas, 2007; Richman et al., 2008) and organizational support (Saks, 2000). Again two sets of structural level factors are mostly related to work engagement, the first one is job demand which has a negative impact on employee engagement and the second one is job resources (e.g. career opportunities, organizational support and skill variety) which encourage work engagement (Bakker and Demerouti, 2007; Bakker et al., 2004; Demerouti et al., 2001).

The universally accepted reality is that employee engagement is very important for achieving success in the business (Paradise, 2008). Thus, the degree of sincerity, commitment and involvement with the employee's who are not engaged in their job drop more work days and process low quality products, (Roche, 2005).

Turnover Intentions (TI)

Turnover intention is always been a important issue for the firms (Chen, Lin & Lean 2010). This is the deliberate preparedness of the employees to hunt for their alternatives in other organizations (Tett & Meyer, 1993). Again it may be defined as the voluntary intention of the employees to leave the organization. (Dougherty, Bluedorn & kean, 1985) Price (1977) viewed turnover intention is the ratio of the number of employees who have moved from during the period being considered divided by the average number of employees in that organization during the same period.

A sole cause of excessive rate of voluntary turnover is the fright that the employees with superior skills and abilities who will be those who will leave and which is not the case with the employees who cannot find alternative jobs. (Tahova & Holtom, 2008). Mobley (1977) had mapped out a withdrawal decision process to analyse how the employees decide to leave their organization. According to this process, initially the employees evaluate their present jobs and experience the satisfaction and dis-satisfaction regarding the jobs. In case there is dis-satisfaction, the thought of quitting the job comes. Before searching the other alternatives, the employees first evaluate the leaving cost of the job. If the expected utilities are more credible a search for new job will begin, after evaluating and comparing it with the existing job. Mobley (1977) also stated that people leave the organization for a number of reasons like, some want to move out from the harmful work culture, some are more meticulous with their career goals, and some are allured with the financial benefits offered in the new job.

Review of Literature and Hypotheses Formulation

• Talent Management and Employee Engagement

Talent management strategies which reveal commitment to manage the human resources results in more engaged employees. The organisations which can completely engage their personnel through successful talent management will distinctly have a competitive edge(Yapp,2009). Consequently, employee engagement has a remarkable role in employee productivity and talent retention. Employee engagement and talent management if combined can bring either total success or total failure to the organisation (Lockwood, 2006).

An investigation of the US society for Human Resource Management (2012), found out that it is viable to enhance employee engagement through focused talent management techniques. According to this study the suggestion was a "talent management structure in which employees and managers can work together to establish clear and measurable goals for enterprise and career progression activities, aligning it with the organisational objectives. Again Bersin by Deloitte (2013) explained that the newness of auguring talent planning models show how employee engagement can be raised by properly coordinating employee career objectivs with the organisation's business objectives.

The report by MacLead and Clarke (2009) deals with generating a culture in which both talent management and employee engagement can appear and the effective leaders can communicate and put best practices to ensure the growth of a personnel i.e. both talented and engaged.

As per the study conducted by the Corporate Leadership Council (Driving Performance and Retention through Employee Engagement, 2004), the employees who are more committed perform 20% worthier and are 87% less likely to leave.

Dhanlakshmi and Gurunathan (2014) stated that attracting and selecting the right talent is fostering higher employee engagement, which again lead to high job satisfaction among them. From the above discussion it is understood that employees stay engaged with their work in a supportive work setting due to high job satisfaction, which in most cases derived from constructive talent management strategies.

Therefore, based on the above literature, the hypothesis can be drawn as:

H1: Talent management strategies have a positive impact on employee engagement.

- **Talent Management and Turnover Intentions**

There is enormous range of causes of turnover of the employees that includes good remuneration, getting fired, better financial attraction etc. All these above factors found when talent management is not done properly (Griffeth and Hom, 2001). According to Smith, 2009 in this competitive scenario, if proper recruitment of talent management will occur, then retention of the high performers will definitely occur. Lee et al. (1999) revealed that the turnover decisions of the employees are not only influenced by job dissatisfaction, but also strongly affected by certain issues and interventions (e.g. changing work-life balance policies and resources). Therefore, based on all these above literature, a direct negative relationship can be established between Talent Management and Turnover Intentions:

H2: Talent Management has direct negative effect on Turnover Intentions.

- **Mediating role of Employee Engagement in the relationship between Talent management and Turnover Intentions.**

The Literature presented above has revealed that different talent management strategies always influence the employee engagement. A study conducted by right management (2008-09) revealed that engaged employees are 7 times less likely to leave in the next year and 1.5 times more likely to stay for at least five years. Organisations are required to protect their investments on their employees by retaining them and their intellectual capital to ensure the business continuity. This can be the best starting point to address the unwanted attrition rate which leads to competitive weakness.

Again according to Mobley, (1977) employee engagement is negatively linked with turnover intentions which means that highly engaged employee will never think about leaving the organization. Further, employee engagement is directly and positively related to job satisfaction which has a negative relationship with the employee turnover intentions (Saks, 2006). So, employee engagement is an important instrument to measure the link of an employee to their place of work (Jones & Wilson, 2009). Also highly engaged employees always identify themselves with the job for which it is difficult on their part to detach themselves from their role and leave the organization (Jorgensen, 2005; Koyuncu, Bruke & Fiksenbaun, 2006).

Lockwood (2007) states that in a global survey of the engagement levels of 50000 employees in 27 countries, the employee engagement leads to business success and has a direct impact on employee performance and retention. Further the Tower Perrin Global workforce study (2007-2008, pp-6) concludes that more engaged employees are more likely to stay with an organization.

Hence, on the basis of the above literature the hypothesis formulated as:

H3: Employee Engagement mediates the relationship between Talent Management and Turnover Intentions.

Objective of the study

- To study the direct effect of talent management strategies on the turn over intentions of the employees.
- To investigate the mediating role of employee engagement in the relationship between talent management strategies and turnover intentions.

Proposed Theoretical Model

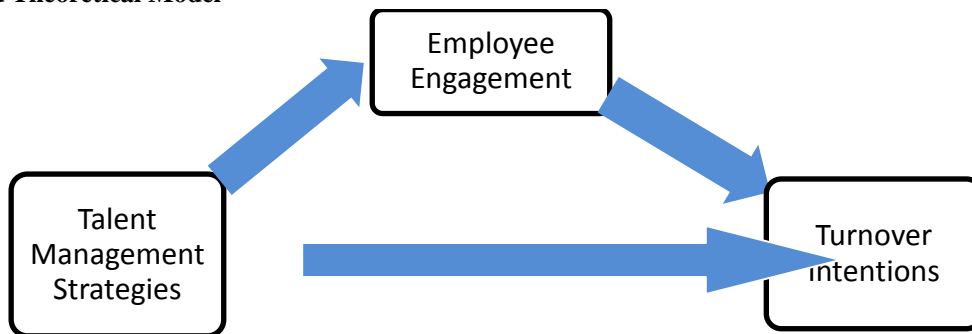


Fig. 3

Plan for Future Research

We will test the proposed model of this study in our next investigation. The theorised study will be tested in order to establish empirical evidence between the variables in the proposed model. We would also like to measure the role of talent management strategies on performance management, succession planning and organization development. Preliminary exploratory data analysis can be used to decide which of many possible patterns of relationships need to be examined in further analysis. Further we can use multiple regression analysis to examine the mediating role of employee engagement in the relationship between talent management strategy and turnover intentions.

Conclusion

The evidences of the present study reveal that effective talent management strategies lead to low turnover intentions of the employees. The mediating effect of employee engagement on talent retention and talent development, ultimately leads to low attrition rate among the employees. In today's globalised environment, organisations need to equip themselves with economic ups and downs, cut throat competition, matching the customer's expectations, maintaining a proper staffing and so on. In such scenario, the strategies developed by organisations for talent management are expected to play a greater role in obtaining highly engaged employees and low attrition rate, which results in effective attainment of organisational objectives.

Limitations and scope for future research

The present study has a number of limitations. It is based on a theoretical framework which needs to be supported by practical research in order to prove the relationship among the variables. Future research may focus on administering different statistical tools to measure this relationship and it is also suggested that other variables like succession planning, employee productivity, organisational outcome, job involvement and organisational commitment can be included.

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