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IMPACT OF TALENT MANAGEMENT ON EMPLOYEE ENGAGEMENT, RETENTION AND VALUE ADDITION IN ACHIEVING ORGANIZATIONAL PERFORMANCE

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ABSTRACT

Talent management deal with the attracting, developing and retaining the key organizational talent, this paper tries to present the association between talent management and employee engagement, retention, value addition and improved organizational performance. . The literature review is organized by reviewing the research papers that are published in popular research journals. The impact of talent management on employee engagement, retention, value addition and improved organizational performance has been thoroughly studied. The study reveals that there is positive association between these variables. This paper also substantiates the previous researchers in understanding the positive impacts of talent management.



These findings are valuable to researchers, HR professionals and academicians.

KEYWORDS: Talent, Talent Management, Employee Engagement, Employee Retention, Employee Value addition and Organizational Performance.

INTRODUCTION

People are the backbone of any business organization. These people can make organization more effective. Every Organization is trying to find an answer to how to motivate 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 acquires the required potentialities and motivating them to add value continuously for the success of the organization. The function of an organization that takes care of managing people is called Human Resources Management. It focus on employing the right people, developing their competencies as per the requirement of the organization, compensating, utilizing, maintaining them to meet the organizational objectives. People with different competencies and talents need to be managed effectively by the organization. To enable this modern

organizations are required to implant integrated talent management system.

Talent is an internal quality possessed by few people, who have the capability to make a relevant difference to current and future company performance, which is equal to competencies of a person that needs to be developed for the competitive advantage of the organization. The modern era every organizations realized that their success is dependent on how they are able to attract, develop and retain the right talent for the organization that enable them to be successful in the competitive business environment. It's very much required to meet the demands of talent to meet the goals 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 techniques 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.

II. REVIEW OF RELEVANT LITRATURE ;

Association between Talent Management and Employee Engagement:

Employee engagement is all about how an employee is emotionally and intellectually committed to an organizational group. An engaged employee is always fully participative and enthusiastic about the assigned job responsibilities (Falcone, 2006). When talented people feel important then their contributions will make difference to organizational goals and objectives. It enable them feel recognized, appreciated and valued, motivated and aligned to the organization"s goals and objectives (Davies & Davies, 2010).

Society of Human Resources Management (2012) survey reveals that talent management enables all the levels of employees focused on driving revenue that will result in employee engagement, performance improvement, customer satisfaction and reduced turnover and absenteeism- all of these will have impact on the bottom-line of the organization.

It"s commonly understood that engaged employees are motivated to contribute for the success of the organization, literature also reveals that work engagement which came from job satisfaction is derived from effective talent management practices, which results in lower employee turnover and productivity of the organization. CIPD (2008) report reveals that now organizations are placing more importance in talent management which results in more job satisfaction and engagement. Hewitt survey revealed that almost half of the companies studied planned to increase or sustain employee learning, engagement and development budgets through management of its talent during the economic slowdown (Beechler and Woodward, 2009).

Important element of talent management is total reward management which enables employees to be contented and satisfied at workplace four times leading to employee engagement and organizational success, furthermore 82% claims that employee recognition enhanced their job performance. According to the Corporate Leadership Council (2004), "when done well, practices that support talent management also support employee engagement".

Association between Talent Management and Employee Retention:

Retaining talented employees is the priority of many organizations and it is the key differentiator of human capital management .Major companies today are facing the challenge of retaining their talent competes in the global markets (Schuler et al., 2011; Scullion et al., 2010; Tarique & Schuler, 2010).75% of Chief Executive Officers agree that managing the organizational talent is their key priority (CIPD, 2010). People, intellectual capital and talent are ever more critical to organizational strategic success (Frank & Taylor, 2002). Talent management is a tool to strengthen organizational capability through performance management, talent development and succession planning and career planning which eventually lead to organizational success (Iles, 2007).

Talented employees leave the organization if they are not satisfied with the total rewards, leadership and organizational policies etc., These problems occur when proper talent management practices are not in place (Griffeth and Hom, 2001).

In spite of many endeavors by the organization to retain its talent, many employees leave their jobs. Some turnovers are unavoidable. Organizations always try to manage low job satisfaction, poor supervision or pay issues to make sure there are no avoidable turnovers. Research also revealed that decline in employee turnover rates are related to sales growth and improved employee morale. High standard HR practices contribute to company's profitability and market value and decreasing employee turnover rates (Batt, 2002). Organizational performance has negative impact on employee turnover (Shaw et al., 2005). Pay levels and employee satisfaction are important predictors of individual turnovers (Griffeth et al., 2000).

Association between Talent Management and Employee Value Addition:

Employee skills and capabilities that adds varying degrees of value to the organization, hence the "everybody counts mantra" is an overly simplified view of organizational talent. Ultimately, this is where talent management differs from other human resource approaches. Talent management is concerned with identifying the core designation arrangements which have the prospective to differentially effects on the organizational competitive advantage and consecutively, fill these with "A performers" (Huselid et al. 2005).

Talent management deals with identifying the right people for the organizational vacancy positions which are prospective towards providing competitive advantage and fill with the people who deliver results (Huselid et al. 2005). Employee skills and competencies add different value to organization, hence every employee counts (Lepak and Snell, 2002) in contribution of organizational results.

Talent management practice involves identifying right people who can help the organization in achieving its strategic goals and highlighting what competencies are required for the success of organization. Some researchers (Collings and Mellahi, 2009) found that focus on specific talented employees will give an organization the required competitive advantage. This is similar to the Exclusive Positions perspective of talent management which seeks to fill "A positions" with "A players", fill support positions with "B players", and outsource "C players" (Iles et al, 2010).

Talent management adds value to the organization by filling the vacancy positions with suitable talented employee, which provide above average effect on organizational performance (Boudreau and Ramstad, 2007). It also claimed that knowledge management in combination with the talent management will add competitive edge and positive implications for modern organizations in terms of revenue increase (Vance and Vaiman, 2008). There is evidence available that the knowledge workers solve complex problems of the organization and makes strategic decisions (Cross and Prusak, 2002).

Association between Talent Management and Organizational Performance:

Companies recognized that strategically aligned talent management practices will help the organization in achieving its goals. This is the reason 73% of the executives in United States of America agree on the positive relationship between talent management process and business strategy to obtain the success of the organizations. (Boudreau & Ramstad, 2007)

Talent management can provide competitive advantage to organizations, organization's talent injects capabilities that are very difficult for competitors to benchmark and replicate. More than any other asset, talent provides the potential for long-term competitive advantage (Lawler, 2008).

73% Of Executives in USA agrees on the positive relationship between talent management and business strategy to obtain the success of the organizations (Ballesteros et al, 2010). It means that companies recognize the importance of talent management integration with business strategy to get organization excellence.

Talent management is important when the firms would like to build winning teams which will be formed by talented people (Davis et al, 2007). They can use this teams to solve problems or weaknesses in their organization because they have competent and experienced people in this fields. If a firm wants to be successful, it must invest in talent management of their workers to obtain some conditions in the company like good business environment (Snell, 2005)

III. DISCUSSION AND CONCLUSION

Above literature review provide the required empirical evidence that talent management helps the organization in achieving employee engagement, retention, value addition and organizational performance. Consequently, every organization must adopt talent management strategy of optimizing talent attraction, retention, and development. Other than recruiting talents that fit the required skills, it is of high importance to build goals that are based on strategy, conduct performance against these goals, and provide feedback to the performer to give a sense of common direction (Lawler, 2008).

Talent management initiatives will make employee more committed and engaged with their job to produce maximum returns. All the levels of management must be involved in the management of talent which will motivate employees and encourage them further if the total rewards are attractive and social recognitions and self-development opportunities. Thus, talent management enables employees to be motivated consistently and keep their morale upbeat. Employee turnover is very dangerous for the organizations as there won't be consistency in the people contribution to organization if they leave the organization frequently. In refraining turnovers organizations need to understand different types, the nature of employee turnover, costs and its effects on the organization. Sometimes turnover is beneficial to organization by eliminating wrong employees and reducing the cost of the organization. It's important for the HR managers to implement proper systems in managing employee turnover and retaining its best talent (Ringo et al., 2010).

In conclusion, all modern organizations have realized the importance of attracting, developing and retaining their talent to survive in the competitive market. Companies have talent war to grab the attention of talented workforce. It is talent management that enables the organization in improving employee engagement, commitment, retention, value addition that is leading to improved organizational performance. Talent Management is the rare capacity of organization to continuously generate and optimize talent resources needed to for the successful achievement of strategic goals and performance. The main focus of modern organizations is talent management and talent development in the area of technical and managerial abilities can make difference to organizations in gaining competitive advantage. HR departments first must focus on assessing the skills the organization requires to implement the recruitment and training strategies. Secondly talent management strategy must be aligned with the organizational strategic choice. It is the big challenge of talent management is not to give importance to talent, but it is to link talent management practices with the business strategy.

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