

CHAPTER 2

LITERATURE REVIEW

Introduction

The importance of talent management and talent engagement has grown beyond the boundaries of the human capital management (HCM) discipline. Businesses globally have acknowledged that talents are the key determinant factor for the success of organizations as they provide organizations with the needed business edge (Conaty & Charan, 2011). This phenomenon reiterates the suggestion of Lawler III (2008) that talent matters because talented employees can bring about the required change, high performance and innovations for organizations. This matter is related to the findings of Nyces and Schieber (2001) on the struggles of organizations in getting the essential employee engagement for the organization. Engaged employees have been found to display dedication in their work and inclination to stay with the organization (May, Gilson & Harter, 2003; Schaufeli & Bakker, 2004). As such, this chapter shares on the importance of talent management and talent engagement including the related literature reviews on the constructs of the study; namely, psychological empowerment, job engagement, organization engagement, job satisfaction, dedication and the intention to stay. A short philosophical perspective is also included to understand the study relation to knowledge development.

2.1 Philosophical Perspective of the Research

Johnson and Duberley (2003) have noted that positive social science has access to factual and certain knowledge that could be used to reform societal behaviour. It is the

belief of positivists that evidence from empirical-based research will lead to the discovery of laws in causal and predictive form. This, in turn, would facilitate human intervention to either adjust or change social conditions to achieve desired outcomes. In this study, the empirical approach is a positivist method that is used to measure and understand the relationships among psychological empowerment, job engagement, organization engagement, job satisfaction, dedication and the intention to stay. The positivist approach is generally quantitative-based because it involves scientific processes that will strengthen the validity of findings and subsequently acceptance as contribution to knowledge. Through this approach, it is expected that the results for this study would provide both theoretical and practical implications.

As the study analyses dynamic human capital matters, it will not have a pure objectivist view of epistemology. This is simply because, to achieve value adding findings into the heart of the topic, one cannot take on the assumption of accessing the external world objectively through a theory neutral observational language (Johnson et al., 2003). This assumption would cause the development of internal immunisation from all other surrounding and affecting factors. Neither does the objectivist view of ontology applies here because human capital issues are influenced by both internal and external factors where an independent social and natural reality existence would be deemed incoherent. Moreover, knowledge can be sourced from many angles or source, be it value propositions, experience or wisdom. Nevertheless, this study is receptive to the assumption of subjectivist ontology highlighted by Johnson and Duberley that *what we take to be reality is an output of human cognitive processes* (p.180).

2.2 Reviews on Related Literature

2.2.1 Talent Management

Talent management is a professional term that gained popularity in the late 1990s. According to Cappelli (2008), talent management is a strategic subset of human capital management that incorporates how companies drive performance at the individual level. Generally, talent management has been noted to have two meanings: the management of *high-worth* individuals and the general management of talent as everyone is deemed to have talent that should be identified and liberalised. As a concept in itself, talent management is difficult to define; it can be viewed from a number of perspectives, each giving different interpretations.

As noted earlier, there seemed to be many interpretations of what talent management is. Lewis and Heckman (2006) perceive talent management in three different lights: as a mindset, a key component to effective succession planning, and an attempt to ensure everyone at all levels works to the top of their potential. Talent management is also an evolving process that can be linked to competency-based human resource management practices that include knowledge, skills, experience and personal traits. In the study by Cohn, Khurana and Reeves (2005), the American company called Tyson Foods embarked on a leadership development and succession planning drive called *talent alignment and optimisation* or TAO. Through TAO, all leaders of the company have to strike a balance between the supply of talent (*rising stars*) and the demand for talent (*critical positions*). High potential managers are nurtured with the necessary skills to execute current strategies as well as challenging them with career possibilities towards

complex roles. With the current scenario on human capital, new hires of certain competencies would see an integrated set of training to complement and reinforce their competencies, and compensation programs tie to the performance management process. The identification of talented employees is then linked to learning and development, performance and competency management, and succession planning.

In the context of Canada, talent is seen as highly qualified employees, both workers and managers, and skill excellence (Farley, 2005). Talent management is a human capital approach that must be continuously reviewed to find the best fit. This step is important because the business world is dynamic and talent management is unique to each organization. Through his analysis on the Canadian study, Farley advocates three themes for action: talent, research and capital – all with a common focus on people and excellence. The study shared that people turn great ideas into new products and services. People can also make strategic business choices that result in commercial success. Therefore, the talents in people must be identified and honed to achieve the required business results. Emphasis should also be put on research as it is believed that, it is through research that creative ideas and innovation take place. Thus, when people are given ample encouragement to participate in research, they will in turn become engaged in research. Subsequently, there will be opportunities where ideas can be tapped and those with commercial potentials be capitalised on. The third theme on capital relates to the complementing resources that assist the materialisation of each business process step towards successful commercialisation. The integration of these three themes is important to drive organization-wide collaborations and to create the

crucial organizational value propositions that competitors are not able to copy or understand (Mucha, 2004).

The importance of talent management is reiterated by the European Intelligence Unit survey stating that chief executive officers spend almost 50 percent of their time on talent management (Harter, 2001). This focus is essential as Axelrod, Handfield-Jones and Welch (2000) found that 89 percent from their survey of 6,900 managers faced difficulties in attracting talented people while 90 percent of their respondents cited challenges in retaining talents. Harter opines that the management priority on talent is expected as it is through talent management that the talent of employees can be optimised to improve strategy execution and operational excellence significantly. Moreover, talent management is unique to each organization due to the different setup and purpose. Thus, the system and practice of talent management ought to be designed according to the unique blend of respective strategy, people, culture and systems (Ready and Conger, 2007).

Lewis and Heckman (2006) argued that talent management must be coherently clarified and complemented with leadership practices if the term is to be of value. They perceive that talent management should be peer reviewed with empirical research-based findings to derive the necessary impacts from human capital practices. This issue can be addressed by having meaningful metrics that have the potential to markedly improve organizational talent decisions. The paper by Lewis and Heckman (2006) also highlighted various practitioners' thoughts on talent management and gave insights into

who could our talented employees be. There is the belief that talent management could be from a mindset when it is related to talent groups or a key component to effective succession planning. Alternatively, talent management could just be a generic view of talent where everyone at all levels is considered to have talent where organizations are encouraged to maximise respective potential for business niche.

Glen (2006) in his research found that key skills retention, employee motivation and attendance are key issues that impact directly on organizational costs, productivity and business performance. In this connection, companies must take holistic views of business elements that impact the said factors. Some of the listed business elements are organizational process, role challenge, values, work-life balance, information, work environment and product / service. With today's highly competitive environment, it is crucial organizations recognise their key talents as they thrive on experience-based career leverage opportunities for their competency and work meaningfulness (Wilcox, 2005). Besides, Glen (2006) also advocated that the value of assessment and feedback in talent engagement and retention for individuals is best viewed broadly and holistically. This approach should be carried out with a clear view of the link between analysis, assessment and development for employee engagement and key skills retention.

Besides, Fleming and Asplund (2007) advocated that performance of talents are a function of talent, motivation and experience, perceived leadership, and access to the right resources (materials and equipment) to do assigned task. The authors also deduced

that “...talent, employee engagement, and experience are interrelated, and together have multivariate relationship to performance” (p.263). An important point found in talent management studies is that talent engagement is measurable and can yield significant savings. Vance (2006) noted the findings of SHRM Foundation on Molson Coors, a beverage company, that its engaged employees performed seven times better in lost-time through safety incident than non-engaged employees. The strengthening of talent engagement at Molson Coors enabled the company to record a savings of US\$1,721,760 in safety cost in 2002. The collective performances of talents in an organization would in turn facilitate its ability to be competitive. This finding supports the growing phenomenon placed on managing the supply and capabilities of employees to achieve optimal business performance.

There is also an increasing trend that organizations compete through talents (Boudreau & Ramstad, 2005). This phenomenon supports the suggestion of McKinsey (2000) that human capital practices should segment talents accordingly to deploy human capital strategically, pointing to an influencing role on strategic decisions on human capital vis-à-vis strategic business planning. Boudreau and Ramstad also shared four pertinent questions that shape the understanding and definition of who a talented employee is. The first question relates to understanding where organizations should strategically place their talents so that they can be more competitive than their competitors. The second question requires introspection of organizations to reflect on what new business ventures that they may have strategic advantage because of their talents. The third question looks at the need to identify talent gaps to close in order to sustain competitive

advantage. The final question propagates the need to ascertain where a change in the availability or quality of talent would have the greatest impact.

Additionally, Boudreau and Ramstad (2005) revealed that human resource (HR) measurements such as HR scorecards, HR financial reports and ROI on HR programs seldom influence key business decisions. The authors argue that the measures hardly provide any indication on how well a company fare against its competitors in creating competitive advantage through people. Professional practices alone do not systematically address the increasing complexity of talent markets and decisions to today's competitive challenges. They suggested the emphasis on three elements; namely impact, effectiveness and efficiency to support talent management efforts. It was their aim to make organizations aware of the need to embrace and build new decision-based paradigm in human capital management.

The opinion of Boudreau and Ramstad (2005) concurred with the study of Michael, Handfield and Axelrod (2001). They found that the war for talent was a strategic business challenge and a critical driver of corporate performance. Accordingly, organizations need to take cognisance of the strategic importance of human capital due to the enormous value that better talent creates. The authors also talked about creating a winning employee value proposition and strengthening talent pool by investing in "A" players, developing "B" players, and acting decisively on "C" players. "A" players refer to top talents while "B" players are the potential talents and "C" players are the under-performing employees.

Ashton and Morton (2005) were of the opinion that organizations should take systematic approach to talent management by aligning talent management strategies to business goals, integrating all related processes and systems, and creating a talent mindset in the organization. This study addressed the McKinsey's research which showed that 75 percent of corporate officers were concerned about talent shortages while Deloitte (2006) reported that retaining the best talent is a top priority for 87 percent of their survey of HR directors. Cohn, Khurana and Reeves (2005) related talent management as a succession planning because they believe that businesses must have talent fit; that is, having the right people in the right roles to address global business challenges. The researchers attested that without the focus on leadership development, companies may make the wrong decision of promoting untested and unqualified junior managers. They advocated that managers should be evaluated and promoted according to their contributions to the organization. Cohn et al. also found that many leaders have the biggest misconception of believing that leadership development is a job for the HR department. The researchers explained how Tyson Foods in the United States embarked on a leadership development and succession planning drive that enabled all leaders of the company to strike a balance between the supply of talent (*rising stars*) and the demand for talent (*critical positions*). They believe that growing talents if planned strategically has the possibility of being developed into a niche organizational value proposition that cannot be easily emulated.

Interestingly, Ashton and Morton (2005) found that there are five different talent management perspectives that are operationalised differently through HR practices. The

five perspectives are process, cultural, competitiveness, developmental and HR planning as indicated in Table 2.1. The process perspective is driven by the people management process to optimise human resources within an organization while the cultural perspective is driven by aligning the talent resources available in the organizations. In the case of competitive perspective, the authors suggest keeping talents away from competition. The key reason is that intellectual property that rests within each talent provides the needed competitiveness for each organization against other organization. As for the fourth perspective, the development of high potentials must be timely and on-going. The fifth and final perspective on HR planning requires the crucial practice of bringing in or having the right people in the right job at the right time. Ashton and Morton claim that among the five perspectives, the culture of an organization has the strongest relationship with talent management. The reason for this is that talented individuals are likely to choose to work for organizations whose culture is closely aligned to their personal values.

Table 2.1
Different Perspectives on Talent Management

Perspective	Driver
Process	People management processes to optimise people within an organization.
Cultural	Talent is believed to be critical for success.
Competitiveness	Keep talent away from competition because intellectual property is everything.
Developmental	Accelerate the development of high potentials.
HR planning	Ensure right people in the right jobs at the right time.

Source: Ashton and Morton (2005)

However, Ready and Conger (2007) in their research found that organizations generally assert the importance of obtaining and keeping the best people as a major priority. This matter is made intense with the global demographic shifts. The authors postulate that organizations are now focusing on being lean by integrating functions to address evolving business needs and achieving vitality. This lean focus would require organizations to develop and retain key employees as well as to fill positions properly. Ready and Conger attest that this “functionality” goal is related to the initiatives of organizations in establishing rigorous talent processes to support strategic and cultural objectives. Vitality, on the other hand, indicates the emotional commitment of management in their daily actions. Other findings of Ready and Conger (2007) were that, Proctor & Gamble (P&G) practices elaborate systems and processes to deploy talent while Hong Kong and Shanghai Bank Corporation incorporates talent processes into the company’s DNA.

In managing talents, Cappelli (2008) suggests that it is a matter of anticipating the needs of human capital and planning them. He believes that talent management is not an end in itself, neither is it about developing employees or creating succession plans. Instead, he opines that the management of talented employees supports the overall objectives of organizations. Accordingly, talent management choices require the understanding of the costs involved as well as the associated benefits. Cappelli also attests that talent management is a perishable commodity that requires balancing the interests of employees and employers through the advancement of decision sharing.

Talent management in essence is about making the capabilities of employees match with their commitments. The key aim is to mobilise an organization's manpower, the sole source of value and competitive advantage to achieve its current and future targets. The importance of ensuring that the capabilities of employees match current and future commitments can be achieved through three core processes: understanding what employees do, deploy employees strategically, and ensure that employees can do more in the future. The reason is simply because employees would be willing to invest more if they can see the returns to their efforts. This means that organizations need to understand their employees as much as they would for their customers. It is thus essential that leaders of organizations make the leap to inculcate inspirational and engaging leadership style to cultivate talent engagement. Through the above discussions, it is noted that employee engagement (Saks, 2006; May, Gilson & Harter, 2004) and psychological empowerment (Spreitzer, 1995) are important enablers for talent management to achieve organizational performance and competitiveness.

Despite that, there have been constant cases of mismatch between the opportunities that people are provided with and what they want from work. The crux of the issue has always been the need to realign the said matters so that organizations can capitalise onto willing investment of discretionary efforts by people in general, and tap into their commitment and energy for the desired business outcome. The insensitiveness of the provision of opportunities would deprive people of the psychological elements of meaningfulness as advocated by Kahn (1990). When employees are frustrated with the organizational work climate, the psychological issues of competency, self-

determination and impact would be glaringly missing to make things happen. As postulated by Quinn and Spreitzer (1997), the inculcation of psychological empowerment facilitates the increment of employees' sense of personal control and brings about the sense of engagement at work. Consequently, positive talent outcomes would be observed. Therefore, when employees experience an empowering workplace that fosters a match between their expectations and working conditions, they would display more engagement in their work.

2.2.2 Talent Engagement

Talent engagement that is akin to employee engagement, is a practice that relates to the initiatives in engaging employees to their work / jobs as well as retaining them (Saks, 2006; Kular et al., 2008). This term highlights the concerns of senior leaders in driving high performance by engaging employees and retaining the right people as a long-term business strategy. Talent engagement is also about evaluating the cost implications, the impact on productivity and long-term business consequences. The engagement and retention of the best employees through talent engagement is perhaps the key to employees' dedication, productivity, the inclination to stay and achieving strategic business goals of organizations (Bux & Ong, 2009). Besides, high levels of employee and executive engagement have been noted to drive superior business performance (Aguirre, Post & Hewlett, 2009). Human resource researchers such as Boudreau and Ramstad (2004), Cappelli (2008), Conaty and Charan (2011), Lawler III (2008) and Maxwell (2007) have advocated the importance of leading organizations in taking holistic approaches to improve and sustain employees. This step also enables the

organizations to execute employee engagement strategically in their businesses especially during times of significant change. Schaufeli, Salanova, Gonzales-Roma and Bakker (2002) have found energetic and effective connection of engaged employees in their work. They also noted that engaged employees have the tendency to display the ability to deal well with the demand of their jobs.

The suggestion of achieving employee engagement through meaningfulness as advocated by Kahn (1992) is illustrated in the case study of WD-40. In this case study, employees in WD-40 are encouraged to be direct and honest with the management. Their directness and honesty would enable the management to consider the best possible way of providing them with an environment where they can learn, be challenged and rewarded for taking a risk. Talent engagement also means developing and implementing an employer-of-choice strategy with a score-carding process that supports business objectives (Welbourne, 2007). This statement reflects the transformation processes that are being undertaken among the GLC (PCG, 2009). Additionally, Lockwood (2007) found that engagement is linked to organizational performance. Her research at a beverage company indicated that engaged employees were more safety conscious with lesser lost-time safety incident due to their behavioural display of dedication to their work and organization.

Rutledge (2005, p.78) defined engagement as “a state of being that grows the employee, lifts the employee to the next level, energises and galvanises, as well as aligns and catapults the employee.” This opinion resonates the thoughts of Kahn

(1992), Buckingham and Vosburgh (2001), Jamrog (2004) as well as Luthans and Peterson (2002). Furthermore, Feather (2008) advocated that by prioritizing the measurement strategy in organizations, human capital leaders can demonstrate to leadership the impact talents have on the business. She also highlighted that investment in internal processes and programs can boost engagement that ultimately translates into business results. She found that the human capital function will derive more benefits and importance as more organizations recognise the value of measuring employee engagement to evaluate and optimise their workforces. This is simply because human capital will then become a more strategic function than it was in the past.

Based on the current business scenario of wanting to do more with less by focusing on core competencies and producing timely output, it becomes more critical that organizations understand the engagement of employees. Talent engagement is likened to employee engagement whereby employees are provided with choices that would enable them to be enthusiastic about work and to perform in ways that further the interests of organizations. Hence, this study proposes that engaged employees in general would have a strong bond with their organizations. As such, when employees are provided with diverse challenging tasks and complemented with due choices, they would reciprocate by becoming more dedicated and productive through experience. This behavioural outcome could well relate with the elements of social exchange theory (SET) as pointed out by Saks (2006).

In the Asia-Pacific overview on employee engagement, it was reported that only 29 percent of employees are actively engaged in their work (Blessing White, 2008). This

finding concurs with Crabtree (2005) that engaged employees are passionate about their work and they have profound connection to their organizations. Crabtree also reports that highly engaged employees believed they have positive impacts on their organizations. His computed ratios for the positive relationship between engaged employees and the belief of positive impacts are as follows: 84 percent on the quality of their organization's products, 72 percent on customer service, and 68 percent on costs in their job or unit. Konrad (2006) found that approximately 67 percent of the business units that scored above the median on employee engagement also scored above the median on performance. She revealed that employees that are not engaged would just go through each workday putting time minus the crucial element of passion into their work. Engaged employees therefore do display reciprocal behaviour and confirms Saks' (2006) suggestion that SET appropriately explains the extent of employee engagement.

In another study, the Hay Group (2002) noted that employee engagement is associated with people demonstrating willingness to recommend their organization to others and commit time and effort to help the organization succeed. It suggests that intrinsic factors such as personal growth, working towards a common purpose and being part of a larger process are prime people motivators compared to extrinsic factors such as pay or reward. This opinion is reiterated by Tan Sri Ramon Navaratnam, chairman of the Malaysian ASLI Centre of Public Policy Studies (Sidhu, 2010). He said that Malaysia needs to implement the retaining and attracting top talent ideas quickly; otherwise a credibility gap would occur. Furthermore, he emphasised that retaining and attracting

top talent is “no more a question of salary but the whole environment from social to the way of life that must be looked at holistically” (Sidhu, 2010, p.16). Similarly, Wilkinson (1998) advocates that employees’ voice and empowerment when used in tandem could bring about high performance.

In addition, Hay Group (2002) found that offices with engaged employees recorded a 43 percent increase in productivity. Seijts and Crim (2006) concur that companies with highly engaged employees recorded a gap of 52 percent difference in operating incomes over companies with low engagement scores. The authors noted that the engaged account executives at New Century Financial Corporation, a U.S. speciality mortgage banking company, produced 28 percent more revenue than their actively disengaged colleagues. These findings support the opinion of Ryan and Deci (2000) that employees’ productivity is clearly associated with employee engagement. As such, an essential factor for effective human capital management is the creation of an organizational environment that encourages employee engagement.

Rutledge (2005) postulates that engaged employees are tomorrow’s competitive advantage. He attests that the engine that powers engagement is within every employee. Based on the outcomes of his field studies and observations, he notes that engagement consists of three states of an individual’s mind; the first is the state of being attracted (“I want to do this”), the second state is being committed (“I am dedicated to the success of this”), and the third state is being fascinated (“I love doing this”). Rutledge advocated that these three states of mind must be present if employees are engaged in

organizations. Hamilton and Norrie (2003, p.189) added that in their following statements:

“People are attracted to possibilities. They commit to committed leaders. And when they have freedom to perform at their best, authority commensurate with their responsibilities, and when they’re trusted to be capable professional, then they’ll be fascinated with their work [sic].”

According to Saks (2006) and Rutledge (2005), employee engagement is different from job satisfaction. Rutledge (2005) illustrated that engaged employees are more productive than satisfied employees, and that productivity is seen when the quantifiable contributions of an employee to organizational results are greater than the quantifiable costs of the employee. He notes that employees reject being treated as commodities in the workplace. The author also highlighted that jobs are not the engaging factor, employment experiences are. Moreover, Rutledge attest that employment experiences come from job processes (*the “how”*) not job content (*the “what”*). This is because the job content is the same no matter who the performer is. In contrast, job process is subjected to who the performer is, the degree of autonomy, and the availability of choices that are inherent in the job. Rutledge suggests that the availability of many processes in the job would bring about many opportunities for employee engagement as that is when the performer brings in respective individuality and interpretation. In essence, the main difference between a job and an employment experience is perhaps employee engagement.

2.3 Defining the Engagement of Talents, Job Satisfaction, Psychological Empowerment and Talent Outcomes in the research context

2.3.1 The engagement of talents

Talent engagement as with employee engagement is a complex equation that reflects each individual's unique personal relationship with work (Fleming & Asplund, 2007). Kahn (1990) has conceptualised engagement as the harnessing of selves to work roles. Accordingly, engaged individuals employ themselves cognitively, emotionally, and physically when performing their roles. Frank and Taylor (2004) as well as Seijts and Crim (2006) viewed it as the application of discretionary effort for the organization's advantage. Through the statements above, I postulate that there are both macro and micro influences in the process of engaging talents. From the macro or organization perspective, the influencing factors could be in the form of providing resources, tools or overall workplace environment. On the other hand, the micro or individual perspective refers to individuals establishing a thriving personal connection with work and carving a satisfying future in the organization. This means that the engagement of talents can be viewed in two angles; namely, job engagement and organization engagement as suggested by Saks (2006).

According to Thorpe (2008), the Conference Board of Canada defines employee engagement as a heightened emotional and intellectual connection that an employee has for his or her job, organization, manager, or co-worker. This would in turn influence the employees to apply additional discretionary effort to his or her work. Talent engagement also represents an alignment of job satisfaction with job contribution.

Towers Perrin (2003) explains employee engagement as the extent to which employees put discretionary effort into their work, in the form of extra time, intellectual thoughts and energy. The essence of the two interpretations is reiterated by Rutledge (2006, p.84) who opines that engaged employees are “inspired by their work, committed to their work, and enthralled with their work.” In addition, engagement has also been defined as the extent to which people enjoy and believe in what they do, and feel valued for doing it (Development Dimensions International, 2006). The Gallup Organization (2008), on the other hand, defines employee engagement as the involvement with and enthusiasm for work. Hewitt Associates (2005) interpret engaged employees as people who stay, say and strive for their organization. Stay means employees have an intense desire to be part of the organization, while say refers to their willingness to advocate for the organization by referring potential employees and customers. Strive shows that engaged employees would exert extra effort and engage in behaviours that contribute to business success. In a related context, Schaufeli, Salanova, Gonzalez-Roman and Bakker (2002, p.74) define work engagement as a “positive, fulfilling, work-related state of mind that is characterised by vigour, dedication and absorption.”

Although engagement has been defined differently by organizations and researchers, there are generic opinions about engagement. Some of the commonalities of engagement are: employees’ satisfaction with their work, pride in their employer, and employees enjoy and believe in what they do for work (Cattueuw, Flynn & Vondeerhorst, 2007; Ferrer, 2005). Engaged employees generically have a sense of energetic and effective connection with their work activities. They are also active agents who take initiative at work and generate their own positive feedback loops

(Cheese, Thomas & Craig, 2007). In short, the greater an employee's engagement, the more likely the employee will go the extra mile and deliver excellent performance. As explained earlier, there are indications of the need to understand employee engagement in specific perspectives. Therefore, in the context of talent engagement, I concur with the suggestion of Saks (2006) to examine this concept in two different angles; namely, job engagement (JE) and organization engagement (OE). This opinion is supported by the findings of Saks (2006) that JE and OE have different implications to organizations.

One should not confuse engagement with commitment as both terms connote different meaning. The study of Maslach, Schaufeli and Leiter (2001) has shown that job engagement is distinct from commitment and job satisfaction. According to the authors, commitment refers to the attitude and attachments of employees towards their organization. Steers (1977) attests that commitment is also the strength of identification an individual has with an organization. On the other hand, job satisfaction is the extent to which work is a source of need fulfilment and contentment (Maslach et al., 2001). They explained that job satisfaction does not encompass the person's relationship with the job (work) itself. Conversely, job engagement is basically about the degree to which individual employees are attentive and absorbed in the performance of their roles. Engagement is also about how individuals employ themselves in the performance of their job (Kahn, 1990; May, Gilson & Harter, 2004). Gray and Watson (2001) postulate that engagement is a reflection of an employee's current state of mind in the immediate present as distinct from commitment that is a personality trait with durable disposition. Bakker and Xanthopoulou (2009) agree with this opinion as they found that

engagement is a state that fluctuates on a daily basis. Hobson (2007) attests that employee engagement builds on the commitment to account for the effort included beyond commitment. Engagement may be referred to as affective commitment which according to Allen and Meyer (1991) indicates the strength of employees' identification with their organizations. Engagement is a behaviour that drives employees to put in extra effort to go above and beyond. Engaged employees are also observed to be adaptive, innovative and display proactive behaviours. In general, engagement relates to the confidence of employees in respective capabilities and effectiveness as well as the energetic state that employees portray in their dedication for excellent individual and organizational performance (Naude & Rothmann, 2006).

Consequently, employees who are engaged in their work and committed to their organizations have been noted to give their organizations crucial competitive advantages – including higher productivity and lower turnover (Ashton & Morgan, 2008). The essence of this statement is emphasised by business consultant and former General Electric CEO, Jack Welch (2006) who cited that the three best measures of a company's health are employee engagement first, followed by customer satisfaction and free cash flow. Welch and Welch (2006) attest that no company, large or small, would be able to win over the long run without energised employees who believe in their organization's mission and understand the how to achieve the mission. These opinions were supported by the engagement findings at the Molson Coors brewing company (Vance, 2006). He shared that engaged employees were five times less likely than non-engaged employees to have a safety incident and seven times less likely to

have a lost-time safety incident. According to his findings, the average cost of a safety incident for engaged employees was US\$63 compared with an average of US\$392 for non-engaged employees. Engagement was also noted to improve sales performance at Molson Coors. In the same study, software giant Intuit reported that its highly engaged employees were 1.3 times more likely to be high performers than less engaged employees. The former were also five times less likely to leave the company. These results demonstrated the dedication of employees and their propensity to stay with the organization when they are engaged in their work.

In the context of this research, talent engagement is treated as managing discretionary effort because when identified talents believed they are empowered with choices, they would perform in ways that could add value and contribute more to the performance of their organizations. Furthermore, the three traits of engaged employees by Rutledge (2006) namely inspired, committed and fascinated were reinforced and reiterated by the engagement elements of Schaufeli et al. (2006), namely vigour, dedication, absorption, and professional efficacy. Talent engagement as implied by Ryan and Deci (2000) relates directly to the quality of working relationships with peers, superiors and subordinates. Similarly, a manager with interpersonal skills who coaches employee is also noted to be a significant factor for talent engagement (Baumruk, 2004). Besides, research has shown that the workplace culture of organizations that have been replaced with positive psychological conditions of meaningfulness, safety and availability have notable engaged employees (May et al., 2004).

In this research, the concept of talent engagement is used in parallel with employee engagement where the target of the study is individuals; namely the identified talents in organizations. It adopts Saks' (2006) idea of describing engagement in two parts; they are: job (work) engagement and organization engagement. Schaufeli et al. (2006) liken work engagement to the positive work-related state of fulfilment that is characterised by vigour, dedication, and absorption. In their research, they used the nine items of the Utrecht Work Engagement Scale (UWES-9) and found that work engagement can be conceived as the positive antipode of burnout.

As indicated earlier, Kahn (1990, p.694) defined employee engagement as "...the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively and emotionally during role performances." He adds that employing oneself in a role is an effort, whereas expressing oneself is creativity. Kahn made the assumption that employees' perceptions mediated work contexts that in turn, brings about conditions in which employees decide to personally engage or disengage. He identified three psychological conditions that affect the degrees of engagement; namely meaningfulness, safety and availability. Kahn has derived this definition and conclusion based on his studies of work roles and organizational socialisation in investigating the degrees to which people are occupied in their job roles. He noted that, when people are disengaged, they would disconnect themselves and withdraw from the assigned role. As such, engagement means psychologically and physically present when occupying and performing an organizational role. In addition, Truss, Soanne, Edwards, Wisdom, Croll and Burnett

(2006) likened employee engagement as passion for work, a psychological state that encompasses the three dimensions of engagement suggested by Kahn (1990). Rothbard (2001) defined engagement as psychological presence that involves two critical components; namely, attention and absorption. He explained that attention means cognitively available and spending time thinking about a role; while absorption refers to the intensity of one's focus on a role.

Engagement has also been defined as “one-step up from commitment” by Robinson, Perryman and Hayday (2004). This opinion is supported by Aon Hewitt (2011) as this consulting group when explaining the engagement concept also puts commitment before engagement. Aon Hewitt (2011, p.3) has defined commitment as “the extent to which people want to contribute to business success” while engagement refers “to the extent to which people will act and intervene to improve business results.” Saks (2006) pointed out that engagement focuses on one's formal role performance, and is the degree to which an individual is attached to their work and absorbed in the performance of their role. Definitions of engagement imply a longer-term and more holistic involvement in work tasks (Kahn, 1990; Holbeche & Springett, 2003; Kular et al, 2008). Kular et al. (2008) noted that Kahn was one of the influential researchers on engagement. Kahn begun his research by adopting the work of Goffman (1961) who proposed that “...people's attachment and detachment to their role varies” (Kahn, 1990, p.694). In addition, Kular et al. (2008, p.6) also pointed out that engagement is defined differently in different countries where national differences may play a part in what leads to engagement in the first place.

Hamilton and Norrie (2003, p.15) noted the definition of Peter Drucker on organization engagement as follows: “It is the willingness of people to give of themselves over and above the demands of the job that distinguishes the great from the merely adequate organization. An additional point to defining talent engagement is the opinion of Hamilton and Norrie (2003) who said that jobs are not the engaging factor – employment experiences are. The essential difference between a job and an employment experience is the possibility of engagement. This opinion emphasises the importance of the predictive variables of meaningfulness and impact in the psychological empowerment concept as described by Spreitzer (1995). A connection to the employment experiences for talent engagement is the job process. Job content is the “what” of the job; while job process is the “how”. Hamilton and Norrie attest that, the content is the same no matter who does the job, whereas the process may vary depending on whom the performer is, the degree of autonomy accorded to the employees and the availability of choices inherent in the job. As such, job process is peculiar to the performer. When one is given the opportunity to exert individuality and interpretation, there is opportunity for engagement. McLuhan (2001) in Hamilton and Norrie (2003, p.21) supported this opinion when he said “People seek roles, not jobs.” Even though in the managerial sense there are over-lapping of definitions and meanings of engagement with other psychological constructs, Saks (2006) advocates that engagement in the academic sense is a unique and a distinct construct focused on role performance through cognitive, emotional and behavioural components. Hence, this study proposes that there are two types of talent engagement; namely, job engagement and organization engagement.

2.3.2 Employee job satisfaction

Basically, employee job satisfaction indicates the degree of content an employee has with one's job (Locke, 1976). It relates to how an employee feels about his / her job, work environment, pay and benefits. Job satisfaction also refers to the extent employees approve of their respective employer (Porter & Steers, 1973). Despite a clear link, the cognition-based job satisfaction is distinct from motivation. Locke (1976) in Weiss (2001) defines employee's job satisfaction as a pleasurable emotional state resulting from the appraisal of his / her job. Employee job satisfaction is also likened as an affective reaction to one's job as well as an attitude towards one's job (Weiss, 2002). He cautioned that, although employee job satisfaction is an attitude, researchers need to distinguish clearly the objects of cognitive evaluation when examining job satisfaction as cognitions include emotion (affect), beliefs and behaviours. This step is important because we form attitudes towards our jobs through various considerations on our feelings, beliefs, and behaviours.

Mowday, Steers and Porter (1979) are of the opinion that job satisfaction is a transitory attitude that may have stronger influence on talent outcomes such as performance levels. They argued that job satisfaction could be seen from a broader context that includes individual's experience of work and the quality of working life. The main premise of employee job satisfaction is determined by the difference between what one wants in a job and what one has in a job. Mount, Ilies and Johnson (2006) believe that general self-efficiency as the belief in one's own competence, and the possession of internal locus of control as the belief in self-empowerment, could lead to job

satisfaction. The suggestion could well add value in the aspect of individual perspective to Spreitzer's four cognitions of meaning, competence, self-determination and impact in her concept of psychological empowerment.

Besides, job satisfaction has been noted by Bedeian and Armenakis (1981) to be associated with turnover intentions. In general, the researcher believes that job satisfaction indicates how employees feel about their jobs and respective employer. Employee job satisfaction can also be related to work behaviours such as intention to stay and dedication (Saari & Judge, 2004). Conversely, if employees experience dissatisfaction in their work, they would subsequently express their intention to leave (Porter & Steers, 1973). The investigation by Porter, Steers and Mowday (1974) indicated that the relationship between job satisfaction and turnover intention were strongest when an individual is about to leave the organization. Mobley (1977) also found a significant and consistent relationship between job satisfaction and intention to stay. Job satisfaction is noted to be different from employee engagement (Saks, 2006). The reason being is that, employees who are engaged in their work are more productive than those who are merely satisfied. Hence, this study proposes to examine the relationship between talent engagement and job satisfaction. In the context of this research work, employee job satisfaction is examined as a possible mediator between talent engagement and talent outcomes that comprise of dedication and the intention to stay.

2.3.3 Psychological empowerment

Empowerment means unlocking the potential of employees in organizations. In the context of the psychological empowerment of Spreitzer (1995), it basically refers to intrinsic empowerment. Empowered thoughts lead to empowered actions when individuals work in an organization that encourages risk taking and fosters the potential of its human capital (Dickson & Lorenz, 2009). Psychological empowerment is also a positive element of Occupational Health Psychology. For engagement to occur, the organization must provide the latitude and potential for intrinsic empowerment. Smitley and Scott (1994, p.45) defined empowerment as:

“...individual initiative – creative thought and courageous actions – willingly transferred in an organizational environment that nurtures the expansion of one’s responsibility, decision-making and influence.”

Drucker (1988), Kanter (1989) as well as Thomas and Velthouse (1990) describe psychological empowerment as a construct that deserves further investigation. The widespread interest in this concept was due to the intense global competition and changes that require employees’ proactive role to create the business niche. When employees feel empowered, the whole organization wins. Spreitzer (1995) explains psychological empowerment as an individual perspective of the given empowerment and it focuses on individuals’ psychological experience of that empowerment. She has defined psychological empowerment as a motivational construct manifested in four cognitions; namely meaning, competence, self-determination, and impact. Spreitzer adopted the definition of meaning from Thomas and Velthouse (1990). Accordingly, meaning is “...the value of a work goal or purpose, judged in relation to an individual’s

own ideals or standards,” (p.1443). Competency that is likened to self-efficacy is about an employee’s belief in respective capability to carry out an assigned task skilfully. Self-determination, as postulated by Deci, Connel and Ryan (1989) relates to whether an employee feels he / she has the choice to do a task. Ashforth (1989) as in Spreitzer (1995, p.1444) explains impact as “...the degree to which an individual can influence strategic, administrative or operating outcomes at work.” However, there was limited discriminant validity in Spreitzer’s (1995) findings. Hence, there arisen the need to examine psychological empowerment in different settings as well as the construct’s other consequences at the workplace.

2.3.4 Talent outcomes

Lockwood (2007) found that employees with high level of engagement performed 20 percent better and were 87 percent less likely to leave the organization. She noted that initiatives to strengthen employee engagement in a beverage company resulted in the safety cost savings of \$1,721,760 in 2002. These results indicated the dedications of employees and their high intention to stay. Hence, I propose that these two talents outcomes be examined in this study. Similarly, Watson Wyatt Worldwide (2003) in Konrad (2006) reported that organizations with loyal and dedicated employees out performed organizations with lowly engaged employees by 47 percent and 200 percent for the years 2000 and 2002 respectively. This study also highlighted the importance of perceptions of the ethos and values of the organization by employees. These perceptions that are related to the meaningfulness concept of Kahn (1990) and Spreitzer (1995) have been found to be key drivers for employee engagement (May et al., 2004). Harter, Schmidt and Hayes (2002) suggested the relationship of employee engagement

with employee satisfaction and business outcomes. These positive suggestions on the outcomes, processes and attributes of organizations and their employees are related to the growing positive psychological organizational initiatives of many organizations today. The willingness of human resources to provide discretionary effort above and beyond the ordinary has become critical in today's highly competitive landscape (Brewster & Suutari, 2005). They found that a positive correlation exists between an engaged workforce and improved business performance of an organization.

As indicated earlier, employee engagement was found by Ryan and Deci (2000) to have direct reflection of how employees feel about their relationship with their management. This is reflected by their job satisfaction, the dedication in their work and their intention to stay. The authors suggest that if employees' relationship with their managers is fractured, then no amount of perks will persuade employees to perform well. This reinforces the importance of psychological meaningfulness as advocated by Kahn (1990) and Spreitzer (1995). Seijts and Crim (2006) highlighted that employees' attitude towards the job's importance and the company had the greatest effect on customer service. This simply means that there is the need to understand what drives employees towards how they react to a situation. This understanding is important as employees' responses would affect their level of engagement, job satisfaction, intention to stay, and dedication to the organization.

Generically, there is consensus that a work environment that enables employees to grow and develop facilitates engagement (Benson, 2006; Jamrog, 2004). This supports Garber's (2003) findings that access to personal growth and career opportunities are

key engagement determinants for high potential groups. As a consequence, this phenomenon if complemented with employee's job satisfaction could bring about desired outcomes such as intention to stay and dedication to one's work. Besides, growth in employee engagement has been noted to enhance employees' intention to stay (Corporate Leadership Council, 2004). Moreover, Ajzen (2001) has posited that intention is an influential predictor of actual behaviour. This means that employees with strong intention to engage in a particular behaviour will have a higher probability to actualise the decided behaviour. This is an important issue as many organizations are now challenged with intense job mobility in the current global market (Bryan & Joyce, 2007). Furthermore, it is also commonly noted among management practitioners that employees' clarity of job expectations is essential for engagement outcome. The repercussion for unclear expectations and inadequacy in providing basic materials and equipment would bring about negative emotions such as boredom and resentment. In the absence of this meaningfulness factor, employees in general would then focus more on surviving than being concerned with how they could assist the organization to be competitive and succeed (Welbourne, 2007). The issue of disengagement or engagement gap had been reported to cost US businesses \$300 billion a year in productivity (Saks, 2006). In the current intense business environment, this gap must certainly be avoided to ensure the sustainability of organizations. Hence, it became crucial to inculcate engagement among employees so that they could derive job satisfaction, dedication and have the inclination to stay with the organization to drive work performance.

2.4 Issues driving talent engagement and employee job satisfaction

According to Kahn (1990), there are three psychological conditions that relate to engagement or disengagement at work; namely meaningfulness, safety, and availability. He argued that in each role situation, people have three basic questions to ask themselves. The first question asks the employee if he or she finds it meaningful to bring himself or herself into the performance. If the employee finds meaning in performing a task, he or she is deemed to be engaged. The second question asks the employee if he or she feels safe in carrying out the task. When employees feel safe in performing their tasks, they will be engaged. The third question asks the employee if he or she is available to do the task and their level of “availability” or psychological presence at work. Should an employee feels good about performing a task, presuming there are feelings of meaning and safety, the employee would be deemed to have the required level of “availability” to perform the task. His study is supported by May, Gilson and Harter (2004) who revealed that meaningfulness, safety and availability were significantly related to engagement. They added that, of these, meaningfulness has the strongest relationship with various employee outcomes such as employees’ participation in organizational activities, performance and absenteeism.

Individual differences are related to work performance (consequences). As such, employee engagement is also related to emotional experiences and well-being of employees (May et al., 2004). This statement is supported by Towers Perrin’s study in 2003. The study indicates that building engagement is a process that never ends, and this process rests on the foundation of a meaningful and emotionally enriching work

experience of employees. Harter et al. (2002) concur with Kahn's suggestion that engagement occurs when individuals are emotionally and cognitively connected with others. Maxwell (2007) adds that talent enables people to perform beyond expectations. According to the author, talent is only a starting point in business. He advocates that management of talents is a continuous process whereby organizations need to keep engaging their talented employees. Maxwell also noted Stephen King's assertion that what separates the talented individual from the successful one is a lot of hard work. Ulrich (1997) claims that employees in organizations possess talents that are known as their strength zone whereby this strength should be capitalised on for a win-win situation for both employees and organization. As such, the researcher deems talent engagement to be more than simply nurturing satisfied employees. Covey (2004) said that engaging the heart and minds of employees are crucial to engage talents. It is a prerequisite for job satisfaction. He suggests that engaged employees perform well in an environment or culture that encourages calculated risk taking and where a defined level of errors is tolerated.

In another context, Mobley (1977) found significant and consistent relationship between job satisfaction and the propensity to stay (remain) with an organization. This is supported by other documented literatures such as Porter and Steers (1973), and Locke (1976). In his research model, Mobley (1977) suggests several possible mediators between dissatisfaction and actual quitting such as evaluation of existing job and the intention to search for alternatives. He advocates that further research is needed to determine alternative forms of withdrawal behaviour that could be related to a

change in job satisfaction. Interestingly, Kraut (1975) found significant correlations between expressed intention to stay and subsequent employee participation. Besides, attitudinal measures of turnover and dedication have been noted to change over time (Lefkowitz & Katz, 1969). Hence, in addressing the suggestion by Mobley, this study attempts to examine the relationship of job satisfaction with positive human capital components such as talent engagement, dedication and intention to stay. Apart from job satisfaction, Porter, Steers and Mowday (1974) highlighted the need to investigate other potential constructs that explain the intention to stay and dedication to one's work. The authors claim that when individuals are willing to devote much energy towards achieving their organization's goals, they would have the intention to stay with the organization. In this connection, measures of job engagement and organization engagement are investigated as possible mediators for the talent outcomes such as intention to stay and dedication in this study. This proposed study is important as the researcher believes that each individual brings a unique set of expectations to the employment situation. Hence, it would be interesting and beneficial to examine and understand the relationship among psychological empowerment, job engagement, organization engagement, job satisfaction, intention to stay and dedication in the Malaysian context. Through the above discussions, this study proposes to investigate the outcome of these mediators in the Malaysian Government-linked companies (GLC). The findings from this study would contribute valuable information to the business transformation process that is currently undertaken by the GLC.

Summary of Chapter

Talent management and talent engagement have been acknowledged by organizations to be key success factors for business outcomes. The importance of managing talents is reflected in the competency-based focus and evolving human capital management processes to ensure organizations have the required knowledge, skills, experience and personal traits. It is a human capital approach that needs constant reviews to ensure organizations have the best fit. Talent engagement relates to the practices of providing employees with choices so that they can be excited about work and would perform to support business objectives. The inculcation of talent engagement would bring about an alignment of job satisfaction with job contribution. Organizations that have emplaced positive psychological conditions have notable engaged employees. Engaged and satisfied employees are found to be dedicated to their organizations and display better inclination to stay with the organization. With the increasing importance placed on these human capital components and the growth of such phenomenon globally, I propose to examine these components; namely psychological empowerment, talent engagement, job satisfaction, dedication and the intention to stay in the Malaysian context.