

## **Talent and Talent Management Insights**

Insight 2. Talent Management and Employee Engagement

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# Talent Management and Employee Engagement- Executive

## summary

- The practices of 'talent management' and 'employee engagement' are linked such that talent management is integral to engaging employees in the organisation.
- Employee engagement is positive, proactive behavior in the workplace and towards the organization brought about by a combination of motivated, emotionally attached employees; integrated, enlightened people management activities and empathetic managers towards the achievement of clearly communicated business objectives.
- 'If proactive measures are taken to engage employees and levels of engagement across the organisation increase there is likely to be an increase the quality and quantity of talent available to the organisation.'
- The drivers of employee engagement include a shared purpose and values; pride about the company; trust and integrity; the nature of the job; the nature of relationships with co-workers/team members and managers; employee voice, physical and mental well-being and career growth opportunities.
- A shared purpose results from clarity about the organisation and what it stands for; pride and self-esteem is about creating a culture of community in which employees are no longer an audience in receipt of downward messages but active participants
- The nature of the job includes the variety of skills needed, the significance of the work that is being done, the extent of employee participation and autonomy; understanding of roles and responsible decision making.
- Supportive interpersonal relationships are closely associated with employee engagement. In addition to the nature of the relationship with the company and fellow employees, the articulation of that relationship is also important. So a feature of employee engagement is the challenge of giving employees 'voice.'
- In a high-engagement culture there are channels in place to ensure two-way communication; a dialogue, not a monologue; a community not an audience. This depends on leaders and managers who can listen as well as communicate effectively and an environment of trust where employees don't feel in the dark about issues concerning the organisation and themselves and where leaders and keep them informed.
- The driver of employee engagement that most aligns with inclusive talent management is career development. Where employees feel as though they have career opportunities, they are more likely to have positive feelings about the organisation and their role in it, which has a knock on effect to other factors of engagement and ultimately to the success of the organisation as a whole. In addition to career management, the opportunity for the development of the employee's skills and abilities can also be linked to the level of engagement.
- Effective talent management policies and practices can result in more engaged employees and lower turnover with the knock on benefit on both employee productivity and talent retention; and it is possible to increase employee engagement through focused talent management initiatives.
- 'The challenge today is not just retaining talented people, but fully engaging them, capturing their minds and hearts at each stage of their work lives.'
- The approaches to employee engagement and talent management that become self-reinforcing include creating a culture in which both talent and engagement can emerge and leaders and managers who understand, can articulate and put in place practices that ensure the development of a workforce that is both talented and engaged.

## Introduction

### ***Linking talent management and employee engagement***

In the NHS Leadership Academy's first Talent and Talent Management Insight, the challenge of defining exactly what was meant by the term talent was discussed together with some of the approaches to talent management. Whether the approach to talent management is 'inclusive' or 'exclusive,' the terms 'talent management' and 'employee engagement' are inextricably linked such that talent management is integral to engaging employees in the organisation.

This is further insight, based once again on research and management practice, takes the subject of talent into the area of employee engagement. It will cover:

- What is employee engagement- in the same way as talent management, employee engagement has a variety of definitions and interpretations. It is important that some clarity in this area is achieved and the first section will look at some of the various viewpoints that exist.
- The drivers of employee engagement- what are the factors that are most important when

***Employee engagement is important because those who find meaning at work, 'are more competent, committed and contributing; in turn competence, commitment and sense of contribution lead to increased customer commitment; in turn customer commitment leads to better financial results for the company'***

employee engagement together and draw out links between the two, emphasizing the importance of alignment.

dealing with employee engagement from the creation of a culture in which engagement can thrive to leaders and line managers who understand its importance.

- The third area will bring the subjects of talent management and

***'If proactive measures are taken to engage employees and levels of engagement across the organisation increase then there is likely to be an increase the quality and quantity of talent available to the organisation.'***

Employee engagement is important because those who find meaning at work, 'are more competent, committed and contributing; in turn competence, commitment and sense of contribution lead to increased customer commitment; in turn customer commitment leads to better financial results for the company' (Ulrich and Ulrich 2010).

Employers want engaged employees because they can deliver improved business performance; engaged employees work harder and are more loyal; they are more productive, more customer-focused, and more likely to stay with the organisation. High performing organisations recognise the value of employee engagement and will develop strategies for its maximisation.

But there are additional benefits to these performance outcomes in that giving employees the chance to progress their career in an environment that is supportive, will help an organisation to attract and retain talent. And an organization that is able to engage its employees in this way will not only be able to maximize their contribution but will also garner a reputation for being 'good place to work.'

The objectives of talent management and those of employee engagement therefore overlap in many areas and that is why organisations search for the right formula to achieve an optimal position consisting of:

***'Employees who will do their best work or 'go the extra mile'. Employees want jobs that are***

***worthwhile and that inspire them. More and more organisations are looking for a win-win solution that meets their needs and those of their employees. What they increasingly say they are looking for is an engaged workforce.'*** (CIPD 2011).

However, it's not possible to 'make' employees engaged and Peter Cheese of the CIPD (2014) has pointed out that 'it has become ever clearer that engagement is not, as is often implied, something that managers or organisations 'do' to their people; rather, it is a mental, emotional and physical state and something that employees give. But even though managers and leaders cannot directly control the engagement of others, how they behave, the work environment they create, the support and encouragement they give to their teams, and the trust they engender are clearly all critical.'

***Employee engagement is a combination of commitment to the organisation and its values and a willingness to help out colleagues (organisational citizenship). It goes beyond job satisfaction and is not simply motivation.***

Employee engagement can be seen as an individualised equation that bears a strong resemblance and can be integrated with inclusive talent management initiatives.

So the challenge faced by all large organisations is how to ensure that people are happy with both their work and career opportunities. This is where talent management and employee engagement come together.

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# What is Employee Engagement?

## *The context of Employee Engagement*

Three critical roles for HR in the 21<sup>st</sup> Century include those of being strategic partners in organisational transformation, delivering talent that leads to the organisation achieving its goals and improving employee engagement

But there are a number of definitions about what employee engagement actually means. A starting point therefore will be to try and understand the context within which employee engagement takes place in the modern organisation since this will influence the perspective taken. For many, this has changed dramatically.

The generational mix within organisations, for example, means there are different expectations of the working environment; the changing nature of work through technology and the growth of knowledge work 'requires greater autonomy and freedom to innovate, which in turn requires a management style which encourages knowledge flow and a focus on output rather than input' (CIPD 2011). And the economic cycle which over the past 5 years has created fluctuating demand for labour and the consequent uncertainty about employment prospects, has been a powerful influence on employee engagement.

Amongst other key factors are:

- The dynamic nature of the employer-employee relationship. In particular the idea of a partnership arrangement replacing more traditional views of employment and the shift of the workforce from audience to community
- The increased demand for work/life balance has also had an impact on employee engagement. The business benefits which include higher productivity and competitiveness; increased flexibility and customer service; raised morale, motivation, commitment and engagement; reduced absenteeism; improved recruitment and retention of a diverse workforce
- The increased recognition of the link between employee engagement and its impact on business goals.
- The increasing focus on the need to attract and retain talent- through effective engagement of the workforce- in an environment where talent is in increasingly short supply. This point applies not only to specialist roles or 'mission critical talent,' but to a broad range within the workforce
- Work intensification as employers increase productivity with fewer employees

This complex mix of social, technological and economic trends means that achieving employee engagement is a challenging corporate objective and one that needs insight and skilful management.

It is important that organisations take a view on what employee engagement stands for in their own unique contexts. This will help them to formulate strategies that are focused and resource efficient.

## Definitions of employee engagement

Employee engagement is an individual psychological and behavioral state and is most often demonstrated when people 'exhibit behaviors associated with speaking positively about the organization (**Say**), having a desire to be a part of the organization (**Stay**), and willingness to make extra effort that contributes to organizational success (**Strive**).' (Aon Hewitt 2013, Dash 2013) Within this context most seem to agree that employee engagement is different to job satisfaction and contains elements of emotional attachment and employee commitment.

The CIPD (2011) proposed a definition that is consistent with these points and put forward the view that employee engagement was:

***'A combination of commitment to the organisation and its values and a willingness to help out colleagues (organisational citizenship). It goes beyond job satisfaction and is not simply motivation.'***

This definition gives three dimensions to employee engagement: Intellectual engagement – thinking hard about the job and how to do it better; Affective engagement – feeling positively about doing a good job; Social engagement – actively taking opportunities to discuss work-related improvements with others at work.

These perceptions lead in the direction of employee engagement as a combination of personal elements which result in self-expression; and work engagement or a positive, fulfilling, work-related state of mind. From the employee perspective, employee engagement not only meant interesting and challenging work but also a sense of community within teams. In addition there was also the view that found that understanding the 'larger purpose and strategic alignment where 'something important gets accomplished that fits within the broader organizational objectives' were also present (Rice et al 2012).

Pulling these various strands together means that employee engagement may be seen as:

***' positive, proactive behavior in the workplace and towards the organization brought about by a combination of motivated, emotionally attached employees; integrated, enlightened people management activities and empathetic managers towards the achievement of clearly communicated business objectives.'***

Or more simply:

**Figure 1**  
**The Engagement Equation (Rice et al 2012)**



However, it was also noted that each organization had unique triggers for employee engagement and what worked in one might not work in another. Furthermore ‘having the right tools for the job or the right environment in which to perform – must all be present simultaneously’ (Baron 2012)

So the challenge facing organisations is to establish their own unique definition of employee engagement. At one end of a spectrum of engagement there is a ‘narrow’ definition concentrating on employee commitment, attachment and citizenship. At the other end of the spectrum is a full engagement approach which not only includes these issues but a stronger emphasis on employee psychological well-being.

Nonetheless there are some common features that are critical to employee engagement and that will ultimately inform how any initiatives are aligned with the talent strategy.

### ***Employee Engagement in the NHS***

Employee Engagement in the public sector has some unique differentiating features and these are important since they will also have an impact on the kinds of talent needed to deliver services. Crouch (2014) has summarised the public sector position as follows:

***‘the new way forward in the delivery of public services will not be so much about services being delivered by the public sector per se, but by all sectors in our communities, which will also include the voluntary and private sectors as well as individuals and groups within the communities themselves. This calls on a different approach in terms of engagement, as fundamentally the model of employment is likely to change from being one which has been hitherto organisationally centred to one that will be more community centred. As such, roles are likely to become far broader than they are now and employee engagement, in the future model of public service delivery.’***

Engagement in such an environment has a broad and deep reach. How to articulate this is one of the challenges facing those responsible for both employee engagement and talent management in the NHS.

The CIPD (2011) used the term ‘locus of engagement’ which was an understanding of what employees connect with at work. They argued that this was important because it would ‘enable better understanding and management of engagement.’ They also concluded that employees could be engaged with different loci at different times.

There have been several important studies of employee engagement in the NHS, most notably, West and Dawson’s (2012) extensive research that can help in identifying the key touch points. Amongst the ‘evidence’ for employee engagement and its drivers in the NHS:

- A study of a number trusts in the NHS concluded that attraction, retention and performance in the provision and delivery of health care the NHS could be enhanced by employee engagement that included an acceptance of the diverse needs of the workforce and ‘a more proactive approach to promoting a variety of flexible working practices and family-friendly policies.’ An additional factor was the need for employee involvement as a contributor to high commitment.
- A review in the Nursing sector described four key elements that impact on engagement in the workplace as the clarity of expectations and basic materials and equipment being provided;

feelings of contribution to the organization; feeling a sense of belonging to something beyond oneself; feeling as though there are opportunities to discuss progress and grow.

- Other important factors for engagement in the NHS environment included workload, reward and recognition, fairness and a sense of community. The nurse manager's span of control and open communication from senior management were also listed as factors contributing to employee engagement in the NHS.
- An NHS Acute trust found that there were attitudinal/behavioural links between flexible working, happiness, discretionary behaviour and a number of performance outcomes.

The view (Powell 2012) proposed was that the public sector had a duty to pursue an inclusive approach and that this would be in tune with a proactive and positive approach to equality and diversity. If, therefore, 'talent' is viewed as something that potentially exists at every level within the organisation, then consideration of 'employee engagement' needs to be equally all encompassing.

## Drivers of Employee Engagement

*There are three dimensions to employee engagement: Intellectual engagement – thinking hard about the job and how to do it better; Affective engagement – feeling positively about doing a good job; Social engagement – actively taking opportunities to discuss work-related improvements with others at work.*

### **A framework for employee engagement**

There has been a considerable amount of work undertaken to identify the drivers of employee

engagement including the importance of supporting employee growth by autonomy, empowerment, development, feedback, praise and recognition; a positive management style including individual interest, availability, personal manner and ethics and ensuring that managers within the organisation understand the importance of clarifying employee expectations as the basis of performance management. Others elements of a structured approach include building commitment; creating engagement champions; equipping people with the skills to deliver employee engagement; aligning practices; measuring progress and taking action.

The significant amount of research across organisations worldwide can be synthesized into a number of themes or drivers of employee engagement; including a shared purpose and values; pride about the company; trust and integrity; the nature of the job; the nature of relationships with co-workers/team members and managers; employee voice and physical and mental well-being and career growth opportunities. These are discussed in more detail below:

- **Shared Purpose and Values**

The first critical driver for employee engagement concerns a shared purpose and the organisation's values as a set of behavioural norms. The assumption is that clarity about the organisation and what it stands for will provide the anchor for engagement and the question to be addressed is:

***'is the purpose of the enterprise clear and itself engaging, and is it understood by the employees and clear how it links to their jobs and roles?'***

The issues associated with this are about employees understanding the mission and vision; being they clear about it's overall objectives; and understanding the organisation's 'point of view.' The NHS for example has outlined its own purpose as high quality care for all; now and future generations. This is so that everyone can have control of their health and well-being.



Being clear about this will allow the NHS workforce to engage its employees by emphasizing and prioritising patients in all decisions and constantly striving to improve how services are delivered. Employee engagement occurs when individuals are able to relate their own activities to these overarching vision and values statements.

There is the further point of the extent to which employees understand the company's objectives, current levels of performance, and how to best contribute to them. The key to ensuring such a link is to create a culture of inclusion in which individuals can see how their own performance contributes to the success of the organisation.

This point applies not only during periods of relative stability but also during times of change where, in an inclusive approach 'employees will have an opportunity to discuss the impact of the change on them personally, make suggestions, ask questions and participate in discussions about how to make the most of the change while limiting its negative effects. Being involved in creating the solution and

being included in implementation plans can ensure employees respond more positively.'

*The extent to which employees derive pride and self-esteem from their work will be a critical driver of employee engagement; it is about creating a culture of community in which employees are no longer an audience in receipt of downward messages but active participants. It is about creating a sense that the organization has shared interests and shared responsibility for success.*

In the NHS example, attraction and recruitment will be informed by the need for employees with a commitment to delivering NHS values; leadership and management development will be informed by the ability to include people in decision making- a key element of employee

engagement; which will itself be an evidence based approach- also one of the behaviours elicited by the culture within which such a purpose takes place.

- **Pride, trust and integrity**

The extent to which employees derive self-esteem from their work will be a critical driver of employee engagement; it is about creating a culture of community in which employees are no longer an audience in receipt of downward messages but active participants. It is about creating a sense that the organization has shared interests and shared responsibility for success.

This is exemplified by leaders who communicate the vision and purpose of the organisation as a whole and demonstrate how a specific unit fits into this; by the creation of cross-functional teams and projects in which ideas and 'solutions' can be disseminated through various units; by communication that goes across the organisation (as well as down) to share the success and experiences of all.

In this scenario 'pride' is multi-faceted; it is pride individual and team performance; it is pride in the performance of the business unit; and it is pride in the performance of the organisation as a whole. Practices to generate this culture include those that promote trust, engagement and 'spontaneous collaboration aimed at sustainability,' through such things as sharing success stories showing how different units work together to solve problems and organisation wide social networking or integrated learning systems.

The notion of pride follows is bound up with trust and integrity. There are likely to be greater levels of engagement when employees are treated as 'trusted partners' and collaborate in organizational efforts and decision making.

The perception of how employees are treated matters to engagement. A key element of this was a feeling of trust towards the organisation and its managers. Where this was positive the trust element could be used to attract and recruit talented people and was important in retention. It was noted that 'policies, actions, and consideration given to employees were positive and gave employees the benefit of the doubt...there was a strong sense of trust between employees and management, and a sense of employees being highly valued.' (Johnson 2014)

This is an important characteristic which encompasses the extent to which the organization's leadership is perceived to care about employees, listens and responds to their opinions, is trustworthy, and walks the talk; Its features are open, fair and consistent behaviours characterised by managing with integrity and consistency, managing emotions and personal issues and a positive approach to interpersonal interactions.

- **The nature of the job**

The nature of the job will have a large impact on the level to which an employee is engaged. The things normally associated with this element include the variety of skills needed and the significance of the work that is being done. But increasingly the extent of employee participation and autonomy; knowledge, clarity and guidance using clear communication, understanding of roles and responsible decision making are becoming key issues.

The conclusion is to ensure that as much autonomy is built into job roles as possible. The importance of this to the subject of engagement was shown by a recent health sector study which found that relationships with managers or supervisors about what was expected in the role, clarity about what the individual role in terms of patient care and autonomy were significant predictors of the levels of job satisfaction (with a knock on effect on employee engagement). In this respect autonomy was characterised by 'adequate information, resources and trust to solve problems, be empowered to make decisions, and work in an environment embedded with mutual respect.' (Shacklock et al 2012).

The nature of the devolved organization and the evolution of more networked organization structures has seen a shift away from command and control management. In this environment of distributed organisations and in consequence distributed leadership and management, there is an opportunity for more autonomy in roles, of a culture 'which allows people to take that role and feel that they are empowered to make decisions or take risks.' In such a culture all employees have the chance to contribute. The implication of this is that issues will have more substance.

- **The nature of relationships with co-workers/team members and managers**

Supportive interpersonal relationships are closely associated with employee engagement. The attitudes and perspectives of co-workers towards their jobs and the company have a strong influence. Indeed such working relationships are often more influential on the level of engagement than those between line managers and individual employees. Team members and colleagues are important on the subject of attitudes to work, well-being and pride. Increasingly the concept of community is one that is important. Co-workers and team members are critical to the creation of that community.

*Team members and colleagues are important on the subject of attitudes to work, well-being and pride. Increasingly the concept of community is one that is important. Co-workers and team members are critical to the creation of that community.*

The extent to which the employee values the relationship with his or her line manager is one that is well understood and articulated. It is a critical factor in employee

engagement and one of the important facets of the role of the line manager is building and sustaining relationships through empathetic interaction with employees. But it is also important that trusting and supportive relationships with colleagues are also in place for full engagement to be achieved.

And as was noted in the NHS Leadership Academy's Insight 1, the relationship with the line manager is also a critical factor in the effective implementation of talent management.

- **Employee Voice**

In addition to the nature of the relationship with the company and fellow employees, the articulation of that relationship is also important. So a feature of employee engagement is the challenge of giving employees 'voice.' This assumes that communication in the organization is not a one way process which cascades down from the top- but a two way process.

The benefits of giving employees voice include allowing the contribution of ideas and information; allowing the communication of ideas for improvement; raising concerns issues and questions and contributing to the development of shared understanding. It can be a valuable source of upward problem solving. The CIPD's two-year research project found evidence that 'employee voice within the team is clearly associated with greater employee engagement; this relationship is partially explained by the fact that employee voice leads to higher trust in senior leaders and to better relationships with line managers, both of which are also related to employee engagement.'

In a high-engagement culture there are channels in place to ensure two-way communication; a dialogue, not a monologue; a community not an audience. This depends on leaders and managers who can listen as well as communicate effectively and an environment of trust where employees don't feel in the dark about issues concerning the organisation and themselves and where leaders and keep them informed.

But there are also implications for talent management where self-development and the shift of ownership for career management to the individual are growing. Employee voice as a collective can highlight opportunities for development across the organization. Employee voice from individuals can highlight specific interventions in the talent process.

- **Physical and Mental well being**

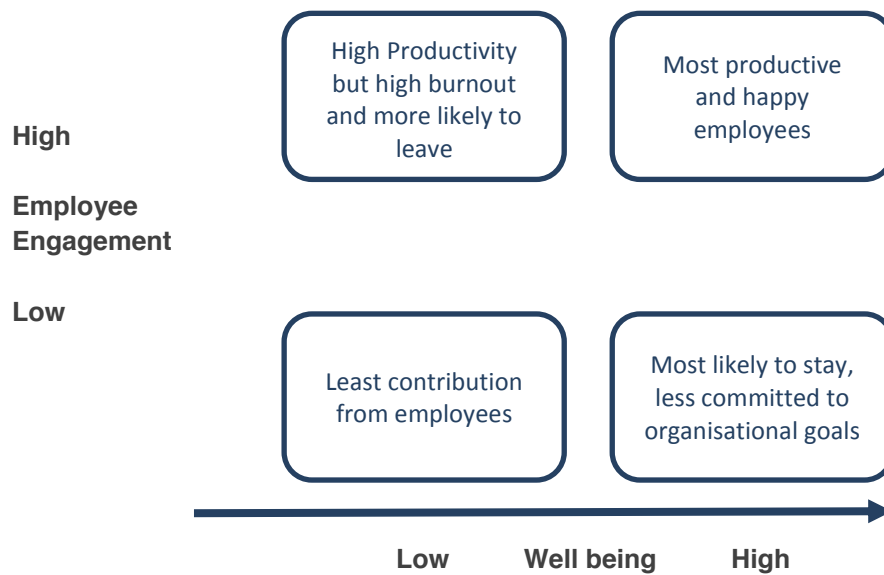
Well-being has been identified as a strong predictor of job performance and an approach to engagement which incorporates both 'commitment/citizenship' and employee well-being will have beneficial outcomes for both the organization as a whole and individual employees.

And so the next dimension to be considered as a driver of employee engagement was about the need to ensure both physical and mental well-being as part of the development of a sustainable approach. Research has shown that employee engagement and well-being combine to provide productive and happy employees, who are likely to stay and committed to the organisation's purpose, yet not burnt out.' (Cheese 2014)

The relationship between employee engagement and well- being is shown in figure 2:

**Figure 2**  
**The interaction between employee engagement and well- being (CIPD 2012)**





In addition, a combination of high levels of psychological well-being and employee engagement ‘play a central role in delivering some of the important outcomes that are associated with successful, high performing organisations...psychological well-being is directly correlated with performance... people with higher levels of psychological well-being perform better at work than those with lower psychological well-being.’ (Robertson and Cooper, 2010)

- **Career growth opportunities and employee development**

The final driver of employee engagement is the area that most aligns with the concept of inclusive talent management is that concerned with career. Where employees feel as though they have such opportunities, they are more likely to have positive feelings about the organisation and their role in it, which has a knock on effect to other factors of engagement and ultimately to the performance of the organisation as a whole. In addition to career management, the opportunity for the development of the employee’s skills and abilities can also be linked to the level of engagement.

Processes for enhancing career growth and employee development are therefore important to employee engagement. Amongst these are career coaching conversations that clarify goals and aspirations and give the opportunity for identifying future roles and development opportunities. The career coaching conversation is about what employees want and therefore supports several other of the drivers of employee engagement including employee voice. Where the organisation has a clear talent strategy which shows future talent needs and career paths to address these then the cause of both talent management and employee engagement can be met.

In summary, employee engagement is about a belief in the organization- or organizational pride; the desire to work to make things better; an understanding of business context and the ‘bigger picture’- and alignment with the organisation’s goals; being respectful of, and helpful to, colleagues and the willingness to ‘go the extra mile’- or exert discretionary effort; and having work that is meaningful so that ‘personal investment is perceived as worthwhile’

*The extent that employees have opportunities for career growth and promotion, or have a clearly defined career path is one of the factors most relevant to the relationship between employee engagement and talent management.*

Articulating the propositions that result from these and making sure that they are understood by those inside the organisation is one of the challenges that all organisations face. The employee value proposition and the employer brand are two ways in which this can be achieved.

## ***The Employee Value Proposition (EVP) and the Employer Brand***

- **The EVP as a link to employee engagement**

The demand for talent at all levels, coupled with the skills gaps and competitive nature of labour markets mean that additional job factors are becoming more important for employee decision making regarding recruitment, engagement, discretionary effort and retention. That is why it is important for organisations to develop consistent and substantial messages about the employment prospects and working environment on offer. It is possible to use the employee value proposition (EVP) and the employer brand as links between talent management and employee engagement in this objective.

The employee value proposition describes what an organisation stands for, requires and offers as an employer. There is evidence of the influence of the concept of the 'psychological contract' in the sense the proposition represents the deal between employer and employee. (CIPD 2013)

One part of the EVP will be the career and development opportunities that are on offer. These have the dual outcome of contributing to an engaged workforce and being a key part of the approach to talent management.

In summary, the EVP has been defined as:

***' the experience offered by an employer in exchange for the productivity and performance of an employee. It includes the entire employee "experience" from their rewards and benefits, to the opportunity for career development and also the more intrinsic elements of management style, work environment and culture.'***

It is a compelling offer and includes both the attractiveness of reward as well as non-financial factors, such as Company reputation, company values, principles and objectives; corporate conduct, CSER and ethics; Respect as characterised by diversity and inclusion; opportunities for work-life balance and opportunities for personal and professional growth.

- **The Employer brand**

The employer brand is 'a set of attributes and qualities, often intangible, that makes an organisation distinctive, promises a particular kind of employment experience, and appeals to those people who will thrive and perform best in its culture' It is the 'package of functional, economic and psychological benefits provided by employment and identified with the employing company.' Its role is to provide coherence with the objective of improving processes such as recruitment and retention.

The employer brand describes the degree of a company's attractiveness to current and potential employees. (Schlager et al 2011) The primary objective is to 'provide a coherent framework for management to simplify and focus priorities, increase productivity and improve recruitment, retention and commitment". Thus, the main objective of the Employer Brand is to positively influence current and prospective employees.

In developing the employer brand in a way that supports both employee engagement and talent management the following considerations are important.

In the first place there is the challenge of building an employer brand that has **attractiveness** to existing and potential employees. This raises the question of the relevance of the brand in attracting and retaining a broad range of employees and associated with this, the awareness of the brand in labour markets. An objective would be to ensure that the employer brand signifies being a 'great place to work.' And from the perspective of talent management, is it associated with opportunities for development? It can support the pride element of employee engagement and the attraction element of talent management.

Secondly the employer brand should be **accurate** in its description of the actual experience of employees in the organisation. The need for authenticity is one that permeates much of the thinking about employee engagement and filters through many of the points raised in the drivers of employee engagement section (trust and integrity for example). The employer brand is a way of encapsulating these engagement principles.

The third element is the need to **differentiate** the organisation that is looking to engage its employees and retain its talented people. The employer brand should embody the differentiating factors of the organisation from others.

The importance of an engagement culture has been emphasised throughout and the employer brand is one way of **reflecting the culture and values** of the organisation to the workforce. In this case the definition of culture might be as simple as - 'the way we do things around here'- and values- 'these are the things in which we believe.'

The final point is the need to reach a multi- generational workforce by being **relevant**. Using internal information such as employee attitude surveys and external data from agencies or from the recruitment process will allow a picture to emerge of the drivers in the workforce

Those organisations that have a strong employer brand will have an advantage in competitive labour markets and can help to reduce recruitment costs as well as increasing employee retention. Potential employees' positive perceptions of an organization's reputation influence their desire to pursue employment with the organization. They show that organisations with better reputations are successful in attracting a larger pool of job seekers and then can select employees from an applicant pool that includes more high-quality employees.

It can be seen from the previous narrative that employee engagement is of critical importance if the organisation is to achieve its objectives, but that defining engagement will be unique to the context of each organisation. What works for one may not work for another. Nevertheless, there are a range of factors that can be identified as drivers of engagement and the strategy of the organisation will focus on these with the objective of achieving 'full engagement ' where possible.

The question now remains about what can be done to ensure that employee engagement and talent strategies are aligned in such a way as to provide mutual support.

## **Integrating the development of talent with employee engagement objectives**

### ***The case for integrating talent management and employee engagement***

Effective talent management policies and practices can result in more engaged employees and lower turnover with the knock on benefit on both employee productivity and talent retention (employees who

are most committed are 87% less likely to resign) and hence preserve the investment that has been made in them through inclusive talent management.

Furthermore, a study by the US Society for Human Resource Management (2012) found that it was possible to increase employee engagement through focused talent management initiatives. In particular, it was argued that line manager relationships as well as the opportunity to use knowledge and skills were two of the key drivers of employee engagement. Hence the conclusion was reached that focusing talent management initiatives in these two areas would yield results. The suggestion was a 'talent management framework in which employees and managers can work together to establish clear measurable goals, competencies, and career development activities that align with corporate objectives.' And it was noted that:

***'The challenge today is not just retaining talented people, but fully engaging them, capturing their minds and hearts at each stage of their work lives.'***

There was further evidence of this and the innovation of using predictive talent planning models showed how employee engagement could be improved by aligning employee career goals with the organization's business needs. (Bersin by Deloitte 2013)

Hence 'enabling employees to understand the career paths available to them and equipping managers with the tools to recognize the positions and individuals critical to organizational goals is necessary to ensure the long-term success of a company and its workers.' If an employer can create opportunities for its workforce to fill current positions as well as those in the future, it will have an advantage by increasing engagement, and increase the returns on learning investments as a result of its inclusive talent policies.

There is a sound business case for the alignment of employee engagement and talent strategies. Effective employee engagement will reinforce effective talent management; whilst the creation of opportunities for development will lead to a more skilled workforce and, potentially, a more engaged workforce.

The challenge is to identify those critical factors that can influence both employee engagement and talent management and to ensure that sufficient resources are allocated to these 'hot spots.'

### ***The practice of aligning talent management and employee engagement***

Research into employee engagement and talent management has provided some valuable insights into how the two might be aligned to achieve maximum effectiveness.

The report completed by McCleod and Clarke in 2009 after surveying 201 organisations, for example, proved to be one of the most significant in its findings about employee engagement. Known as *The McCleod Report* it found that employee engagement was a workplace approach designed to ensure that employees were committed to the organisation's goals and values and are motivated to contribute to its success. It demonstrated significant organisational benefits from effectively engaging a workforce- including higher customer advocacy and productivity; and concluded that levels of engagement were important because they correlated with performance. The report has proven to be a milestone in employee engagement can be regarded as a definitive work. Additional evidence from the CIPD, the US Society for Human Resource Management (SHRM) and others shows the case for investing in talent and the potential for improvements in employee engagement.

By combining research from both areas it is possible to highlight strategies and approaches to employee engagement and talent management that become self-reinforcing. These are concerned with creating a culture in which both talent and engagement can emerge and leaders and managers

who understand, can articulate and put in place practices that ensure the development of a workforce that is both talented and engaged.

The following are some of the approaches that will support the achievement of this objective.

- **Create a talent culture**

Creating a talent culture is creating a culture of opportunity in which employees will recognise and value the organisation's willingness to invest in their development in return for a commitment to the organisation's goals.

Supporting the development of employees through learning opportunities created by talent management initiatives will have the dual effect of increasing the performance of the workforce whilst at the same engaging them more effectively.

Research into talent management best practice was outlined in an earlier NHS Leadership Academy Insight which highlighted many of the important criteria in developing a talent strategy. These included such key points as defining talent; ensuring the buy in of the board and line managers and building measures of effectiveness into the talent processes.

*It's possible to highlight strategies and approaches to employee engagement and talent management that become self-reinforcing. These include creating a culture of talent and engagement and leaders and managers who understand, can articulate and put in place practices that ensure the development of a workforce that is both talented and engaged*

A culture of talent will have some important characteristics including:

- **An effective employee recognition process** that goes beyond financial rewards and includes opportunities for training and development; or the chance to work on new projects.
- **A Performance Review process** in which 'everyone understands the purpose of reviews and how reviews affect corporate culture' and which includes the important element of identifying talent and giving all employees opportunities to deliver to their maximum potential. A talent culture will include a progressive and productive performance process in which the two elements of performance and potential are covered.
- **Social Connection** in which leaders and managers are open to semiformal and social 'connections' with their teams. In one hypothesis, managers are urged to 'engage your emotions when you connect with employees. If you don't they'll know in a heartbeat, and your culture will suffer.' Social connection will foster a culture whereby talent can come to the fore from many different sources- some of which may not be uncovered by traditional and fixed processes (though the latter remain important.)
- **Clarity about expectations.** If there is to be a talent culture then 'people need to know where they stand, and they can only do that if they understand what's expected of them.' This is more than the achievement of performance goals; it is about how the organisation expects them to maximise their own potential.

To achieve these objectives will require managers who encourage their teams in career conversations, drawing out strengths, interests and aspirations and working with all employees to meet these where it is possible. This process also recognises that 'while managers play a large role in creating an environment that fosters employee engagement, employees also need to take responsibility for the work that they do and the level in which they are engaged.' (Sirisetti 2012)



- **Create an engagement culture**

An engagement culture will focus on emotional engagement that is driven by a desire on the part of employees to do more for more and to receive more – a greater psychological contract – from the organisation than is normally expected; and transactional engagement that is shaped by employees' concern to earn a living, to meet minimal expectations of the employer and their co-workers, and so on.' (CIPD 2012) The case was made for emotional engagement since 'emotionally engaged employees perform better than transactionally engaged individuals and that emotional engagement correlates with practices designed to promote positive feelings about work.'

An engagement culture also means that the roles and responsibilities of individuals are clear and aligned to those of the wider organisation such that each employee can see how his or her individual performance contributes to the greater whole. But the quality of the line manager relationship is only one factor. Others such as person–organisation fit and the level of organisational support are equally important in the creation of an engagement culture.

A critical factor will be the alignment of leaders and managers in the belief in an engagement culture. Furthermore it has been shown that in high-engagement cultures, 'leaders at all levels understand the importance of communicating not only clear goals and objectives, but also the standards for how employees treat and communicate with customers and fellow employees.' When viewed from the organisational level, this means having performance management systems that include behavioural as well as financial or performance goals. These behavioural goals will rest on line managers having conversations that count with their teams, not as a one off performance appraisal but as part of an on-going management philosophy. The performance reviews will be done in a way that 'balances clarity about requirements with clarity about behavioural expectations, reinforcing that meeting objectives is important, but so is how objectives are met.'

This evidence leads to the conclusion that organisations should promote and communicate their values and vision to make sure that people can understand how they fit and identify more strongly with it.

- **Develop Leaders at all levels who understand the importance of employee engagement**

Leadership behaviour, the relationship between leaders and employees and specific leadership styles are associated with the success or otherwise of both employee engagement (CIPD 2012) and talent management.

An overarching conclusion from McCleod (2009) was that 'the best ways of increasing engagement levels in the UK is to ensure more leaders understand the concept and what it can deliver.' This is a positive message for linking employee engagement and talent management. It means leaders who help employees to move forward and grow; who help employees understand the connection between their personal contributions and the organization's ability to succeed.

It follows therefore that there will be a need to develop leaders who understand the implications of having an engaged workforce. McCleod acknowledged the importance of leadership that inspires a 'strong, transparent and explicit organisational culture' and Edger (2012) has noted that leadership is an individual's ability to 'organise and influence a group of people to commit willingly to achieve a common goal.' The leader's role in generating commitment to the achievement of the organisational goals; whilst at the same time attaining psychological attachment, are key factors. This is important from a talent management perspective. Leadership development that has a strong focus on the creation of an inclusive organisational culture will be a critical competence.

The point is not just about top levels of leadership.

The nature of talent management will change as organisations become more agile. For example there will be the question of talent 'ownership' as organisations focus more on reciprocal talent partnerships. In creating talent partnerships they are developing a broader sense of talent which encompasses not only the capability that exists within the boundaries of their organisations, but to think more widely about talent, for example in organisations they collaborate with, supply chains or temporary or specialist workers such as consultants, interims and freelancers.' (CIPD 2011)

One implication of this point of view is that talent can exist at all levels. It means that talent is a non-hierarchical concept. The encouragement of leadership activity will need to extend throughout the organisation to increase the possibility of full employee engagement. In both of the above, talent management that applies to defined and potential leaders will include, as part of its proposition, the competences associated with the development of a culture of engagement.

- **Develop line managers in engagement skills**

Line managers have a vital role to play in both employee engagement and talent management and their behaviour is an important factor in achieving both employee engagement and well-being for those they manage as well as delivering the maximum benefits from the organisation's talent management initiatives.

It is therefore important for line managers to be aware of the skills and behaviours that will enable them to manage their teams in a way that promotes engagement whilst at the same time ensuring that they recognise the potential of individuals and maximise their contribution.

There are several ways to ensure that line managers are aware of the need to deliver an employee engagement culture including (Rice et al 2012):

- Making employee engagement part of the line managers accountability in addition to the achievement of other performance measures
- Use the employee engagement culture as articulated in the EVP and the employer brand to attract line managers with proven skills in these areas
- Develop line managers to be effective career coaches
- Identify and remove barriers that line managers may face in the delivery of engagement or talent objectives
- Reinforce a 'culture of dialogue and engagement as a daily priority.'

The contribution of line managers will be a focus on 'clarity, appreciation of employees' effort and contribution, who treat their people as individuals and who ensure that work is organised efficiently and effectively.' The characteristics of line managers who are successful in engaging their teams are openness, fair and consistent in handling conflict and problems, providing knowledge, clarity and guidance, building relationships and supporting development. (CIPD 2012)

## **Key Conclusions**

Employee engagement is a critical factor to the success of the modern organization. This is because those who are engaged, are likely to be more competent, committed to the organisation and contributing to its success. This will in turn lead to greater client satisfaction and commitment and

ultimately to better business performance. It is for these reasons that employers want engaged employees. They will work harder, be more loyal, more productive and are less likely to leave.

But there are many factors that affect the level of employee engagement. These include the different attitudes and behaviours brought about by the generational mix and different expectations of the working environment; how work has changed through technology and the growth of knowledge work; the economic cycle which can create fluctuating demand for labour; changes in the employer-employee relationship and the increased demand for work/life balance. These powerful forces mean that organisations have to be mindful of the effect on employee engagement levels and skilful in their approach to its development.

Added to this complexity is the confusion sometimes caused by the diversity of opinion about what constitutes employee engagement. Nevertheless there is some agreement that employee engagement is an individual psychological and behavioral state demonstrated when people speak positively about the organization, have a desire to be a part of the organization, and are willing to make extra effort that contributes to organizational success. In this context, a working definition of employee engagement is a 'combination of commitment to the organisation and its values and a willingness to help out colleagues (organisational citizenship). It goes beyond job satisfaction and is not simply motivation.

The drivers of employee engagement include a shared purpose and values; pride about the company; trust and integrity; the nature of the job; the nature of relationships with co-workers/team members and managers; employee voice and physical and mental well-being and career growth opportunities.

Employee engagement initiatives can overlap with talent management initiatives and the two are often closely aligned. Indeed effective talent management policies and practices show that an organisation has a commitment to its employees which results in more engaged employees and lower turnover.

In order to maximise the benefits of both employee engagement and talent management therefore the organisation should create an engagement culture which is part of and contributes to the development of a talent culture; develop leaders and managers who recognise and have the skills to enhance performance in both talent and engagement and give employees a voice in which they can articulate their career aspirations. If there is success in delivering these approaches, then employee engagement and talent management can become mutually beneficial.

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