

## **The Relationship of Psychological Empowerment, Talent Engagement and Talent Outcomes**

Shaik Roslinah Bux\* and Angeline Tay\*\*

*The linking of psychological matters to human capital management was highlighted by W.A.Kahn in 1990. He found that desirable outcome can be expected if there exist psychological meaningfulness and psychological safety, and when the employees themselves were more psychological available. Similarly, Thomas & Velthouse (1990) advocated a multidimensional conceptualisation of psychological empowerment. Their four dimensions of meaning, competence, choice and impact have complemented the work of Kahn (1990). The depth of the above-mentioned studies was further enhanced by Gretchen M.Spreitzer (1995) who developed and validated the multidimensional measure of psychological empowerment in the workplace context. She found that employees need to experience all four psychological dimensions to achieve targeted outcomes such as the talent outcomes. Linking the measures of psychological empowerment to talent engagement could bring about better understanding on the underlying reasons on what drives employees. Thus, this paper attempts to analyse the relationship between psychological empowerment, talent engagement and talent outcomes, and identify possible associations between the dynamics of psychological empowerment and the effects of talent engagement.*

Keywords: psychological empowerment, talent engagement and talent outcomes

Field: Human Capital Management

### **1.0 Introduction**

The evolution of human capital management has brought about many changes in the way employees are selected, managed and retained. As awareness of the evolutionary thoughts on employees emerges, organisations are looking for the right candidates among potential employees to continue the value creation for business competitiveness. Business globalisation has triggered the need to search for the right talents

---

\* Shaik Roslinah Bux - PhD candidate, Faculty of Business & Accountancy, University of Malaya, Malaysia. (E) [roslinahbux@mpc.gov.my](mailto:roslinahbux@mpc.gov.my)

\*\* Dr. Angeline Tay – Senior Lecturer, Department of Business Policy & Strategy, Faculty of Business & Accountancy, University of Malaya, Malaysia.(E) [angetay@um.edu.my](mailto:angetay@um.edu.my).

## **Bux & Tay**

to drive lean organisations forward and sustain business performance in dynamic market situations. Echols (2007) in his research found that 85% of value creation is driven by intangible assets such as people and not by assets on the balance sheet. And, many organisations agree on the importance of having the right talented employees for competitive niche. But, who are the so-called talented employees and how do we get them engaged?

A search from various published books and journals on talent management did not yield any clear definition for talented employees and there are confusions between commitment and engagement. Without a clear definition or understanding on what is construed as talented employees and the understanding on employee engagement, it would be challenging to achieve the decision science for talent management as advocated by Boudreau and Ramstad (2007). A clear understanding on what is meant by talented employees would facilitate the effort to address the challenges of human capital management (HCM) such as methods to measure, analyse and provide feedback to ascertain the return on investment (ROI) as well as improve the productivity of human capital investment. This will also facilitate the right strategy to engage employees accordingly. Engagement has been noted to be linked to perceptions of being valued that could translate into discretionary effort that lead to enhanced performance (Konrad, 2006).

In this connection, this research attempts to find out how talented employees or talents are being defined through the available numerous purviews of talent management, how does the psychological empowerment advocated by Spreitzer (1995) affect them and how the human capital initiatives could be mediated by talent engagement. For the intentions of this research, talent engagement is used as an extended term from employee engagement that focuses specifically on the engagement of identified talents in organisations. The primary focus would be how we could capitalise on psychological empowerment as the predictor to mobilise our talents through talent engagement for aspired engagement outcomes.

### **2.0 Literature Review**

#### **2.1 Reviews On Related Literature**

Glen (2006) in his research found that key skills retention, employee motivation and attendance are key statistic issues that impact directly on

## Bux & Tay

organisational 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 organisational process, role challenge, values, work-life balance, information, work environment and product / service. With today's highly competitive environment, it is crucial we recognise key talent is likely to thrive on experience-based career leverage opportunities. He 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 to employee motivation, engagement and key skills retention.

Boudreau & Ramstad (2005) were of the opinion that there was an increasing trend that **organisations compete through talent**. This phenomenon required that human capital segments talent to deploy human capital strategically, pointing to an influencing role on strategic decisions on Human Capital vis-à-vis strategic business planning. The authors also shared four pertinent questions that would shape our understanding and definition of who a talented employee is:

- Where does our strategy require talent that is better or more than our competitors?
- In what new business ventures do we have strategic advantage because of our talent?
- What talent gaps do we need to close in order to keep our competitive advantage?
- Where would a change in the availability or quality of talent have the greatest impact?

The opinion of Boudreau & Ramstad (2005) echoed the study of McKinsey entitled "The War for Talent" authored by Michael et al (2001). In this study, it was found that the war for talent was a strategic business challenge and a critical driver of corporate performance. Therefore, we must recognise "the strategic importance of human capital because of 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.

In another context, Ashton & Morton (2005) advocated that organisations should take systematic approach to talent management by aligning talent management strategies to business goals, integrating all related processes

## **Bux & Tay**

and systems, and creating a “talent mindset” in the organisation. This study addressed the McKinsey research that showed 75% of corporate officers were concerned about talent shortages while Deloitte reported that retaining the best talent is a top priority for 87% of surveyed HR directors.

Ready & Conger (2007) in their research found that organisations generally assert the importance of obtaining and keeping the best people as a major priority. With demographic shifts happening globally, companies integrate functionally to address evolving business needs and vitality to enable them develop and retain key employees and fill positions properly. Functionality refers to the initiatives of establishing rigorous talent processes that support strategic and cultural objectives, while vitality indicates emotional commitment of management in daily actions. Other findings of Ready & Conger were that, Proctor & Gamble (P&G) practices elaborate systems and processes to deploy talent while HSBC incorporated talent processes into the company’s DNA.

Talent engagement is noted to relate to initiatives in engaging and retaining employees. This term highlights the concerns of senior leaders in driving high performance by engaging employees, retaining the right people as a long-term business strategy, as well as evaluating the cost implications, impact on productivity and long-term business consequences. The engagement and retention of your best employees through talent engagement is simply a key to employees’ productivity and achieving organisational strategic business goals. High levels of employee and executive engagement drive superior business performance. Many management gurus have advocated the importance of leading companies in taking holistic approaches to improve and sustain employees as well as execute engagement in their businesses especially during times of significant change.

Hay Group (2002) also found that offices with engaged employees recorded a 43% higher level of productivity. This is supported by the findings of Seijts et al (2006) that companies with highly engaged employees recorded an almost 52% gaps 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% more revenue than their actively disengaged colleagues. These deductions reiterated the opinion of Ryan & Deci (2000) that employee productivity is clearly connected with employee engagement. As such, an essential factor for effective human

## Bux & Tay

capital management is the creation of an environment that encourages employee engagement.

Rutledge (2005) in his book on *Getting Engaged: The New Workplace Loyalty*, talked of engaged employees as tomorrow's competitive advantage and that the engine that powers engagement is within every employee. Through his vast field study and observations, he was of the opinion that "engagement is the state of being attracted (*I want to do this*), committed (*I am dedicated to the success of this*), and fascinated (*I love doing this*)." Rutledge advocated that these three elements must be present for the full existence of engagement in organisations. His opinions supported the notion of Hamilton & Norrie (2003) in their following statements: "*People are attracted to possibilities. They commit to committed leaders. And when I have freedom to perform at my best, authority commensurate with my responsibilities, and when I'm trusted to be capable professional, then I'll be fascinated with my work.*"

Besides, Maxwell (2007) also noted that talent enable people to perform beyond expectations. He quoted Irving Berlin's statements as follows: "Talent is only a starting point in business. You've got to keep working that talent." This opinion is supported by Stephen King's assertion that what separates the talented individual from the successful one is a lot of hard work." One school of thought says everyone has talent known as the strength zone that should be capitalised on for a win-win situation. And, the researchers believe that this strength zone relates positively with Kahn's psychological conditions of meaningfulness, safety, and availability.

## 2.2 Understanding Psychological Empowerment, Talent Engagement and Talent Outcomes

Empowerment in broad sense that means unlocking the potential of your workforce is a crucial catalyst for talent management initiatives. Linking the measures of psychological empowerment to talent management could bring about better understanding on the underlying reasons on what drives employees. The importance of this conceptual thought is evidenced by the trend of the 21<sup>st</sup> century employees who are more skewed towards the generation of "individual thinkers" – people who value their own mind and thought, compared to the "yes men" of yesteryears. Two common practices of empowerment among organisations are: the decision-making delegation

## **Bux & Tay**

from higher levels to lower ones, and increasing access to information and resources for individuals.

Engagement has been defined as “one-step up from commitment” by Robinson et al (2004). 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. Kular et al (2008:6) in her research work noted that engagement is defined differently in different countries and “national differences may play a part in what leads to engagement in the first place.” It has been acknowledged that engagement is not the same as satisfaction. The reason being is that, employees who are engaged in their work are more productive than those who are merely satisfied. Hence, in the context of this study, talent engagement is assumed to be the mediator while job satisfaction is treated as a consequence of engagement; as such a dependent or criterion variable.

According to Lockwood (2007), engagement is linked to organisational performance as her findings indicated that employees with high level of commitment performed 20% better and, was 87% less likely to leave the organisation. These, in turn, translated into higher intention to stay. She noted that initiatives to strengthen employee engagement in a beverage company resulted in the safety cost savings of \$1,721,760 in 2002. Similarly, Watson Wyatt Worldwide in its study found that organisations with loyal and dedicated employees out performed those organisations with lowly engaged employees by 47% and 200% for the years 2000 and 2002 respectively. This study also highlighted the importance of perceptions of the ethos and values of the organisation – an essence of meaningfulness as advocated by Kahn (1990) and Spreitzer (1995) – as a key driver for employee engagement. Harter et al (2003) in their research model indicated the relationship of employee engagement to performance and other effectiveness-related measures.

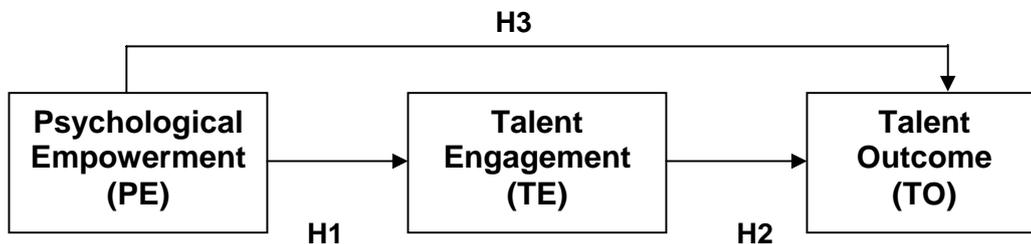
### **3.0 The Methodology & Model**

#### **3.1 The Research Idea**

Through the above literature review, the author \* came up with the simple integrated model of talent engagement as shown in Figure 1

#### **Figure 1: The Integrated Model of Talent Engagement**

## Bux & Tay



The analysis on the relationship between psychological empowerment and talent management for this paper is conducted through cross review of the studies related to talent management and psychological empowerment. This initiative is crucial as there has been increased attention on the study of human strength and optimal functioning. And, optimal functioning relates to organisational psychology which in this aspect foretells the connection between talent management and psychological empowerment.

The theoretical contribution for this research would be in discovering the link between PE and TE in the Malaysian context. As an initial step for this research, three hypotheses were developed to articulate the relationships depicted in the research framework of Figure 1:

- H1: There is significant relationship between PE and TE
- H2: There is significant relationship between TE and TO
- H3: There is significant relationship between PE and TO.

The research framework that is of simple linear format consists of two stages of relationships between the antecedent (independent) variables and the consequences (dependent) variables. The PE determines the engagement level of talents in an organisation that in turn determines the talent outcomes. At the same time, the direct relationship between PE and TO is also posited to examine if there is an impact from PE to TO that is not affected by engagement. And, if this is the case, then PE is deemed to trigger engagement as well as produce related TO. A consequence of this is that TE only mediates partially the impact of PE on TO.

### 3.2 The Research Implications

The empirical study of talent engagement is in its infancy. This research contributes to the literature by developing a conceptual definition of talent engagement, measuring it, providing evidence of its construct validity, and demonstrating its relationship to psychological empowerment and

## Bux & Tay

engagement outcomes. It is the researcher's ardent hope that the issues found in this research will trigger substantive research to address the dynamics of talent engagement in the workplace. Some pointers on the research implications of this research are:

- It is anticipated that this intended research will produce theoretical and practical insights on the talent management (human capital) development, talent engagement and psychological empowerment in the local (Malaysia) context;
- The outcome of the research will bridge the gap on one of the identified areas of research on talent management as critiqued by Lewis and Heckman (2006);
- It is the researcher's hope to enhance the understanding and examine the practicality of the psychological empowerment model of Spreitzer (1995) and Sak's (2006) employee engagement research in the current Malaysian context, especially the Government-linked companies;
- By measuring and analysing talent engagement, and tying the results to business and other HR metrics, one could use the findings to target improvement outcomes. This research also demonstrates the impact employees could have on business and stresses the importance of investment in internal processes, such as psychological empowerment to boost engagement and ultimately business results; and
- Talent engagement highlights the point that the application of talents is a two-way interest between organisation and individual. Organisations would always pay to acquire the required workforce talents; while employees want fulfilling (meaningful) work that uses their unique characteristics and skills.

### 4.0 Future Challenges

Through the discussions above, it can be seen that psychological empowerment with its intrinsic elements are crucial for managing talents in organisations. The four cognitions have influences on managerial effectiveness, innovation, locus of control, self-esteem as well as social desirability. Spreitzer (1995) has through divergent validity indicated that the four cognitive factors were significantly correlated with each other. As implied earlier, the basic purpose of managing talent is to bring about enhanced effectiveness and innovative behaviour. And, psychological empowerment could stimulate internal motivation in employees to take initiatives, embrace risk as well as cope with uncertainty. Bowen and Lawler (1992) had indicated that empowerment in the managerial context would

## Bux & Tay

contribute to strive for effectiveness and innovation in dynamic structures. The simple reason being, formal rules and procedures should not be the sole structures for work processes.

From the 2005 report of Differentiating Talent Management by CRF Publishing, it was suggested that there were ten talent priorities for human capital. These ten priorities were suggested to guide our choice of appropriate approaches and practices that could make a difference to our management efforts of talented employees. Some of the priorities are as listed in Table 1.

**Table 1: Talent Priorities for Human Capital**

No.	Priorities	Explanations
1.	Rethinking the talent focus	Definitions, values, principles, business context and talent market trends
2.	Positioning talent management	How talent processes are designed and delivered
3.	Integrating talent & business	The talent management system and alignment with strategic management process and annual / quarterly operating plans
4.	Assessing capability & accountability	Defining talent capabilities, accountabilities for talent, quality / frequency of talent conversation and talent measures / evaluation
5.	Assessing talent performance	Improve talent development, realising potential, talent deployment and talent performance.

From the listed priorities, there is now the crucial need to analyse deeper on what talent management is all about. The understanding on talent management should evolve with the changing workforce and demographics landscape, needs, and business dynamism. The crux of the issues is how we could tap into the heart and soul of employees to optimise their skills and knowledge that rest within each talent. Furthermore, Ashridge Business School highlighted the following challenges about talented employees or high potentials:

- Issue of transparency in creating talent pool;
- Choices about talent management approaches should include the kind of leadership that an organisation is looking to foster for the future;
- Issue of whether the identified talented individuals want to meet the expectations placed on them (relates to psychological availability) ; and

## Bux & Tay

- Issue of difficulty in developing the talent – pushing them too early and quickly may affect the wide moral and ethical principles; if left unsupported and undeveloped, they are likely to leave!

In addition, Boudreau & Ramstad (2005) made the insight that HR<sup>1</sup> measurements such as HR scorecards, HR financial reports and ROI on HR programs seldom influence key business decisions. As a matter of fact, the measures hardly provide any inkling on how well a company fare against its competitors in creating competitive advantage through people.<sup>2</sup> Professional practices alone do not systematically address the increasing complexity of talent markets and decisions to today's competitive challenges. They suggested three elements *decision framework* of impact, effectiveness and efficiency to support talent management efforts.<sup>3</sup> It was their aim to make aware of the need to embrace and build new decision-based paradigm in human capital management. Perhaps, the human capital practitioners should develop a generic understanding on what drives employees / talents and what could be measured and managed vis-à-vis targeted business performance.

### 5.0 Summary

Talent management is a human capital approach that must be continuously reviewed to find the best fit. This step is essential as the business world is dynamic and talent management as with the understanding on what exactly is a talented employee, is unique to each organisation. While companies may have talent management in place, these practices must be continuously reviewed and updated so that the company can capitalise on its talented employees to grow and expand into new markets. Talent management requires deep-seated commitment from senior executives to be successful. It is critical that the top initiate and infuse passion into the corporate culture to avoid talent management processes deteriorate into bureaucratic routines. This is where the four cognitions of psychological empowerment assume vital role in assisting organisations to achieve goals.

Talent management in essence is about making capabilities (*relates to competence*) match commitments (*relates self-determination*). The key aim is to mobilise organisation's sole source of value and competitive advantage; that is, the employees (people), towards achieving current and

---

<sup>1</sup> HR = human resource

<sup>2</sup> Boudreau & Ramstad (2005) p.18

<sup>3</sup> ibid p.25

## Bux & Tay

future targets. The importance of ensuring capabilities match current and future commitments can be defined through three core processes: understanding what employees do, deploy employees strategically, and ensure employees can do more tomorrow.

Through the various perspectives of talent management and psychological empowerment discussed in this paper, it can be generically deduced that majority of the related philosophers and researchers are of the opinion that talents do not refer to any out of the ordinary human beings and are subjected to elements of psychology. They seemed to advocate that all employees in an organisation, with the assumption that effort has been spent to bring in the “**right** people with the right skills into the right jobs”, can be honed and deployed to areas according to respective strength as talents to address and meet business performance strategies and targets. Cohn et al (2005) concurred with the statement as they believed that, talent management “is not a stand-alone activity; it is a core process of the business, dyed into its fabric.” As such, talented employees who can be referred to every individual in an organisation whose potential can be tapped for capability and capacity optimisation towards the effectiveness, efficiency, productivity and competitiveness of the organisation, supports the notion that psychological empowerment has positive relationship with talent management.

### 6.0 References

- Bryan, L., Joyce, C.I., & Weiss, L. M.,2006, Making a market in talent. *The McKinsey Quarterly*, 2: 99-109.
- Burdett, J. O. ,1994,. The Magic of Alignment. *Management Decision*, 32(2): 59-63
- Farley, C. ,2005,. HR’s role in talent management & driving business results. *Employment Relations Today*, 32(1): 55-61
- Michaels, E., Handfield Jones, H, & Axelrod, B. ,2001,. *The War for Talent*. Boston: Harvard Business School Press.
- Mucha, R.T.,2004,. The Art & Science of Talent Management. *Organisation Development Journal*, 22(4):96-100

## Bux & Tay

- Sandler, S.F. ,2006,. Critical issues in HR Drive 2006 Priorities: #1 is Talent Management. *HR Focus*, 83(1):13-15
- Wilcox, I.,2005, Raising Renaissance Managers. *Pharmaceutical Executive*, 25(6):94-99.
- Woodcuffe, C. ,2003,. To have and to held: Getting your organisations onto talented people CVs. *Training Journal* (May): 20-24
- The McKinsey & Company website at [www.mckinsey.com](http://www.mckinsey.com)
- The Hewitt Associate website at [www.hewittasia.com](http://www.hewittasia.com)
- Ashforth, B.E. ,1989,. The experience of powerlessness in organisations. *Organisational Behaviour & Human Decision Processes*, 43:207-242.
- Ashton, C. & Morton, L. ,2005,. Managing Talent for Competitive Advantage. *Strategic HR Reviews* 4(5), 28-31.
- Boudreau. J. W. & Ramstad, P.M. ,2005,. Talentship & the new paradigm for Human Resource Management: from Professional Practices to Strategic Talent Decision Science, *Human Resource Planning*, 28(2):17-26
- Boudreau, J. W. & Ramstad, P. M. ,2007,.*Beyond HR – The New Science of Human capital*, Harvard Business School Press.
- Boudreau, J. W. & Ramstad, P. M. ,2005, Where's your pivotal talent? *Harvard Business Review* (April)
- Bowen, D. & Lawler, E. ,1992,. The empowerment of service workers: what, ehy, how, and when? *Sloan Management Review*, 33: 31-39
- Cappelli, P. ,2008,. Talent Management for the Twenty-First Century. *Harvard Business Review Online* (retrieved on 17<sup>th</sup> March 2008)
- Cohn, J. M., Khurana, R., and Reeves, L. ,2005,. Growing Talent as if your business depended on it. *Harvard Business Review*, 63-70
- Developing future leaders: The Contribution of Talent Management. Ashridge Business School at <http://www.ashridge.org.uk>

## Bux & Tay

Echols, M. E. (PhD) ,2007, The Evolution of HCM, May (retrieved from [www.talentmanagement.com](http://www.talentmanagement.com) on 19<sup>th</sup> July 2007)

Glen, C. ,2006,. Key Skills Retention and Motivation: The war for talent still rages and retention is the high ground. *Industrial & Commercial Training*, 38(1): 37-45

Gist, M. ,1987,. Self-efficacy: Implications for organisational behaviour & human resource management. *Academy of Management Review*, 12: 472-485

Lewis, R. E., & Heckman, R. J. ,2006,. Talent management: A Critical Review. *HRM Review* 16, 139-154.

[Http://en.wikipedia.org/talent \\_management](http://en.wikipedia.org/talent_management)

Maxwell, John C. ,2007, *Talent is never enough*. Thomas Nelson, Inc.

Ready, D. A. & Conger, J. A. ,2007,. Make your company a talent factory. *Harvard Business Review*.

Smitley, W., & Scott, D. ,1994,. Empowerment: Unlocking the potential of your workforce. *Quality Digest* (August)

Spreitzer, G.M. ,1995,. Psychological Empowerment in the Workplace: Dimensions, Measurement, and Validation. *Academy of Management Journal*, 38(5): 1442-1465.

Thomas, K.W., & Velthouse, B.A. ,1990,. Cognitive elements of empowerment. *Academy of Management Review*, 15: 1005-10