Study on Impact of Performance Management and Rewards on Organization’s Talent Environment

Arvind Singh Chauhan, SP Jain School of Global Management, India
A Seetharaman, SP Jain School of Global Management, Singapore
Veena Jadhav, SP Jain School of Global Management, Singapore
Bhanu Ranjan, SP Jain School of Global Management, Singapore

The Asian Conference on Psychology & the Behavioral Sciences 2024
Official Conference Proceedings

Abstract
With growing complexity and uncertainty in the current business environment, it is imperative to protect and retain organization’s talent pool. Performance Management (PM) System is a business tool that provides direction to the organization and subsequently facilitates the organization to achieve its long-term goals. Performance management plays a pivotal role in shaping employee behaviour by driving overall performance of an employee within organisational set-up. PM System links performance with rewards to inspire the talent environment (TE) thus performance-linked reward model stimulates a performance-driven culture in the organization where high-performance yields higher rewards, thus creating a positive behavioural ripple. This paper delves into the intricate dynamics of performance management systems, exploring its correlation with performance rewards and their overarching impact on the talent environment within the organization. A systematic qualitative study has been conducted to gauge the correlation between performance, rewards and talent. Limitations of the study are discussed further in the paper.

Keywords: Talent Environment, Performance Management, Rewards, Intrinsic and Extrinsic Rewards, Talent Management, Learning, Career
Introduction

Many organizations have a process in place to drive performance management (PM), but very few organizations drive the PM exercise with intent, and even fewer establish the correlation between performance and rewards by differentiating performance. The objective of PM is to facilitate an employee to utilize their full potential, while performance appraisal is the part of PM that evaluates their performance and potential. Performance and rewards have a significant impact on the talent environment of the company, and high-performing organizations ensure that a large proportion of rewards should be given to talent who exhibit consistent high performance and have potential to deliver in the future. When talent is rewarded, performance behaviours possessed by talented people becomes an attraction point for other employees, thus creating a high-performance culture. This study presents a holistic performance-reward-talent (PRT) view and establishes the correlation between performance and rewards to positively impact the talent environment of the organization, ultimately achieving the organizational objectives and creating a high-performance culture.

Research Questions

Research gaps are identified through available studies in the field, which lead to the research questions. Literature reviews critically evaluate the existing research, synthesise the study, identify problem areas and develop a strong proposal for the thesis. The literature review leads to the following questions:

1. How do performance and rewards impact the talent environment?
2. How is a high-performance culture developed?
3. How is talent retained?
4. How organisational commitment is developed?
5. How is talent developed to create a talent pipeline?
6. How to create internal brand ambassador?
7. How to create brand advocates?

Research Objective

This study aims to focus on factors impacting the talent environment of an organization that are specifically related to performance management and rewards. Primarily there are four research objectives:

A1. To understand impact of performance management and rewards on talent environment
A2. To examine the impact of performance management on talent environment
A3. To examine the impact of rewards on talent environment
A4. To evaluate the significance of variables on each other

Literature Review

This paper presents views of Indian and international authors who have conducted qualitative and quantitative studies on PM, rewards and TE. PM covers objective setting, reviews, feedback, coaching, counselling, evaluation and management of low performance. Rewards are categorised into extrinsic rewards, intrinsic rewards, career progression and learning opportunities.
- Extrinsic rewards cover performance increase, performance variable pay, performance incentive (long-term and short-term incentives), retention bonus and employee stock options.
- Intrinsic rewards are psychological in nature and ignite positive emotional reactions. It covers aspects such as work-life balance, work recognition, autonomy, empowerment and praise from seniors.
- Career progression covers long-term talent movement strategies such as promotion, upgradation, job enrichment, job enhancement and setting challenging assignments within the organization.
- Learning opportunities are provided to an employee to develop their skills and competencies for future roles.
- Talent environment (TE) signifies employee point of view about company’s talent management (TM) process and its implication on him or her towards career progression and development, which subsequently results in, employee taking key decisions related to continue job with the company, positively advocate about the company and commitment towards the job. Talent environment is an employee perspective about his or her career expectation from the company compared to company’s TM process. Great companies are able to match employee expectations through formal TM process, which leads to employee retention, high performance culture, strong commitment towards the organisation, building a robust talent pipeline and company advocacy.
- Talent signifies an employee who has the ability to move vertically and horizontally, cross-functionally, geographically and across businesses within the organization to take up higher-level roles.

The study involves a detailed review of the literature from various sources including Google Scholar, EBSCO, ProQuest and ResearchGate on subjects like performance management, extrinsic rewards, intrinsic rewards, career development, learning and talent. The study catalogues five independent variables that have a high impact on talent environment (TE):
1. Performance management (PM)
2. Extrinsic rewards (ER)
3. Intrinsic rewards (IR)
4. Career progression (CP)
5. Learning opportunities (LO)

![Figure 1: Talent Environment Framework](image-url)
1. **PM**

PM is the ‘Achilles heel’ of human capital management, often viewed as ineffective by employees and managers. Continuous ongoing activity throughout the year reflects effective PM behaviour whereas a few intermittent activities during the year are signs of poor PM behaviour (Pulakos, Mueller-Hanson, O’Leary, & Meyrowitz, 2012). Organisations should continuously work on setting expectations, offer regular feedback and support employees in achieving career goals. PM is an integrated model that covers performance measurement to focus on time, cost and quality dimensions and performance improvement to focus on cost reduction, profit, goodwill, customer satisfaction and future business growth (Parthiban & Goh, 2011). Performance appraisal is important for improving employee performance, motivation, satisfaction and overall development (Mufeed & Shah, 2017).

Performance objectives and organisational vision and mission are key ingredients of PM, and they display a strong relationship with organisational effectiveness (Kumar P., 2019). PM practices are fast changing, not only in the private sector but also in the Indian Public and Government sector. In the last 15 years, the Indian public sector has seen various schemes, including the Annual Confidential Report (ACR), the Annual Performance Appraisal Report (APAR), the 360-degree review or Multi Source Feedback (MSF) and Performance Related Pay (PRP), to differentiate high performance. There is a major transition from performance evaluation to talent development and supervisor feedback to multi-source feedback (Unnikrishnan, Sharma, & Sharma, 2022). With a high focus on feedback and demerits attached to appraisals, especially negativity around performance ratings due to the application of the Bell curve, companies are abandoning performance appraisal to focus on people development, agility to innovate and centrality of teamwork (Cappelli & Tavis, 2016). Managers define, facilitate and encourage performance to meet individual goals and strategic organisational objectives (Cascio, 2012).

The ambiguity around the PM system is continuous when it comes to linking goals with performance measures. Organisations need to focus on establishing the correlation between goals and expected performance deliverables from an employee, which can be strengthened through effective and continuous feedback system. When an employee receives continuous feedback, mentoring and counselling, it improves overall work productivity (Yadav & Dabhade, 2013). Performance appraisal systems and competency management frameworks are influenced by factors like organizational culture, leadership and employee participation. The design and implementation of these systems and frameworks must be done through careful planning taking into account the unique needs and characteristics of the employees and organizational culture to enhance level of employee engagement and participation. Performance appraisal systems and competency management frameworks are effective tools for improving employee performance and productivity (Sahay & Kaur, 2021).

The strength of PM is to set collaborative goals with measurable performance metrics. Goal setting should be specific and measurable to provide clarity to the employees on expected deliveries. Goal setting and performance appraisal have their respective strengths, and better integration motivates an employee to perform better (Sahai & Srivastava, 2012). Goal setting, feedback and reviews play a vital role in determining employee performance; therefore, it is imperative that all the steps are closely integrated with each other. An integrated PM system cycle results in setting clear expectation, high performance delivery and high work productivity, thus creating a high-performance culture (Pulakos, Mueller-Hanson, O’Leary,
High performance work practices create positive work environment that fosters employee satisfaction, productivity, and retention (Sharma & Sharma, 2021).

Digitalization in HR is imperative for future workforce. Digital HRM practices are immensely valuable in enhancing employee motivation and performance to improve overall organizational performance. Organizations can improve employee motivation by providing digital HRM tools like online training and development programs, PM systems, and online communication platforms (Al-kharabsheh, Attiany, Alshawabkeh, Hamadneh, & Alshurideh, 2023). Digital performance, competence, and motivation are crucial factors in enhancing employee performance and productivity in digital era. Organisations must provide employees with the necessary digital tools and resources to improve their performance, simultaneously, investing in their competence to enhance motivation (Kurniasih, Setyoko, & Saputra, 2022). Organizations that adopt technologies are better able to adapt to the challenges of the during tough business scenarios and maintain high performance. COVID-19 outbreak had a negative impact on employee performance due to disruptions in work routines, increased workloads, and other stressors associated with the pandemic, however, Industry 4.0 base technologies, such as automation, artificial intelligence, and big data analytics, can help mitigate the negative impact of the pandemic on employee performance. Technology adoption facilitates an organisation in promoting organizational resilience and employee well-being during times of crisis (Narayanamurthy & Tortorella, 2021). An empirical study found a positive correlation between business intelligence effectiveness and corporate PM, suggesting that effective business intelligence can improve PM in organizations (Richards, Yeoh, & Popović, 2019).

Organizations are adopting digital technologies to enhance their PM practices, with the aim of improving employee engagement, productivity, and performance. Digital shift is also driving changes in the role of HR professionals, who are increasingly seen as strategic partners and coaches. Digital shift presents both opportunities and challenges for organizations, as they need to balance the benefits of digital technologies with the need to maintain human connection and avoid the pitfalls of data overload and automation bias. It is important to involve employees in the design and implementation of digital tools, provide training to ensure that PM practices align with the organization's culture and values (Schrage, Kiron, Hancock, & Breschi, 2019). Employees who perceive performance appraisal as fair and accurate are more likely to engage in innovative behaviour, such as generating new ideas, experimenting with new approaches, and adopting new technologies. Performance appraisal can be a powerful tool for promoting innovation, but only if it is perceived as relevant and effective by employees and if it is embedded in a culture that values creativity and experimentation. However, digital era requires a shift in performance appraisal practices, with a greater emphasis on feedback, collaboration, and continuous learning (Curzi, Fabbri, Scapolan, & Boscolo, 2019).

Coaching and effective rewards leads to improved job satisfaction, which are important motivators for employees to perform well to improve overall organizational outcomes (Sidhu & Nizam, 2020). PM framework is a process-oriented approach for employee appraisals and rewards, which emphasizes the processes that employees engage in to achieve their goals. The framework emphasises on defining the process, measuring the process, providing feedback and rewarding the process for better long-term outcomes for both employees and organizations (Shafagatova & Looy, 2021).
2. **ER**

Rewards significantly increases performance, organisational commitment and motivates an employee to perform better (Rizal, Idrus, Djumahir, & Mintarti, 2014). Employee Rewards such as pay, bonus and benefits have a strong impact on performance and stimulate employees to stay with the company. Employees who stay for a longer duration with the company tend to have stronger tacit knowledge, which strengthens the problem-solving ability of the organisation (Edirisooriya, 2014). Effective rewards systems and job satisfaction are critical factors in promoting employee performance and retention, highlighting the importance of effective human resource management practices in organizations (Tănăsescu & Leon, 2019). Organizations should focus on providing recognition and rewards to their employees to enhance their job performance, while also reducing job stress. Additionally, they should also work towards building a supportive organizational culture that can reduce job stress on job performance (Hussain, Khaliq, Nisar, Kamboh, & Ali, 2019).

ER facilitates talent retention, transparency and objectivity in the reward process to identify and recognise high performing employees (Sahai & Ciby, 2021). Performance related pay (PRP) is a tool to improve productivity and accountability amongst employees (Hasnain, Manning, & Pierskalla, 2012). It is important to have effective coordination and communication to successfully implementing performance-based pay policies, particularly in large and complex organizations to promote employee performance and organizational effectiveness (Eriksson, Larsson, & Adolfsson, 2019). Employees who value rewards, tend to perform better than other employees who do not value the rewards. Organisations must explicitly explain the rewards associated with high performance and consistently give rewards commensurate to employee performance. Companies must include compensation components that answer to employees’ needs in their rewards package like variable pay, where an employee perceives a strong relationship between their performance and the rewards they receive. Such reward components have a direct correlation with employee motivation (Resurreccion, 2012). ER are combinations of monetary and non-monetary rewards, which form a key determinant to retain employees (Mabaso & Dlamini, 2018). Missing links between performance and rewards disengages an employee, which impacts their work productivity and ultimately prompts them to leave the organisation. Remuneration, promotion and recognition have a strong inter-relationship, which form a comprehensive reward system to retain talent (Amadi, Zeb-Obipi, Lebura, & Poi, 2021).

ER are directly proportionate to work motivation. Employees aim for better pay, good compensation and a generous benefits plan during their employment to strive for a good standard of living. Good compensation is pivotal in retaining the workforce. The retention program will succeed only if the organisation is committed towards a good reward strategy and becomes a market leader or is at least at par with the competition in their salary levels (Hassan & Govindhasamy, 2020). The retention strategy starts with defined goals, stringent performance reviews and its correlation with rewards. Its purpose is to create a good reward policy aimed at securing talent from the lure of the market to achieve set organisational goals and objectives, thereby achieving success (Amadi, Zeb-Obipi, Lebura, & Poi, 2021). The ER strategy needs to be linked with the Human Resources strategy as it is a performance motivator and facilitates talent retention. The reward strategy should be uniquely designed to achieve a sustainable competitive advantage and be closely linked with business strategy. Higher rewards motivate talent towards high performance, which increases the likelihood of
them staying with the organisation and eventually helps the organisation to achieve its goals (Edirisooriya, 2014).

3. **IR**

Employees value IR within their organisation. Employees value respect, appreciation, a flexible work environment and participative management; in return, they are more committed, motivated, loyal and satisfied in their jobs (Danish, Khan, Shahid, Raza, & Humayon, 2015). Employees who are motivated exhibit a high need for achievement, affiliation and power. Thus, they are committed towards organisation goals and perform better (Rizal, Idrus, Djumahir, & Mintarti, 2014). Talented employees value pride in an organisation, manager support, PM and social responsibility, which leads to three major outcomes: career success, satisfaction and intention to stay (Tymon Jr, Stumpf, & Doh, 2010). When employees are satisfied, they feel a sense of fulfilment, achievement and joy in their respective jobs, which constitute positive factors like employee productivity and creativity that lead to organisational profitability. Job satisfaction boosts employee commitment, which is essential for competitive advantage through human capital (Resurreccion, 2012). IR, such as recognition and job autonomy, are more important for job satisfaction than ER, such as salary and benefits (Tănăsescu & Leon, 2019).

IR reflect an employee’s psychological mindset when they perform their jobs and exhibit a degree of engagement towards organisational goals. Lack of employee involvement, low motivation and unclear organisational vision denotes low employee engagement (Kumar P., 2019). Organisations with a high focus on IR reflect that employees are motivated, loyal and satisfied in their jobs and they strive to perform better (Danish, Khan, Shahid, Raza, & Humayon, 2015). Rewards have significant positive impact on organisational commitment. Organisational commitment is a bond between an employee and the organisation, a psychosomatic state that attaches an employee with the organisation. Organisational commitment is a psychological attachment with the organisation that goes beyond loyalty, and the employee is willing to engage their skills and talents to contribute towards the organisation’s objectives (Mabaso & Dlamini, 2018). Organisational commitment is indicated by an organisation’s effectiveness in achieving its goals, efficiency in utilising the resources optimally, employee satisfaction, customer delight, product innovation, product quality, serviceability mindset and ability to remain ‘human’ (Kumar P., 2019). Successful companies define employee value proposition to understand employees’ desires, create high levels of engagement and empower organisational commitment.

4. **CP**

Career progression is part of the employee development programme to help them grow and reflects that their organisation is partnering in their growth and development. An organisation’s commitment towards career growth influences employee retention (Sinha & Sinha, 2012). A strong career development model has primarily three ingredients: knowledge, competence and experience. Great organisations develop employees on current and future concepts, sharpen their skills to perform better and provide challenging roles for a wider understanding of complex tasks (Sharda, 2012). Professionals want to know that the company has charted a strong career progression path for them. Employees plan their career if organisations continuously communicate career opportunities, future career path and assign cutting-edge projects to keep them engaged. Employees cherish challenging situations because along with challenge comes learning, authority and autonomy (Kumar, Morthati, &
Organisations frequently struggle to chart out a career progression plan for their top talent and thus struggle to retain them. Companies go out into the market to hire top talent from competition due to a talent shortage and get unexpected effects of cultural misalignment.

5. **LO**

Continuous learning plays an important role in career growth and thus keeps talent engaged with the organisation. However, consistent focus on onboarding, training, learning and development in the early stages of an employee’s career facilitates high performance within the organisation and leads to employee engagement (Sahai & Srivastava, 2012). ‘Buddy’ programmes focusing on onboarding, annual talent reviews to assess and develop talent, business leadership development programmes to understand business concepts, action-learning programmes to undertake live projects for on-the-job learning and networking opportunities all facilitate an employee to develop skills and competencies for the future (Sharda, 2012).

Competency assessment programmes are key in identifying competency gaps, which are addressed through swiftly crafted senior and young leadership development programmes to develop, retain, and create a robust talent pipeline in the organisation. Such development programmes create high self-esteem, rejuvenate employees and act as a recognition, which builds their commitment towards the organisation (Rana, Goel, & Rastogi, 2013). An organisation needs to attract, retain, and nurture those employees who foster a sense of purpose, develop unique strategies, are able to attract other committed people and have an ability to innovate and view the work environment as a continual learning structure. Learning is becoming extremely important for organisations that operate in a complex dynamic business environment that encourages disruptive technologies and changes the marketplace (Bihani & Dalal, 2014). A meta-study synthesizes the findings of several studies on the holistic ecological approach to talent development, which highlighted the importance of factors that influence talent development, such as social, cultural and environmental factors (Feddersen, et al., 2021).

Organisations drive learning and development programmes to develop behaviours, skills and competencies, which are essential requirements for talent development. However, many companies drive learning initiatives as an event rather than a process due to the absence of a comprehensive competency framework. It distinguishes between core competencies and distinctive competencies, which are an organisation’s strategic strength. Core competencies are those where the organisation does exceedingly well whereas distinctive competencies are core competencies where the company is superior to its competitors (Bani-Hani, 2021).

A well-defined comprehensive competency framework is a collection of knowledge, skills, abilities, and other characteristics that are required to perform a particular job. The competency framework is used in selection, career development, leadership development and organisational change. It provides a strategic direction to the company by defining core competencies required to perform a job; thus, organisations can articulate unidirectional developmental plans based on individual and organisational needs (Strong, et al., 2020). Competency-based learning results in successful performance delivery at all levels and acts as a competitive advantage for the company. Organisations should design an explicit and comprehensive competency framework to develop employees on business-related competencies. The major advantage in developing business-related competencies is that
employees develop consistently on defined competencies, resulting in nurturing tailor-made
talent to strengthen the organisation’s talent pipeline.

TE

Talent is a combination of competence, commitment and contribution. Successful
organisations exhibit their commitment towards the talent process by charting out a career
progression path for an employee right from the hiring stage in order to develop and retain
them (Sadek, 2020). Successful organisations have a clear-cut career progression strategy to
design and monitor talent development plans: assign challenging, interesting and meaningful
roles; provide clear advancement opportunities; and implement a talent rewards strategy
(Aguinis, Gottfredson, & Joo, 2012). TM and employee retention practices are critical for
organisational success and organizations must adopt a strategic approach to manage talent
and retain employees. These are influenced by factors like leadership, organizational culture,
employee engagement, compensation and benefits, training and development, and work-life
balance. Organizations having strong leadership, supportive organizational culture, engaged
employees, and offered attractive compensation and benefits packages are more likely to
implement effective TM and employee retention practices. Therefore, organizations should
develop a comprehensive TM and employee retention strategy that aligns with their
organizational goals and objectives (Pandey & Kaur, 2021).

TM practices, such as recruitment, selection, training and development, PM, and career
development, impact positively on organizational outcomes such as employee retention,
productivity, and innovation. Thus, it is important to align TM practices with organizational
strategy and culture (Rout & Satpathy, 2020). Change management and TM are closely
related to each other, and the success of TM initiatives depend on effective change
management. Organizations that have strong leadership, supportive organizational culture,
effective communication, and engaged employees are more likely to implement successful
change management initiatives and TM strategies. Organizations that implement change
management initiatives successfully are more likely to attract, develop, and retain top talent
(Roy, 2019).

Machine learning-based approach outperforms traditional methods of talent valuation, such
as subjective assessments by managers or HR professionals. Organisations should leverage
data analytics and AI to make more informed decisions about TM, such as identifying high-
potential employees or designing more effective career development programs (Loyarte-
López & García-Olaizola, 2022). Innovative digital practices, such as social media recruiting,
gamification, virtual reality-based training, and big data analytics for talent acquisition and
management are important to improve efficiency, reduce cost, increase employee engagement
and retention. Organizations should adopt innovative TM practices to stay competitive and
attract and retain talented employees in the digital age (Trigunait & Taruna, 2020).

TM in manufacturing organizations are more traditional and are limited to training and
development. Manufacturing organisations must adopt more advanced TM strategies to
attract, retain, and develop their workforce to remain competitive in global market (Rostam,
2019). TM practices such as talent acquisition, development, retention, and succession
planning are critical for organisations to enhance their performance and remain competitive.
Organisations must adopt effective TM practices to remain competitive in today’s global
economy (Mathe, 2016). The 21st century has intensified the talent war as the world has
become a global village, and almost all competitors have access to similar resources except
human capital. The organisational commitment towards shaping a career path for talented employees results in creating brand ambassadors and organisational advocates. Employees look up to them as their role models and follow in their footsteps, thus staying committed for longer.

Research Methodology

Research discovers knowledge on a specific subject to explore an idea, dissect a problem, make a strong argument and go beyond one’s own feelings, experiences, opinions and thoughts (Clarke, 2005). Research is undertaken to determine a strong compelling reason to explain the impact of change in an existing process, explore new problem areas and confirm existing knowledge on current issues. The ‘research onion’ is one of the most popular and widely used research models for business and management studies (Saunders, Lewis, & Thornhill, 2019).

Research methodology is based on understanding developed during the class, discussions with fellow researchers and by reading educative material. PRT has been evolving for the last two decades and has a transformational history; therefore, the papers are deliberately chosen after 2010. The literature review helped to identify gaps and limitations and resulted in categorising five independent variables and their impact on the TE to engage talent, as shown in the figure below. Companies devote too much time to attract talent from the market but spend too little time in developing and retaining talent, which has a high influence on creating a conducive TE. Developing a conducive TE is a business strategy rather than an activity of the Human Resource Department, and line managers should take responsibility to develop the skills of their team (Mathe, 2016).

Research Framework

The research methodology facilitates the design of a systematic and structured research framework to answer the research questions. The research framework comprises five independent variables with a focus on establishing a relationship between the constructs. This has been broken down into problem statements, objectives and outcomes. The interlinkages and correlations are shown below:
Discussions, Analysis and Outcomes

1. PM

The ambiguity around the PM system is continuous when it comes to linking goals with performance measures. Organizations need to focus on establishing the correlation between goals and expected performance deliverables from an employee, which can be strengthened through effective and continuous feedback system. When an employee receives continuous feedback, mentoring and counselling, it improves overall work productivity (Yadav & Dabhade, 2013). Managers define, facilitate and encourage performance to meet individual goals and strategic organizational objectives (Cascio, 2012).

Outcome: The strength of PM is to set collaborative goals with measurable performance metrics. Goal setting should be specific and measurable to provide clarity to the employees on expected deliveries. Goal setting and performance appraisal have their respective strengths, and better integration motivates an employee to perform better (Sahai & Srivastava, 2012).

Proposition: Goal setting, feedback and reviews play a vital role in determining employee performance; therefore, it is imperative that all the steps are closely integrated with each other. An integrated PM system cycle results in setting clear expectation, high performance delivery and high work productivity, thus creating a high-performance culture (Pulakos, Mueller-Hanson, O’Leary, & Meyrowitz, 2012).
2. **ER**

ER are combinations of monetary and non-monetary rewards, which form a key determinant to retain employees (Mabaso & Dlamini, 2018). Missing links between performance and rewards disengages an employee, which impacts their work productivity and ultimately prompts them to leave the organization. Remuneration, promotion and recognition have a strong inter-relationship, which form a comprehensive reward system to retain talent (Amadi, Zeb-Obipi, Lebura, & Poi, 2021).

**Outcome**: ER are directly proportionate to work motivation. Employees aim for better pay, good compensation and a generous benefits plan during their employment to strive for a good standard of living. Good compensation is pivotal in retaining the workforce. The retention program will succeed only if the organization is committed towards a good reward strategy and becomes a market leader or is at least at par with the competition in their salary levels (Hassan & Govindhasamy, 2020). The retention strategy starts with defined goals, stringent performance reviews and its correlation with rewards. Its purpose is to create a good reward policy aimed at securing talent from the lure of the market to achieve set organizational goals and objectives, thereby achieving success.

**Proposition**: The ER strategy needs to be linked with the Human Resources strategy as it is a performance motivator and facilitates talent retention. The reward strategy should be uniquely designed to achieve a sustainable competitive advantage and be closely linked with business strategy. Higher rewards motivate talent towards high performance, which increases the likelihood of them staying with the organization and eventually helps the organization to achieve its goals (Edirisooriya, 2014).

3. **IR**

IR reflect an employee’s psychological mindset when they perform their jobs and exhibit a degree of engagement towards organizational goals. Lack of employee involvement, low motivation and unclear organizational vision denotes low employee engagement (Kumar P., 2019). Organizations with a high focus on IR reflect that employees are motivated, loyal and satisfied in their jobs and they strive to perform better (Danish, Khan, Shahid, Raza, & Humayon, 2015).

**Outcome**: Rewards have significant positive impact on organizational commitment. Organizational commitment is a bond between an employee and the organization, a psychosomatic state that attaches an employee with the organization. Organizational commitment is a psychological attachment with the organization that goes beyond loyalty, and the employee is willing to engage their skills and talents to contribute towards the organization’s objectives (Mabaso & Dlamini, 2018).

**Proposition**: Organizational commitment is indicated by an organization’s effectiveness in achieving its goals, efficiency in utilising the resources optimally, employee satisfaction, customer delight, product innovation, product quality, serviceability mindset and ability to remain ‘human’ (Kumar P., 2019). Successful companies define employee value proposition to understand employees’ desires, create high levels of engagement and empower organizational commitment.
4. CP

Organizations frequently struggle to chart out a career progression plan for their top talent and thus struggle to retain them. Companies go out into the market to hire top talent from competition due to a talent shortage and get unexpected effects of cultural misalignment. Talent is a combination of competence, commitment and contribution. Successful organizations exhibit their commitment towards the talent process by charting out a career progression path for an employee right from the hiring stage in order to develop and retain them (Sadek, 2020).

**Outcome:** Successful organizations have a clear-cut career progression strategy to design and monitor talent development plans: assign challenging, interesting and meaningful roles; provide clear advancement opportunities; and implement a talent rewards strategy (Aguinis, Gottfredson, & Joo, 2012).

**Proposition:** The 21st century has intensified the talent war as the world has become a global village, and almost all competitors have access to similar resources except human capital. The organizational commitment towards shaping a career path for talented employees results in creating brand ambassadors and organizational advocates. Employees look up to them as their role models and follow in their footsteps, thus staying committed for longer.

5. LO

Organizations drive learning and development programmes to develop behaviours, skills and competencies, which are essential requirements for talent development. However, many companies drive learning initiatives as an event rather than a process due to the absence of a comprehensive competency framework. It distinguishes between core competencies and distinctive competencies, which are an organization’s strategic strength. Core competencies are those where the organization does exceedingly well whereas distinctive competencies are core competencies where the company is superior to its competitors (Bani-Hani, 2021).

**Outcome:** A well-defined comprehensive competency framework is a collection of knowledge, skills, abilities and other characteristics that are required to perform a particular job. The competency framework is used in selection, career development, leadership development and organizational change. It provides a strategic direction to the company by defining core competencies required to perform a job; thus, organizations can articulate unidirectional developmental plans based on individual and organizational needs (Strong, et al., 2020). Competency-based learning results in successful performance delivery at all levels and acts as a competitive advantage for the company.

**Proposition:** Organizations should design an explicit and comprehensive competency framework to develop employees on business-related competencies. The major advantage in developing business-related competencies is that employees develop consistently on defined competencies, resulting in nurturing tailor-made talent to strengthen the organization’s talent pipeline.

**Limitations and Future Scope of Research**

This research has two fundamental constraints. First, the study is a qualitative in nature and inferences have been made by closely dissecting relevant research papers focussing on
variables impacting TE. Second, the research scope is widespread and should be narrowed down to a specific geography and sector.

PRT has significant potential to help in establishing the performance–reward correlation that impacts TE. It has been observed by reviewing the literature that most of the studies have focussed on one or two factors of PRT. The existing study strongly suggests that there is a high correlation between performance, rewards and talent, and TE is influenced by the way employee’s PM, rewards, career and learning are managed by an organization. Future studies have scope to devise a PRT model that facilitates organizations to drive performance rewards to influence TE to achieve organizational goals, thus creating a strong performance-driven culture in the organization.

Conclusion

Separate and isolated studies have been conducted on strategic people management subjects like PM, rewards and TM; however, it has been established through the literature review that studies have limited or no correlation between all the subjects. It has been observed that there is a strong need to devise a holistic conceptual model, through a systematic and structured study, to establish correlation between performance, rewards, career and learning impacting TE in the business scenario. The study shall benefit management practitioners and the company’s policy makers while drafting and driving a TM framework in their organization. The study signifies that PM, rewards, career path and learning are extremely important for to create a conducive TE within an organization. It determines that talented employees are encouraged by the way their career journey is planned, managed and rewarded by the organization.
References


Kumar, P. (2019). Relationship between Performance Management System (PMS) and Organizational Effectiveness (OE): Manufacturing Enterprises in India. SCMS Journal of Indian Management, 16(3), 79-88. doi:10.13140/RG.2.2.31058.91847/1


**Contact email:** arvind.dm22dba003@spjain.org