

Employee Engagement and Retention: Strategies for Building a High-Performance Workforce

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Abstract

This study examined the influence of employee engagement and talent retention on employee performance. The dimensions of employee engagement were reviewed as cognitive engagement, affective engagement and behavioral engagement while the measures of employee retention were reviewed as employee competence, employee satisfaction and employee turnover rate. A secondary source of data was predominantly utilized. The study adopted the Qualitative Theoretical Reasoning Approach (TRA) methodology to achieve its objectives. It adopted the Vroom Expectancy Theory and The Job Demands-Resources model (JD-R model) to guide it. Through an extensive literature review of concepts and theories under study, the study findings revealed that engaged employees often experience positive emotions (e.g., happiness, joy and enthusiasm). Engaged employees experience better health, create their own job and personal resources which enhance their competence and thus enhance talent retention. The study thus concluded that there is a practical and literal relationship between employee engagement and talent retention. The study thus, recommended that organizations should from time to time investigate employee behavior in order to manage it properly and adequately. Organization's plan of action should be intentional towards employee engagement for business success. While applying adequate retention strategies, organizations should be proactive and rational in order to identify and classify talented employees for retention and improvement in employee performance.

Keywords: Employee Engagement, Employee Retention, Expectancy Theory, Employee Performance and Performance Management

Introduction

Globally and especially within the US and the UK, employee engagement is not entirely new as many researchers and organizations have been studying it for some time using different terminologies and slightly different definitions. Employee engagement has been defined as the extent of one's commitment to one's job (Lockwood, 2019). Employee engagement is a multidimensional concept with cognitive (or rational), emotional (or affective), and behavioral components (Konard, 2016). A definition of employee engagement that takes into accounts both emotional and rational factors was affirmed by the Towers Perrin Talent Report. According to Ampomah Cudjor (2015), employees have three characteristic behaviors: (1) Employees saying positive things about their organization to other employees and customers; (2) Employees have a desire to stay in the company; and (3) Employees serve the company by exerting additional, discretionary effort.

Employee retention and engagement levels are two key factors that employers often make every effort to influence by introducing strategies to achieve improved engagement and retention. Utilizing talent management to realize this objective is an essential step to achieving this (Agarwal, Datta & Beard, 2020). Building a motivated and engaged staff through improved personnel management is a tried-and-true method

of implementing employee engagement and retention tactics (Ajzen, 2021). To stabilize their personnel, leading businesses often incorporate talent management and employee engagement into their core business strategies (Agarwal, Datta & Beard, 2020). Employee engagement, according to Agarwal, Datta, and Beard (2020), is the process of fostering an environment at work where workers feel motivated and equipped to do their best work. This suggests that employee engagement goes beyond simply having a happy or content staff. Although employee happiness is a key component of employee engagement, building a really engaged workforce requires addressing factors like communication, teamwork, and wellbeing to achieve your goals (Akkerman, Sluiter & Jansen, 2019). The goal of the employee engagement strategy is to increase engagement by coordinating with employee retention initiatives.

The ability of a business to keep its current employees by utilizing employee engagement as a retention tactic is referred to as employee retention (Akkerman, Sluiter, & Jansen, 2019). Hausknecht, Rodda, and Howard (2020) explained that employee retention is the action taken by organizations to motivate and influence employees to function at the optimum level for a more extended period. Companies frequently launch employee retention initiatives with the goal of creating and sustaining a culture where current employees feel supported.

African Antecedent of the Major Thoughts

In Africa and Nigeria context, employee engagement is a relatively new concept (Macey & Schneider, 2018), and the factors that produce engagement may be different from those that produce more traditional employee outcomes such as job satisfaction and organizational commitment (Mendes & Stander, 2018). Considerations of how to promote engagement as a desirable outcome of the performance management process thus represent a significant, but untested, development in the performance management literature (Sparrow, 2016). Additionally, building on the positive psychology movement (Seligman & Csikszentmihalyi, 2020; Lopez & Snyder, 2019), much contemporary organizational research adopts a positive approach to understanding organizational phenomena. Notable among these approaches are positive organizational behavior (Luthans & Youssef, 2022) and positive organizational scholarship (Cameron & Caza, 2018). Linley, Joseph, Maltby, Harrington, and Wood (2019) note that employee engagement represents an application of this positive approach. Thus, consideration of how employee engagement contributes to performance management is a development in the performance management literature that is consistent with recent trends in the organizational sciences. A focus on employee engagement in the performance management process may foster performance improvement beyond that achievable through a conventional focus on performance itself. As noted by Banks and May (2017), the traditional approach to performance assessment is appropriate for stable jobs in which work processes are procedural and easily observable. However, contemporary jobs are much less static (Singh, 2016). Today the definition of a job and what represents good performance is more variable (Fletcher & Perry, 2016). Fletcher and Perry (2016) note that the multidimensional and dynamic nature of performance is captured by the evolution of concepts such as emotional intelligence (Goleman, 2018) and the distinction between task and contextual performance (Cameron & Caza 2018)). To this list one might effectively add the concepts of adaptability (Pulakos, 2019), creativity (Sheldon & Kasser, 1998), and proactivity (Bates, 2018); (Schneider & Wagemann, 2020), which represent outcomes associated with behavioral engagement (Macey et al., 2018). Because of the dynamic, multifaceted nature of

modern jobs, in the contemporary work Environment, achieving increments in performance often involves less “management” of performance than “facilitation” of performance (Konard, (2016)), by creating the conditions for performance to improve. A comprehensive approach to performance improvement certainly requires control systems and the “management” of performance in order to, for example, coordinate cascading goals (Pulakos, 2019). However, the desired outputs of knowledge-based economies (i.e., creativity and personal initiative) are less amenable to control by supervisors. Changes in workplaces such as decentralization, enlarged spans of control, a lack of direct experience, and an increasing proportion of knowledge workers make it harder for superiors to manage the performance of others (Richman, 2016.; Fletcher & Perry, 2016). May, Gilson & Harter, (2018). note that it is difficult to manage and set objectives for employees in economies dominated by knowledge and service-intensive jobs because such work is more varied and subtle.

Contemporary performance management processes must therefore also focus on the creation of conditions for the engagement of knowledge workers in order to facilitate the type of enhanced performance desired in advanced economies. Put another way, modern performance management is as much about managing the context in which performance occurs as it is about managing performance itself (Jones, 2016). This general idea was expressed over 30 years ago by Miller (1977) who suggested that improving the productivity of knowledge workers requires a focus on the environment in which work is completed. Another reason to focus on “facilitating”, instead of “managing” performance has to do with developments in performance management itself. Today, the focus of the performance management process is largely on results, as opposed to personality, behaviors, or competencies (Fletcher & Perry, 2016; Pulakos, 2019). Results can be obtained in numerous ways, as underscored by the notion of equifinality (Jennings, Rajaratnam, & Lawrence, 2017). Thus, managing performance may be somewhat of a misnomer. Therefore, along these lines we present a model of “the performance context” that can promote employee engagement and enhance performance. First, however, we explain the construct of employee engagement and retention.

The Contextual Antecedent of the Major Thoughts

Employee engagement and talent retention have received a great deal of attention in the last five years, especially in the popular press and among consulting firms. It has often been touted as the key to an organization's success and competitiveness. Indeed, there is a claim that engagement is “essential” for contemporary organizations given the many challenges they face. Macey et al. (2018) argue that organizations can gain a competitive advantage through employee engagement and talent retention. Numerous writers have sung the praises of engagement as a key driver of individual attitudes, behavior, and performance as well as organizational performance, productivity, retention, financial performance, and even shareholder return (Richman, 2016). In fact, Macey *et al* (2018) have shown that among a sample of 65 firms in different industries, the top 25% on an engagement index had a greater return on assets (ROA), profitability, and more than double the shareholder value compared to the bottom 25%. However, it has also been reported that employee engagement is on the decline and there is a deepening disengagement among employees today (Bates, 2018); (Richman, 2016). For example, roughly half of all Americans in the workforce are not fully engaged or they are disengaged leading to what has been referred to

as an “engagement gap” that is costing U.S. businesses \$300 billion a year in lost productivity (Bates, 2018). Given the importance of employee engagement to organizations, combined with the deepening disengagement among workers today, a key issue is how to promote the engagement of employees. As noted by May, Gilson, and Harter (2018), “Engagement is important for managers to cultivate given that disengagement, or alienation, is central to the problem of workers' lack of commitment and motivation”. However, controversy exists regarding the definition of employee engagement. Macey and Schneider (2018) note that there are numerous definitions of the construct, but that they all agree that employee engagement is desirable, has an organizational purpose, and has both psychological and behavioral facets in that it involves energy, enthusiasm, and focused effort. Schaufeli, Schneider and Salanova (2018). define employee engagement as “the individual's involvement and satisfaction with as well as enthusiasm for work”. Leiter and Bakker (2016) view engagement as the opposite pole of burnout. They define engagement as “an energetic experience of involvement with personally fulfilling activities that enhance a staff member's sense of professional efficacy” (Leiter & Bakker, 2016) and consider it to be comprised of energy, involvement and efficacy (Maslach & Leiter, 2008).

Maslach and Leiter (2008) also view engagement as the conceptual opposite of burnout but view these constructs as independent states with dissimilar structures that must be measured with different instruments. They regard engagement as “a positive fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption. Rothbard (2019) similarly regards absorption as a critical component of engagement (the other component being attention). Schaufeli and Salanova (2015) note that being fully absorbed in a role comes close to what Csikszentmihalyi (2020) calls “flow.” They suggest that the distinction lies in the fact that whereas engagement is a persistent work state, flow is a more complex concept that involves momentary peak experiences that can occur outside of work. Schaufeli and Salanova (2015) suggest that engaged employees are energetically and effectively connected to their work. This can occur through the investment of one's “self” in work activities. In his work on personal engagement Kahn (1990) suggested that engagement involves “the harnessing of organizational members' selves to their work roles; in engagement people employ and express themselves physically, cognitively, and emotionally during role performances”. By contrast, disengagement involves an extrication of organizational members' selves from their work roles. “In disengagement, people withdraw and defend themselves physically, cognitively, or emotionally during role performances” (Kahn, 1990). Kahn (1990) further notes that, Personal engagement is the simultaneous employment and expression of a person's “preferred self” in task behaviors that promote connections to work and to others, personal presence (physical, cognitive, and emotional), and active, full role performances. Engagement involves high levels of energy and identification with one's work, in contradistinction to burnout which involves low levels of both (Schaufeli & Salanova, 2015). When engaged people become physically involved in their tasks, cognitively alert, and ardently connected to others in ways that demonstrate their individuality (e.g., thoughts, feelings, values, etc). Engagement allows people to simultaneously express their preferred selves and completely satisfy their role requirements (Kahn, 1990). More generally, engagement means to be psychologically present when occupying and performing an organizational

role (Kahn, 1990). When people are psychologically present they feel and are attentive, connected, integrated, and focused in their role performances (Kahn, 1990). People vary in the extent to which they draw on themselves in the performance of their roles or what Kahn (1990) refers to as “self-in-role.” Thus, when people are engaged they keep their selves within the role they are performing. However, both the concept of employee engagement and research on it have been subject to criticism. For example, it has been suggested that there may be substantial overlap and redundancy between engagement and other constructs such as job satisfaction (Wefald & Downey, 2017). This is a valid point given that Kahn (1990) discussed engagement as a state-like phenomenon in which people adjust their selves-in-role in response to the ebbs and flows of daily work. However, some recent research does treat engagement as a state-like phenomenon (e.g., Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2019). The study conceptualizes engagement as state-like with corresponding behavioral expressions as noted below. An important distinction when defining engagement is whether it is a state or behavior. Although some consider engagement to be a state (Schaufeli *et al.*, 2018), others have described it as consisting of a psychological state that has behavioral manifestations. For example, according to Kahn (1990), the state of engagement which he refers to as psychological presence consists of four dimensions (attentiveness, connected, integrated, and focused), is manifested in terms of physical, cognitive, and emotional behaviors or what he calls personal engagement. In his model, personal engagement leads to performance outcomes. More recently, Macey *et al.* (2018) distinguished engagement in terms of employee engagement feelings which consist of feelings of urgency, focus, intensity, and enthusiasm and employee engagement behaviors which consist of persistence, proactivity, role expansion, and adaptability. Macey *et al.* (2018) also proposed a model of the employee engagement value chain in which engagement feelings lead to engagement behaviors and engagement behaviors lead to performance outcomes. Thus, both the Kahn (1990) and Macey *et al.* (2018) models suggest that 1) employee engagement has a state and behavioral dimension, 2) the state of engagement precedes and leads to engagement behaviors, and 3) engagement behaviors are directly related to performance outcomes.

Problematization of the Major Thoughts

Retaining current employees in business lowers the high expenses of hiring new employees as well as the time and effort needed to train them (Akkerman, Sluiter & Jansen, 2019). Surprisingly, 90% of the workforce believes that a policy on employee engagement would contribute to their improved general wellbeing. Employees who are engaged are more enthused and fascinated than disengaged Employees. According to a study by Akkerman, Sluiter, and Jansen (2019), organizations should use the highly creative energy of these engaged individuals to promote their wellbeing and improve performance. Despite the ambiguous relationship between employee happiness and productivity, it is widely accepted that happy workers are motivated and effective. Because engaged workers care more about their jobs, are more driven, and go above and beyond what is expected of them to support the organization's survival, engagement has grown in importance among scholars (Allen, 2017).

It is anticipated of workers who are involved in their work and satisfied with their careers that they will also be content in their personal lives. Furthermore, a crucial criterion for assessing a person's career as a whole is job satisfaction, which is

viewed as an alternative to one's alleged quality of work life. Uncertainty and complexity are characteristics of the modern workplace. Only those individuals who are upbeat, cheerful, and extremely adaptable can survive and function well in such a rigorous work environment. Talent retention, according to Akkerman, Sluiter, and Jansen (2017), is the process of keeping personnel on board with the company for an extended period of time. In actuality, all organizations strive to retain new hires for a long period by developing them into professional workers. It is crucial to develop and put into practice tactics that will keep employees engaged and, as a result, retain talent.

In light of the aforementioned, this study aims to investigate talent retention and employee engagement. Employee engagement has a lot of challenges attached to the process. Among these challenges are issues bordering on determining employee knowledge, perception and values; including their level of happiness, joy, enthusiasm and behavioral pattern. Where these engagement levels are not clearly evaluated and improved upon, organizations will have disengaged employees resulting to low performance and productivity. Understanding that talent retention is important so as to avoid the cost of frequent hiring and re-training, organizations, must employ relevant employee engagement strategies to retain talented employees. It is important that employee engagement should be evaluated by considering employee cognitive, emotional and behavioral engagement. If these dimensions are envisaged, talent retention should be measured based on talents competences, satisfaction and turnover levels. Thus this paper seeks to examine the influence of employee engagement on talent retention. The general objectives of the study is;

- i. To assess the influence of employee engagement on employees' retention
- ii. To determine how employee engagement affect employees' retention

Theoretical foundation

This study is anchored on the Expectancy Theory proposed by Victor Vroom in 1964. This theory is predicated on the idea that individuals are motivated to perform if they know that their extra performance is recognized and rewarded (Vroom, 1964). Consequently, companies using performance-based pay can expect improvements.

Performance-based pay can link rewards to the amount of products employees produced. People alter their behavior in an organization based on the likelihood that their desired goals will be attained. The people alter their actions in a way that is most likely to help them achieve these objectives. This theory underlies the concept of employee commitment and engagement as it is believed that employee commitment and engagement is influenced by the expectations concerning future events (Salaman et al., 2015). The theory further argues that there are two distinctive sets of factors affecting employee attitudes towards job and motivation. Factors in the first group are motivators (intrinsic) and consists of the following elements: achievement, recognition, work itself, responsibility, advancement and growth. The second group of factors are classified as hygiene factors (extrinsic) and include supervision, company policy, relationship with (peers, subordinates, supervisor) working conditions, salary, personal life, status, security.

Empirical Review

Bhatnagar (2017) conducted a study and evaluated the role of employee retention on organizational cost and performance. In this study, they had concluded that substantial costs in hiring employees, training and development could be saved if the good working employees are retained in the long run. Bisht, Chaubey and Thapliyal (2016) said that employees must be motivated to collaborate ideas and their opinions on functioning of the organizations. They need to be inspired if their suggestions lead to increase in productivity and profits. This would create more employee involvement which would in turn lead to commitment and later to employee retention as the employee would feel respected and proud that his suggestions are being implemented in the organization.

Antony and Anbu (2016) conducted a study on employee retention and emphasized that there is a need for employee oriented monetary and reward programs which would make the employees feel emotionally connected and committed. Development and implementation of such reward, recognition and career development programs would make the organizations more profitable going forward and would also have sustained productive employees. Gorman (2022) had said that organizations must focus on career oriented development programs which would enable them to be more committed to the company.

These career learning and career guidance programs would have positive impact on the organizational growth and development which would also enable employee retentions. Babbie (2020) conducted a study and evaluated the role of employee engagement in organizational performances. He elaborated that there is a need for effective communication strategy and connecting them with organizational goals and targets. Once, a clear communication is made and established, organizational commitment and engagement would result to employee retention.

The study by Maslach and Leiter (2008) found an inverse relationship between employee engagement and employee turnover intention. Another study by Mendes and Stander (2018) revealed that lack of work engagement was a predictor of employees' intention to leave. A study by Pandita and Ray (2018) concluded that the synchronization of talent management practices and employee engagement initiatives by organizations leads to talent retention. Most of the past studies point towards a positive relationship between employee engagement and employee retention. From the above discussion, it is evident that Employee engagement influences Employee retention in organizations

Methodology

The methodology adopted for the study is the Qualitative Theoretical Reasoning Approach (TRA) methodology. This involves a comprehensive review of literature in the area of study to identify relevant reasoning, concepts, and theories. The theoretical reasoning approach helps to identify the major variables or domains of the study and the interrelationship between them (Kraaijenbrink, Spender & Groen, 2016). A critical review was undertaken to identify relevant studies published in high-impact factor journals on the construct and theme from 2018 to 2023. The time lag of 5 years was adopted by the author to ensure the currency of literature on the above subject matter. Over 35 research articles were downloaded from various links such as

EBSCOhost, Proquest, Google scholar and Research gate and were reviewed. These articles were selected based on the relatedness of their concepts, and currency, and on the nexus between employee engagement and retention as they impact employee performance in successful companies across the world. Few studies used longitudinal data, controlling for unobserved heterogeneity, or addressed endogeneity.

Findings of the Study

Major models and theories

Several concepts and theories have been developed in the literature that provide a framework for how to enhance employee engagement. For example, based on his ethnographic study, Kahn (1990) suggested that three psychological conditions serve as antecedents of personal engagement: Psychological meaningfulness, psychological safety, and psychological availability. Psychological meaningfulness refers to one's belief regarding how meaningful it is to bring oneself to a role performance. It is associated with incentives to engage and the perception that one is receiving a return on investment of one's "self-in-role." Psychological meaningfulness is achieved when people feel worthwhile, valuable, and that they matter. The three factors that Kahn (1990) found influenced meaningfulness were task characteristics, role characteristics and work interactions. Psychological safety involves one's perception of how safe it is to bring oneself to a role performance without fear of damage to self-image, status or career. It is associated with reliable, predictable social environments that have clear boundaries of acceptable conduct in which people feel safe to risk self-expression. Kahn (1990) found that the four factors that impacted psychological safety were interpersonal relationships, group and intergroup dynamics, management style, and norms. Psychological availability pertains to one's perception of how available one is to bring oneself into a role. It is associated with the physical, emotional and psychological resources people can bring to their role performances. Kahn (1990) suggested that four distractions affected psychological availability: depletion of physical energy, depletion of emotional energy, insecurity, and outside lives.

May, Gilson, and Harter (2018) operationalized Kahn's psychological states and developed a scale to assess the expression of oneself physically, cognitively, and emotionally in one's work role. Schaufeli and Salanova (2015) note that these three dimensions are similar to the dimensions of vigor, dedication and absorption noted earlier. May *et al* (2018) also investigated Kahn's (1990) three psychological conditions of engagement. In support of Kahn's (1990) theory, they found that meaningfulness, safety, and availability were significantly related to engagement. They also found that job enrichment and role fit were positive predictors of meaningfulness; rewarding co-worker and supportive supervisor relations were positive predictors of safety while adherence to co-worker norms and self-consciousness were negative predictors; and resources available was a positive predictor of psychological availability while participation in outside activities was a negative predictor. A more recent approach to enhancing employee engagement is the Job Demands–Resources (JD-R) model.

According to the JD-R model, the work environment can be divided into demands and resources. Job demands refer to physical, psychological, social, or organizational features of a job that require sustained physical and/or psychological effort from an employee that can result in physiological and/or psychological costs. Common job

demands, which initiate a health-impairment process, include work overload, job insecurity, role ambiguity, and role conflict. Job resources refer to physical, psychological, social, or organizational features of a job that are functional in that they help achieve work goals, reduce job demands, and stimulate personal growth, learning, and development. Job resources, which initiate a motivational process, can come from the organization (e.g., pay, career opportunities, and job security), interpersonal and social relations (supervisor and co-worker support, and team climate), the organization of work (e.g., role clarity and participation in decision making), and from the task itself (e.g., skill variety, task identity, task significance, autonomy, and performance feedback) (May, Gilson & Harter, 2018). The basic premise of the JD-R model is that high job demands exhaust employees' physical and mental resources and lead to a depletion of energy and health problems. Job resources are motivational and can lead to positive attitudes, behavior, and wellbeing (May, Gilson & Harter, 2018). The motivational potential of job resources can be intrinsic because they facilitate growth, learning, and development, or extrinsic because they are instrumental for achieving work goals ((May, Gilson & Harter, 2018). Job resources are also important because they help individuals cope with job demands and have been found to buffer the effect of job demands on job strain (Schaufeli, Schneider, & Salanova, 2018). Research on the JD-R model has found that job demands are related to burnout and health problems while job resources predict work engagement, extra-role performance, and organizational commitment (Schaufeli, Schneider, & Salanova, 2018). An integration of the ideas regarding the psychological and resource antecedents of engagement suggests that the performance management process should provide employees with resources that will promote engagement by fostering the psychological conditions that precede it. Given that various factors in the work environment have been shown to be related to employee engagement, how can organizations actually enhance employee engagement? Current approaches for driving employee engagement involve the use of an employee engagement survey to assess and benchmark engagement levels in an organization and to measure various work environment conditions that might be related to engagement (Macey *et al*, 2018). The results are then used to identify interventions to improve engagement levels in the organization. Engagement surveys have received considerable attention among consulting firms and in the popular press which typically report the percentages of employees who are engaged to various degrees as well as relationships between engagement and organizational performance outcomes (Klie, 2019).

However, although engagement surveys are useful for benchmarking employee engagement levels in organizations, the use of an engagement survey for the management of employee engagement has a number of limitations. First, it relies on employees' self-reports of their levels of engagement and there is ample evidence in the literature of a self-serving bias when employees report their own behavior such as performance and absenteeism (Johns, 2017). Second, the potential drivers of engagement or those work conditions that might be related to employee engagement might not be important for all employees. In other words, the best approach for improving employee engagement might depend on each employee rather than aggregate levels of various working conditions. For example, providing additional supervisor support is not likely to improve the engagement of employees who already perceive a sufficient level of support or for those who are more concerned about other aspects of their job. Third,

modifications to various drivers of engagement are not likely to have a strong and lasting effect on engagement levels unless such changes are integrated with other parts of the organization and HR system. In other words, to be effective there needs to be a series of well-integrated and connected practices and programs that focus on developing and measuring employee engagement. Fourth, the use of engagement surveys is an organizational-level approach and does not enable an organization to develop or monitor the engagement of individuals or hold them accountable for their engagement. Finally, engagement surveys are best suited for measuring employee engagement feelings or state engagement. However, as already indicated, it is behavioral engagement that leads directly to job performance. Therefore, we argue that a more effective and integrated approach for enhancing and managing employee engagement is to manage engagement the same way that job performance is managed.

Juxtapositioning of the Concepts and Theories to Produce New Knowledge, Concepts or Theories or Typology or Model

Integrating performance management and employee engagement involves performance agreement. The main activities at this stage involve goal setting and a review and agreement of the psychological contract as goals are extremely important for initiating the employee engagement process because goals stimulate energy, focus, and intensity or the feeling of engagement. According to Macey et al. (2018), “the feeling of engagement cannot occur without a specific purpose or objective”. They also state that for engagement to occur there needs to be an alignment between individual goals and organizational goals. Such an alignment ensures a strategic focus to engagement because it ensures that employees engage themselves in tasks that are important for the achievement of an organization's goals and objectives. Thus, during this stage employees should be made aware of and understand organizational goals and objectives and it is within this context that they should set their own goals. In the performance management literature, performance agreement involves the negotiation of goals that employees will accomplish. Pulakos (2019) notes that although an employee's work goals should support higher-level organizational objectives, an individual's developmental needs can also be considered when establishing goals. In order to produce engagement, not only should employees' needs be considered, their needs, goals, and desires should be a significant part of the goal setting process. Armstrong (2018) suggests that goals should take into account the achievement of corporate objectives, but should also allow individuals to formulate their own goals within the broader organizational context. Allowing employees to have a say in setting goals may be more likely to produce engagement than requiring them to satisfy imposed goals because the former will take into account employees' values and interests which represent their true selves.

Research on the self-concordance model Sheldon & Kasser (1998) demonstrates that goals that are consistent with an individual's values and interests produce well-being, one manifestation of which is engagement (Xanthopoulou, Bakker, Heuven, Demerouti & Schaufeli, 2019). This only occurs when goals are integrated with the self and pursued because of felt ownership (Sheldon, & Kasser, 1998) which may not occur when goals are imposed. Achieving goals that are not integrated with the self does not promote well-being (Sheldon & Kasser, 1998) and is not likely to promote engagement. However, achieving goals in which one is personally invested does. For example, in a study of Finnish managers, Hyvönen, Feldt, Salmela-Aro, Kinnunen, and Mäkikangas (2019) found that managers' personal goals that were consistent with their career stage were associated with work engagement.

Incorporating personal goals into organizational objectives is likely to enhance engagement by involving the self in goal attainment. In terms of Kahn's (1990) three psychological states, goals that are self-concordant have psychological meaningfulness; they produce a return on investment in one's self. Allowing participation is more likely to achieve concordance. Given that managers often have limited knowledge of the needs and desires of employees (Sparrow, 2016), if participation in goal setting is not encouraged supervisors should make special efforts to establish objectives that take into account the unique values, goals and interests of subordinates. In their discussion of how to promote engagement, Schaufeli and Salanova (2019) suggest a three step process for ensuring clear mutual expectations between an organization and an employee. First, inquire about the employee's values, preferences, and goals. Second, draft an Employee Development Agreement (EDA) that incorporates these goals and assures the necessary organizational resources. Third, monitor the EDA in terms of goal achievement and adjust goals and resources as necessary. Schaufeli and Salanova (2015) note that this process represents a modification of existing performance management processes which places the focus on personal goals (as opposed to organizational goals) and the resources required to achieve them.

Kahn (1990) notes that the three psychological conditions that produce engagement parallel the logic of contracts in that people tend to enter contracts that have clear benefits (psychological meaningfulness), protective guarantees (psychological safety), and which they believe they have the resources to honor (psychological availability). Employees tend to have implicit and/ or explicit expectations regarding what they expect from an organization (Rousseau, 2017). Such expectations can be the basis of psychological contracts which involve reciprocal obligations between employees and employers (Rousseau, 2017). The fulfillment of psychological contracts has been shown to be associated with both task-related and non-task-related performance (Turnley, Bolino, Lester, & Bloodgood, 2018) and might also lead to higher levels of engagement according to social exchange theory. Social exchange theory (SET) argues that obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence. Rules of exchange usually involve reciprocity or repayment rules such that the actions of one party lead to a response or actions by the other party. For example, when individuals receive economic and socio-emotional resources from their organization, they feel obliged to respond in kind and repay the organization (Cropanzano & Mitchell, 2016). The way for individuals to repay their organization is through higher levels of engagement (Saks, 2018).

Thus, according to SET, employees will be more likely to engage themselves when their psychological contract has been fulfilled. Performance management processes are key factors in the development of psychological contracts (Suazo, Martinez, & Sandoval, 2020). For example, employees may have implicit or explicit expectations that the organization at which they work will allow them to set goals that incorporate their individuality, and coach them along the path to their goals. Failure of an organization to live up to its end of the contract constitutes a contract violation and may produce numerous undesirable outcomes including a reduction of employee engagement (Schaufeli & Salanova, 2015). To the extent that employees expect personal engagement at work but find the conditions necessary to produce engagement absent in the work environment, a contract violation can occur and result in disengagement. Indeed, Parzefall and Hakanen (2010) found that perceived

psychological contract fulfillment was positively associated with work engagement, and that engagement fully mediated the relationship between perceived contract fulfillment and affective commitment. In terms of the JD-R model, psychological contract fulfillment acts as a job resource that produces engagement (Parzefall & Hakanen, 2017). Thus, psychological contracts should be reviewed and agreed upon during the performance agreement stage.

Major Contributions Highlighted

This study has contributed thus far that employees are more likely to engage themselves when they perceive a good fit between themselves and their job and organization. Schaufeli and Salanova (2015) suggest that coaching employees and helping them with planning their work, highlighting potential difficulties, and offering advice and emotional support helps to foster engagement. It also helps to instill confidence or self-efficacy among employees. Research on the JD-R model has found that social support from one's supervisor and co-workers is related to a number of positive work outcomes and negatively related to disengagement and burnout (Bakker *et al.*, 2018). Not only can leaders provide employees with social support, they can also develop engagement by providing assignments and experiences that are challenging, provide some control, autonomy, performance feedback, and allow for participation in decision making.

Conclusion

This study examined the influence of employee engagement and talent retention on employee performance. Employee retention and engagement levels are two key factors that employers often make every effort to influence by introducing strategies to achieve improved engagement and retention so as to achieve improved employee performance. The study revealed that engaged workers care more about their jobs, are more driven, and go above and beyond what is expected of them to support the organization's survival. And talent retention saves organizations the high cost of employee turnover and extra cost on engagement and training of new employees. The study concludes that employee engagement and talent retention are desirable strategies organizations should continually explore to improve employee performance.

Recommendation

The study based on findings, recommended the following;

- i. Organizations should from time to time investigate employee behaviour in order to manage it properly and adequately.
- ii. Organizations plan of action should be intentional towards employee engagement and retention for business success.
- iii. While applying adequate retention strategies, organizations should be proactive and rational in order to identify and classify talented employees for retention and improvement in employee performance.

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