Talent management
–Retaining and managing technical specialists in a technical career

EMELIE BAEDECKE YLLNER
ALEXANDRA BRUNILA

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Emelie Baedecke Yllner
Alexandra Brunila

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KTH Industrial Engineering and Management
Industrial Management
SE-100 44 STOCKHOLM
Abstract
The purpose of this thesis is to investigate talent management and how companies should work with talent management in order to retain and manage technical specialists in a technical career. Talent management is found to be important for modern organizations because of the advent of the knowledge economy, new generations entering the workforce and the need for businesses to become more strategic and competitive, which implies new ways of managing human capital. Furthermore, talent management is motivated by the fact that it has been found to lead to higher corporate profits when it is connected to the corporate strategy. The research method in this thesis is qualitative, and based on a case study of an organization in Norway active in the oil and gas industry, where qualitative semi-structured interviews have been performed. Moreover, the findings are compared to a set of industrial companies located in Sweden, which are similar in size to the case company and have similar needs for technical competence. The analysis of the empirical material in conjunction with the literature leads to our suggestions that there is a need for connecting the HRM practices with the corporate strategy, that the career concept needs to be redefined, and that talent management needs to integrate HR practices. Furthermore, communities of practice are suggested as a tool for developing technical specialists and rewarding them in their work. To guide organizations in executing talent management, we propose a model based in the strategy of the firm.
Acknowledgements
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1 Introduction
Talent management is according to McDonnell (2011, p. 169) one of the most important factors in ensuring sustainable organizational success. The Boston Consulting Group & World Federation of People Management Associations found in their joint research project from 2012 that companies which excel in 22 key HR areas have a profit margin 2.1 times higher, and revenue growth 3.5 times higher than companies that do not excel in these areas. It was found that the three most important areas were talent management, leadership development and performance management and rewards.

Furthermore, research by Bethke-Langenegger, Mahler, & Staffelbach (2011) has shown that talent management practices with a strong focus on strategy have a statistically significant higher impact on the attractiveness of the company, the achievement of business goals, customer satisfaction and corporate profit. If the social responsibility of business is to increase profits, as Milton Friedman once wrote, the above proves that talent management is a tool for achieving increased profits. Despite this, prominent researchers within human resource management and strategy write that “the workforce is the most expensive yet poorly managed asset in most organizations” (Becker, Huselid, & Beatty, 2009, p. 56).

The concept of talent management emerged after McKinsey & Company in 1997 created the now legendary catchphrase “War for Talent” to describe the contemporary business world as permeated by the scarcity of talent and the struggle of the firms to attract and retain human capital – their most important asset (McKinsey & Company, 2001). Talent management has since then developed and come to mean and encompass a multitude of things – not without academic dispute on what it really is. Five reasons that support the continued existence of talent management is that the knowledge economy will persist, the new generation that has begun to enter the labor force has different demands than their previous generations, organizations need new tools to manage their human resources, the HR department and the HR managers need to become involved in strategic issues, and the middle managers who are responsible for the employees, will have to take a larger responsibility for the talent management processes in their daily work (Wikström & Martin, 2012, p. 13ff).

The reasons for advancing the knowledge of talent management and its implementation are many, and found both in business life as well as in academic research. When The Boston Consulting Group & World Federation of People Management Associations in 2012 asked HR professionals from around the world to rank their most important priorities, the three most pressing areas were found to be managing talent, improving leadership development and strategic workforce planning. In contrast, mastering HR processes and restructuring the organization were found to be of low priority. Priorities of medium importance were e.g. improving employer branding and managing diversity and inclusion. Clearly, talent management is on the map and a growing concern for companies of today. See Figure 1 for their full results.
In Sweden, a survey called the Talent Management Barometer conducted by Tidskriften Personal & Ledarskap, Sveriges HR Förening & Stardust Consulting in 2012 on a set of respondents comprised of 40% HR managers, 30% HR professionals and 30% line managers, revealed that very few (16%) are pleased with their present talent management, and agree that more resources need to be placed on this in the future. Furthermore, only 24% answered that they have a talent management strategy which connects basic HR processes such as recruitment, on-boarding and performance appraisals. Over half of the respondents agree that talent management is one of the most important issues today, while 81% think it will be a growing concern in the future. At the same time, only 33% believe that their organization has come to an agreement on what talent management is, and only 23% have a clear definition of “talent” in their organization. This leads to the conclusion that even though companies are aware of talent management and value it, the first steps in adopting talent management have been taken by very few companies, and furthermore, there are few companies that have a holistic point of view on talent management.

In one of the most cited academic papers on talent management, Lewis & Heckman (2006, p. 139) strongly assert that “there is a disturbing lack of clarity regarding the definition, scope and overall goals of talent management”, referring to the papers published before them. Similarly, McDonnell (2011) writes that there are many papers discussing how important it is to identify and evaluate talent, but little about how to actually do this in practice. Furthermore, McDonnell (2011) notes that some have raised the issue on whether talent management can demotivate those who are not part of the talent pool and neglect the non-talents. Specifically, Lepak & Snell (1999, p.45) urge researchers to investigate how firms can, at the same time, develop and use current and future forms of human capital for competitive advantage. Additionally, (Lewis & Heckman, 2006) note the absence of a system-level or a strategic framework for talent management, which early proponents of the concept envisioned.

Taken together, this means that there is great potential for talent management to transform the industry of today, provided that it is implemented carefully and in the right way.
1.1 Background

This thesis is based on empirical material from a case study of a company in Norway, active in the oil and gas industry. This company was chosen since the supervisor for this thesis has a connection to the company in Norway and knew that they were interested in implementing talent management.

The empirical material is complemented with interviews made with HR professionals at four other companies in Sweden, active in different industries – namely industrials, IT and telecommunication, energy and consulting. All industries present in the empirical material are in need of technical experts and have business ideas dependent on technology.

Based on the research gaps listed above, the focus in this thesis is to investigate talent management as a management phenomenon and the different HR practices found within the concept, with the aim of constructing a comprehensive model for talent management applicable to any company in any industry, and to make recommendations regarding talent management to the case study company. Furthermore, the issue of talent management aimed at managers and specialists and the respective importance of developing different kinds of strategic human capital is elaborated on. McDonnell (2011) notes that talent management tends to be overly focused on leaders and that it thus forgets the importance of other roles in the organization. A prime example of this organizational issue – whether talent management should focus on managers or specialists - can be seen in the quote below, as said by an HR manager at the industrial company in an interview:

"Before there was the feeling that 'I have to become a manager for it to matter in my paycheck and status-wise, and if I want to have an influence [on the company]'. And we said that what we need are the people who are best at technology. We will not survive if we only have a lot of managers, but we have to have good engineers – so then we wanted to make it appealing to develop in that [technical] career as well. It is about finding those talents.”

HR manager at the R&D department at a large Swedish industrial company

The analysis of the empirical material using the literature written on the subject of talent management until today leads to the talent management model presented in the section called 6 Results. This thesis seeks to advance the talent management concept, its scope, purposes and overall goals, as well as its implementation in modern business. A main contribution to the body of knowledge of today on talent management is the comprehensive model presented in the end of the thesis.

1.2 Purpose and Research Question

This thesis seeks to contribute to the body of knowledge of talent management, through investigating talent management and related concepts within the fields of human resource management and general management. The purpose is to investigate how talent management directed at specialists should be done, in order to advance the knowledge on talent management practices for employees who are not in a management career track. Another purpose is to construct a comprehensive model that guides the execution of talent management at a case study company in Norway, active in the oil and gas industry. This model should shed light on to how organizations can work with talent management at a strategic and systemic level.
The research question in this Master thesis is:

*How should talent management be applied in organizations to retain and manage technical specialists in a technical career?*

Here, we define a technical specialist as a person who has a technical education (e.g. an engineer) and works with technology in a specialist role (at all levels in the organization) in his/her career.

### 1.3 Delimitations

This report is a Master thesis which means that the time span given to finish the research project is set to roughly 20 weeks. Moreover, the authors are based in Stockholm, Sweden, whereas the case study is located in a city in Norway. This has led to our decision to increase the empirical material of 17 interviews at the case study company, with interviews at four other companies in Sweden, due to our connections to people working at these companies, as well as for time and travel reasons. However, Norway and Sweden could be said to have certain similarities, and moreover all companies participating in the study are large companies that mostly employ engineers.

The purpose of the additional interviews was to investigate other companies’ thoughts and intentions regarding talent management. A delimitation here is that we only had the resources to interview one person at each additional company. This meant that we interviewed three HR managers at the industrial companies, and one HR consultant.

Another delimitation in this thesis concerns the depth of investigation in each HR related area. Since the purpose of the study is to construct a model that treats talent management as a system, there is a larger need for covering all the different aspects in this system, rather than to analyze each component at a deeper level. This thesis leaves out the issue of employer branding and diversity and inclusion, since the case study company seems to have a good employer brand, and because the diversity aspect is a large area of study.

There is a field within talent management called global talent management, which addresses the needs of companies active in multiple parts of the world, e.g. emerging markets. This area is not covered in this thesis since we believe that our model can be applied in all parts of the world. A study of global talent management may also require a deeper study of cultural differences between employees and company divisions.

### 1.4 Structure of the thesis

The thesis begins by a description of the research method in section 2, it then moves on to the literature review in section 3, after which the empirical material is presented in section 4. The empirical material begins with some statements regarding the state of talent management from the eyes of a practitioner, namely the HR consultant. It then goes on with the empirical material from the case study, and the empirical material from the external companies interviewed. Finally, there is a discussion in section 5; the conclusions and the model are presented in section 6. Finally, the recommendations to the case study company are presented in section 6.2. The thesis ends with a summary and suggestions for further research in section 7.
2 Methodology

In this thesis, the goal is to detect the issues surrounding talent management as they appear in real life. Therefore we choose to perform a case study to gain a deeper understanding for one company. However, we compare this company to a set of other companies to increase the reliability of our results, we call these companies the external companies, since they are external to the case company, and therefore this part of the study is referred to as the external investigation. The thesis is a qualitative case study paired with qualitative empirical material from other organizations – similar to a smaller variety of a cross-sectional study. The research in the thesis has been conducted with an inductive approach – i.e. with the aim of developing knowledge from observing the reality (Collis & Hussey, 2009, p. 8).

The case study is thus complemented by investigating three other companies similar in size to the case study company and with similar competence needs (i.e. engineers), and also one management consulting firm working with HR related questions, to obtain information regarding the state of talent management in the Nordic countries and in general. The reason for performing this miniature cross-sectional study is based on the assumption that large organizations dependent on technology face similar issues within human resource management (HRM) because of their organizational complexity, and their need for technologically-skilled human capital. This is consistent with DiCicco-Bloom & Crabtree (2006), who argue that studies based on qualitative interviews should contain respondents that are fairly homogeneous.

The method is based on trying to solve the problems that the case study faces, by making inferences using the available theory and by comparing it to how other companies work with similar issues. The aim is to contribute to the current body of knowledge by investigating how companies can work with talent management directed at technical specialists, and also to create a model for talent management, which is based on empirical research and which also embodies previous research in the field of talent management and related fields in organizational science. The purpose of the study is also to try to make recommendations to the case study company, on how they should work with talent management, which entails an applied research approach (Collis & Hussey, 2009, p. 7).

2.1 Empirical material

The majority of the empirical material in this thesis consists of qualitative, semi-structured interviews. These are used because it is argued by Collis & Hussey (2009, p. 144f) and DiCicco-Bloom & Crabtree (2006) that semi-structured interviews are appropriate when trying to understand the world of the respondent and to understand the opinions and beliefs of particular matters and situations.

The empirical material in this Master thesis consists of two parts: the first part is empirical material from a case study of a company active in the oil and gas industry in Norway, while the second part complements this empirical material with interviews made with HR professionals at four companies in Sweden, active in different industries – namely industrials, IT and telecommunication, energy and consulting. All empirical material was collected during the spring of 2013.

CASE STUDY

There are three types of empirical material in the case study. The most extensive material is comprised of 17 in-depth interviews with individuals working as managers, employees or HR professionals in the case study organization; then we have the more randomly occurring informal conversations, and lastly written material such as company documents and other publications.
The empirical material at the case study was collected during two stages. The first stage consisted of six interviews with managers, which had the aim of defining the research problem. The second stage involved ten interviews, where five managers and six team members in their respective groups were interviewed, in order to attain more information regarding their work, perceptions of their work and organization in a talent management context.

EXTERNAL INVESTIGATION
There are two types of empirical material in the external investigation. First, one in-depth interview has been conducted with an HR professional at each company, totaling four external interviews. Secondly, one of the respondents in the external investigation (the IT and telecommunications company) has also provided us with written material regarding their organization. These interviews treated talent management and human resource practices as they are implemented (or not yet implemented) at each organization.

Since the study is qualitative it is important to understand the background of the respondents (Collis & Hussey, 2009, p. 143), and the mix of sources for all the empirical material improves our understanding of the context which the respondents are a part of.

2.1.1 Interviews

The interviews were recorded with a speech dictation device and later transcribed verbatim in order to ease the analysis of them. Furthermore, the transcription was performed because we wanted to keep the original formulations of the respondents in order to limit premature or unconscious interpretation of the answers of the respondents. The downside of this choice of methodology is that transcription of interviews and subsequent analysis is time consuming.

We chose to use semi-structured interviews because unstructured interviews are known to be very time consuming (Collis & Hussey, 2009, p. 144) and because we needed to assure that we took full advantage of each interview opportunity. Furthermore, the prepared questionnaires helped us to cover all topics we intended to ask about.

The interviews lasted for approximately an hour each, and were held with one interviewee at a time (with some exceptions) and conducted by both the authors of this thesis, with one exception.

Qualitative semi-structured interviews are based on a set of predetermined questions, which make the foundation for a dialogue between interviewer and interviewee (DiCicco-Bloom & Crabtree, 2006). Before each interview, a questionnaire was prepared, with questions that treated a number of topics in relation to the role of the interviewee, taking into consideration whether he/she was a manager, employee or an HR professional. These questionnaires were made after the literature review had been completed. These questionnaires were not strictly adhered to; instead, the aim was to keep a conversation going around every topic. The questions asked in the interview were not taken word-by-word from the questionnaires, since the goal was to follow up on the answers from the interviewee, make the interviewee comfortable to talk freely and to elaborate on his/her thoughts. This has the result of every interview session being unique and leading to different descriptions or angles of the challenges that the interviewees face in their role and in their organizations.

The beginning of the questionnaires consisted of open ended questions, which were followed up with prompts to exemplify regarding a certain statement. Asking the interviewee to provide us with an example has the benefit of clarifying the statement.
2.1.2 Informal conversations

Furthermore, informal meetings and conversations were also held. These were often held in order to get a greater understanding for the case study organization and the work of the HR department. Informal conversations were not recorded, but notes were taken. These meetings were unstructured to their nature and had the purpose to give us some understanding of a certain aspect of the organization before an interview. Informal meetings could last from ten minutes up to circa half an hour.

2.1.3 Company documents and other written material

Another source of information is company documents. These were obtained during the interviews or on request by us. These types of documents are used in the organization to describe processes (e.g. the career management system), present organizational changes to the rest of the organization, or to aid managers in their work regarding their responsibility for the personal development of their subordinates. This information is treated with confidentiality. The purpose of viewing and analyzing these documents is to get a greater understanding for the company.

We also use other material that is somehow related to the study. During one interview we obtained a Master thesis written by one of the respondents, on the subject of organizational values at the company.

2.2 Selection

CASE STUDY
The selection of interviewees at the case study was made indirectly through a contact person at the HR department of the company. The contact person at HR informed the interviewees about the purpose of the study when asking the respondents to participate. We had requested to interview HR personnel, managers at the different technical departments, project managers and specialists. This selection of interviewees could be biased due to the fact that these persons may have a special relationship to the company HR professionals, and may therefore be more knowledgeable of and more positive to the HR processes in general, and therefore more involved in their work as staff managers.

EXTERNAL INVESTIGATION
The selection of interviewees at the external companies was made through contacting persons at each company and requesting to interview someone involved with talent management questions. The contact person informed the interviewee about the purpose of the study when asking the respondent to participate. All companies that were contacted and asked to participate in the study agreed to do so.

2.3 Processing the empirical material

The interviews were transcribed verbatim and the answers of Norwegian-speaking interviewees were translated into Swedish when needed, to facilitate the analysis. Analysis of the interviews was performed by reading and rereading and looking for common denominators and patterns in the transcriptions. The analysis of the interviews was made after the literature research had been completed, meaning that we had prior knowledge of the talent management field before embarking on the analysis. Selected passages of the transcribed empirical material was then structured thematically – e.g. quotes regarding performance management, career management, talent management, etcetera – and investigated by looking for e.g. similarities and differences between the answers of the respondents. Furthermore, the empirical material was compared to
and analyzed with the literature in the literature review. The empirical material was then adapted
to text for the major part of the chosen passages, but we kept the quote form for the passages that
were especially interesting, to reflect the thoughts and ideas of the respondents with as much
objectivity as possible. All quotes in the thesis have been translated into English as a service to
the readers of the report.

The model presented at the end of the thesis is a result of the analysis of the empirical and
theoretical material.

2.4 Alternative methods

Alternative methods for conducting this study include e.g. a more in-depth case study comprised
of more interviews with more employees in the organization. In order to make more concise
recommendations to the case study company, the authors could have participated in the daily
work of e.g. the HR department, in order to collect data on how the HR department conducts its
work. Moreover, a deeper investigation of the company strategy (at multiple organizational
levels) may have led to more concise recommendations to the company as well. However, one
can doubt how much the strategic information would have aided the analysis, since this is firm-
specific and it is likely that this kind of information is confidential. Therefore, it would not have
been possible to include information about the strategy in the report without compromising the
case study company, and it would be difficult to make generalizations from this information
anyway.

Another alternative method could have been to choose a quantitative research approach, e.g. by
sending out questionnaires to many employees at the company, or having completely structured
interviews. However, it is unlikely that this approach would have led to the rich, complex and
diverse information content that the qualitative interviews resulted in. However, the reliability of
the study may have been elevated through this approach, and more generalizations regarding the
organization as a whole could have been made.

2.5 Ethical considerations

In this study we have chosen to anonymize the respondents and the company in the case study
since this is not relevant for the purpose of our study. In the beginning of each interview, all
respondents were informed that their responses would be anonymous and asked whether he/she
consented to being recorded. Furthermore, they were also informed regarding the purpose of the
study by the interviewers.

2.6 Limitations of the method

The credibility of this study can be assessed through the concepts of validity and reliability. The
validity of this study is high due to the fact that the in-depth interviews provide us with a
thorough understanding of the reality of the interviewee. Through conducting semi-structured
interviews we have been able to get a comprehensive picture, which gives us higher information
content than e.g. a survey sent by mail. The recording of the interviews may play a part in
lowering the validity of the study – we cannot know if the respondents are telling the truth since
they might not want to divulge anything compromising to us. Furthermore, one HR partner
participated in three of the interviews held with managers, and this may have affected the
managers’ answers.

Interviewing individuals with different roles and responsibilities in the organization permits us to
get a diverse set of points of view on how the organization perceives or handles talent
management. The in-depth interviews allow for an analysis that provides a more profound
understanding. A consequence of choosing the case study approach - conducting a limited set of longer, in-depth interviews in the same organization - elevates the validity, but it also means that we compromise with regard to the reliability of the study. We do not have the resources to repeat the study at another company, which limits the generalizability of this study. However, the addition of the interviews at the other organizations can in part make up for this shortcoming.

A limitation with the case study approach is according to Collis & Hussey (p. 83, 2009) that it may be difficult to fully understand the events and the actions taken by the interviewees, since we do not know their full history or context. We have tried to redeem this fact by including informal conversations into our research method, since these off the record conversations could provide more and/or different information than a formal interview. This difficulty may impair the efficacy of our interview questions and subsequent analysis of the empirical material.

Another limitation is the recording of the interviews. Some interviewees may feel intimidated or uncomfortable by the voice recorder, which could have the effect of losing valuable information. Before asking whether we could record an interview, we introduced ourselves, informed them of their anonymity and the purpose of our study, and also chitchatted a bit with the interviewee, to create a pleasant atmosphere.
3 Review of the literature

3.1 What is talent?

In ancient Syria, Babylonia, Greece and the Roman Empire, the word talent was a denomination of weight, and later surfaced in the Bible as a monetary unit. As of the medieval ages, the word talent developed into the word as we know it today, referring to natural ability and aptitudes. Nowadays in our modern European languages, talent refers to an innate giftedness, which is regarded as a gift. (Tansley, 2011)

Tansley (2011) recognizes five different perspectives of talent for individuals: talent as certain behaviors, a combination of high performance versus high potentials, talent as high performance, and talent as individual strengths – where individual strengths can be almost everything that a person is good at. Because we have so many different views on what a talented person is, the issue becomes that we do not have a common language for speaking of talent. Stuart-Kotze & Dunn (2008, p. 10ff) present their idea which focuses on what is visible and can be measured - namely behavior - and they define talent as the ability and capability to do something well. Ability refers to the current performance and capability to the potential performance. Different views on talent have also been identified in organizations. According to Yarnall (2011), the definition of talent differs, from focusing on certain individuals in an organization, having a certain number of characteristics that describe talent, to the concept referring to statements of need.

People also have different views on whether talent is static or can be developed. Burkus & Osula (2011) state that common misconceptions about talent are that talent is innate, that it can be bought and that talent can be identified and developed at an early stage. The psychologist Carol Dweck developed the concept of mindset, in which there are two kinds of people: those with a fixed mindset and those with a growth mindset. People with a fixed mindset believe that their talent is static and do not try to develop it. Meanwhile, people with a growth mindset try to develop their talents through practice and hard work. Dweck means that great people all have a growth mindset. (Dweck, 2013)

According to Wikström et al (2012, p. 105ff), a deliberate training is what separates the best from the others. Tansley (2011, p. 268) notes that her favorite definition of talent was presented by Gagné: “talent designates the superior mastery of systematically developed abilities and knowledge in at least on field of human endeavour”. Our language makes us believe that talent is static, however talent can actually be developed.

3.2 Talent management

The basis for talent management was the scarcity of specific human resources that began in the 1980s. Back then, organizations were occupied with trying to attract these human resources, which required that they could separate the best individuals from the rest. The 1980s was characterized by the organization having control over the career of the individual, but this shifted in the 1990s since the career programs from 1980s were expensive and often failed, and so the individual was made responsible for his/her career. Current trends in talent management indicate a move back to organizations taking more control of the career of the high potential employees. (Yarnall, 2011)

In 1997, McKinsey & Company released their research on this topic and the term The War for Talent was created and became hugely popular. McKinsey & Company meant that it is critical for organizations to have the right talent to be able to compete in the knowledge based economy,
and that it has become more difficult to attract and retain this talent. (McKinsey & Company, 2001)

Five reasons that support the continued existence of talent management is that a knowledge economy will persist, the new generation that has begun to enter the labor force has different demands than their previous generations, organizations need new tools to manage their human resources, the HR department and the HR managers need to become involved in strategic issues, and the middle managers who are responsible for the employees, will have to take a larger responsibility for the talent management processes in their daily work (Wikström & Martin, Talent Management i praktiken, 2012, p. 13ff).

### 3.2.1 Talent management in research

In the academic world, talent management (TM) is a disputed concept. Literature reviews of talent management often bring up the fact that there is no agreed upon explanation of what talent management is – Lewis & Heckman (2006, p. 139) even say that “there is a disturbing lack of clarity regarding the definition, scope and overall goals of talent management”. They found three recurring ideas concerning the meaning of talent management: the first defines TM as “a collection of typical human resource department practices”, the second idea is about talent pools, and how to “ensure an adequate flow of employees into jobs throughout the organization” and lastly, the third views TM and talent as a generic good and resource, which can be managed to high performance (Lewis & Heckman, 2006, p. 139f).

As an example of the first idea, Mäkelä, Björkman, & Ehrnrooth (2010, p. 134) use the definition of TM as “the organization’s effort to attract, select, develop and retain talented key employees”. The second idea seems to be the most widely spread, which focuses on specific pools of employees that are considered to have “executive talent” (Mäkelä, Björkman, & Ehrnrooth, 2010, p. 134). The third idea dates back to McKinsey & Company’s definition of talent as “the sum of a person’s abilities…his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive”, which was presented in their report from 1997, where they coined the now legendary catchphrase “War for Talent” (Beechler & Woodward, 2009, p. 274). To McKinsey, talent is about retaining the top or “A” performers and losing the bottom or “C” performers (Lewis & Heckman, 2006, p. 141).

Whelan, Collings, & Donnellan (2009) add a fourth stream of thought on talent management, which focuses on identifying key positions that can influence the competitive advantage of the firm. The ideas of Boudreau & Ramstad (2005, p. 129) belong to this fourth category: they contend that the traditional HR activities need to be extended into a decision science called “talentship”, where they recommend organizations to “identify pivotal talent pools where the quality and/or availability of human capital makes the biggest difference to strategic success” – where the talent pools are defined as jobs, roles or competencies. This connects the talent management field with that of competitive advantages of organizations. This marks a difference from the previous lines of reasoning, where the individuals are the focal point, since it is now the positions or roles that become the unit of analysis (Collings & Mellahi, 2009, p. 305).

It has been found that talent management practices belonging to this fourth category have a statistically higher significant impact on company attractiveness, the achievement of goals, customer satisfaction and corporate profit (Bethke-Langenegger, Mahler, & Staffelbach, 2011). Furthermore, the study by Bethke-Langenegger, Mahler, & Staffelbach (2011) showed that companies that adopt talent management strategies which focus on succession planning enjoy a higher corporate profit and a higher trust and performance motivation, which they suggest could be an effect of talents being able to know their future career to a higher extent and seeing the integrity of the leaders. Talent management strategies focusing on the development of talents...
lead to an increased attractiveness of the employer, since talents usually want to know their career path possibilities, their opportunities for development and to have challenging assignments. (Bethke-Langenegger, Mahler, & Staffelbach, 2011)

Collings & Mellahi (2009, p. 305) suggest the definition of talent management as: “activities and processes that involve the systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization”.

According to Cappelli (The Talent Management Problem, 2008), talent management is a tool for companies to achieve their overall objectives – namely to earn money. Therefore, he argues, companies need to understand the costs and benefits of talent management choices. The main risks for the business in terms of talent management is to have a mismatch between the supply and demand of employees and their skills, and furthermore to risk talent development investments when failing to retain the employees. In the long run, these risks stand in the way of making money through the business.

Blass (2009, p. 22) writes that talent management “seems to be the intercept between strategy, succession planning and HRM, drawing primarily on development strategies, recruiting and retention strategies, and reward strategies, supported by good data sources, monitoring and measurement”, and depicts this as in Figure 2.

![Figure 2 Mapping the talent management territory (Blass, 2009, p. 22)](image)

Lewis & Heckman (2006) look back to the early proponents of talent management and state that they believe that the best analogy for talent management is that of an architecture. This architecture offers a systems-level, strategic perspective, and could open up to new research possibilities according to them. However, they note that other authors have failed in describing how talent management could be made into architecture.
### 3.2.2 Talent management in practice

A research project based on a series of case studies made by the Chartered Management Institute in conjunction with Ashridge Consulting, generated six different strategic perspectives on talent management, which all influence how companies choose to approach talent management (Blass, 2009). These perspectives are the process perspective, the cultural perspective, the competitive perspective, the developmental perspective, the HR planning perspective and the change management perspective described below in Table 1 (Strategic perspectives on TM) (Blass, 2009, p. 3ff).

<table>
<thead>
<tr>
<th>Strategic perspective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process perspective</td>
<td>Involves all processes with the aim of optimizing people, i.e. managing and nurturing talent. These companies believe that their future is dependent on having the right talents.</td>
</tr>
<tr>
<td>Cultural perspective</td>
<td>These organizations believe that TM is a mindset. Every individual is dependent on his/her own talent, which will make him/her successful. Alternatively, these organizations allow everyone to develop their talents freely.</td>
</tr>
<tr>
<td>Competitive perspective</td>
<td>Focused on identifying the talents, understand their needs and wants, before they go to the competition. Often the default perspective. Common in professional services.</td>
</tr>
<tr>
<td>Developmental perspective</td>
<td>Focuses on the development of high potentials, which is to be accelerated only for this group of individuals.</td>
</tr>
<tr>
<td>HR planning perspective</td>
<td>The right people at the right job in the right time and doing the right things. Succession planning is common for these organizations. The perspective often applies to fast growing companies.</td>
</tr>
<tr>
<td>Change management perspective</td>
<td>These organizations use TM as a driver of change in the organization. The talent management system is part of a wider strategic HR initiative for organizational change.</td>
</tr>
</tbody>
</table>

The research project mentioned above also lead to the classification of 18 operational dimensions inherent in the implementation of talent management at the organizations in the case studies (Blass, 2009, p. 5ff). These dimensions are organized as six dimensions for identifying talents, seven dimensions for how talent is developed in the organization, and lastly five dimensions that affect the structure and systems that support talent management process, shown in Table 2 (Operational dimensions of talent management (Blass, 2009, p. 5ff)).
Identifying talent | Developing talent | Impact on the TM process
---|---|---
Size of talent pool | Development path | Performance management
Entry criteria | How are the talents developed? | Talent management processes
Decision process | Development focus | To what extent are the processes understood by the employees?
How many decide who is to be labeled as talent? | What is the focus of the development activities? | Use of technology
Permanency of definition | Support | Which role does technology have in supporting the system?
How long do you stay a talent? | How much support is given to the talent pool? | Systems flexibility
Recruitment as a source of talent | Influence on career | How static is the application of the system?
From where do you recruit to key roles? | Who influences the career of an individual? | Ownership of talent
Transparency | Connected conversations | Where is talent owned in the organization? Locally or shared?
Do you tell the talents and the organization who is considered a talent? | Organizational values | How do the values of the organization motivate the talents?
Risk | How do the values of the organization motivate the talents? | How much risk can the organization take regarding the TM system?
| How much risk can the organization take regarding the TM system? | | |

Table 2 Operational dimensions of talent management (Blass, 2009, p. 5ff)

On transparency, Wikström (Talent management IFL Executive Seminar, 2013) notes that there are benefits with both being transparent about the talent selection process, and benefits of not being transparent:

<table>
<thead>
<tr>
<th>Pros with transparency</th>
<th>Pros with no transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoids spreading rumors</td>
<td>Smaller risk of demotivated non-talents</td>
</tr>
<tr>
<td>Indicates fair processes</td>
<td>Reduced internal competition</td>
</tr>
<tr>
<td>Creates insight into the process</td>
<td>Avoids polarization between groups</td>
</tr>
<tr>
<td>Attracts high performers</td>
<td>Avoids a feeling of injustice</td>
</tr>
<tr>
<td>Increases the communication load for managers</td>
<td>Reduces the communication load for managers</td>
</tr>
<tr>
<td>Creates high expectations</td>
<td>Reduces difficult-to-handle situations</td>
</tr>
<tr>
<td>Requires explicit definitions, clear processes</td>
<td></td>
</tr>
<tr>
<td>Develops a culture of performance</td>
<td></td>
</tr>
<tr>
<td>Organization and leadership perceived as more professional</td>
<td></td>
</tr>
</tbody>
</table>

Table 3 Transparency or no transparency in the talent selection process (Wikström, Talent management IFL Executive Seminar, 2013)

3.3 HR evolution: From professional to strategic partner

The field of human resources evolved out of scientific management, welfare work and vocational guidance in the late nineteenth century. This was a response to the industrialization, which required more organized ways of working. The focus of scientific management was to introduce methods which were based in rational thinking instead of the old, ad hoc ways. Meanwhile, the welfare movement emerged with the aim of improving the life of the workers both inside and outside the workplace. Finally, the industry needed to find people with the right attitude, which gave rise to the vocationalists who also advocated careers for the workers. These three factors
lead to the early HR function where focus was to help the employee, monitor them and finally improve their productivity.

As a response to a changing workforce, government regulations following two World Wars and unionization, the HR function gained more influence in the organizations. In the 1970s, organizations faced the problem of shortages of skilled people, which led to the HR unit beginning to forecast which resources the company would need. This evolves into the field of strategic human resource management, which initially was regarded with skepticism by HR professionals. This moves the focus of the HR department from the workers to management and company strategy. (Ogilvie & Stork, 2003)

The development of the HR function can be illustrated with Brockbank’s model from 1999 which depicts the dimensions of competitive advantage, see Figure 3.

![Figure 3 Dimensions of competitive advantage (Ruona & Gibson, 2004, p. 51)](image)

In the beginning, HR was operationally reactive, responding to the environment and performing the activities needed on a daily basis. During the 1980s and 1990s the human resources field focuses on improving efficiency and measuring productivity, which corresponds to the operationally proactive period. Then, the strategically reactive period begins in which organizations recognize that human capital is an important source of competitive advantage. It continues with the idea that HR has to align its activities to the strategy of the organization. Today, we are in the strategically proactive period, which is characterized by the fact that organizations need to become flexible and begin to anticipate the future external climate and developing a competent, agile workforce that matches the context. (Ruona & Gibson, 2004)

In the early 1990s there was skepticism to the idea that HR could earn money for the company. Today, many agree that HR is an important building block for financial performance. (Becker, Huselid, & Beatty, The differentiated workforce, 2009, p. 15) To reflect the increased importance of HR, one might say that in the 1990's the marketing director was CEOs most important colleague, while in the year 2000, the chief financial officer became the new priority, and today the human resource manager is the most important for supporting the strategy. (Wikström, Talent management IFL Executive Seminar, 2013)

### 3.3.1 The new role of HR

Becker, Huselid, & Ulrich (2001, p. 7) state that it is important for HR to align its activities with the company strategy. Furthermore, they mean that firms should manage HR as a strategic asset and it is important that HR can demonstrate its contribution to the financial success of the firm (Becker, Huselid, & Ulrich, The HR Scorecard - Linking People, strategy, and performance, 2001, p. 53).

Wikström & Martin (2012, p. 169) argue that when the HR manager gets the same importance and responsibilities as the other business managers, the HR manager will also become involved in the business. Therefore, it is important that the HR manager is responsible and accountable for the personnel cost (Wikström, Talent management IFL Executive Seminar, 2013).
In its new role, HR also needs to support key decisions for the business, especially in matters that consider talent (Vaiman, Scullion, & Collings, 2012). In this role, HR needs to synthesize data which the managers can use as a basis for decision making, thus limiting the risk of information overload for the managers and improving the quality of the decisions – in which HR up until now has played a limited part (Vaiman, Scullion, & Collings, Talent management decision making, 2012).

Among the new focus areas of the HR department, Wikström (Talent management IFL Executive Seminar, 2013) notes that HR should provide IT solutions related to talent management, manage the employee brand in social media, drive change and cooperate with line managers.

To exemplify that HR has to shift its focus from HR processes to the business in order to become more strategic, Wikström (Talent management IFL Executive Seminar, 2013, p. 74) cites a former HR manager at OMX, who once said that “We in HR have a tendency to fall a little bit in love with our own processes.”.

**HR ARCHITECTURE**

Lepak & Snell (1999) suggest that the modern HR function should organize its efforts differently when handling different kinds of employees. They argue that since not all employees have knowledge and skills that are of equal strategic value, HR should treat these employees differently. They develop their HR Architecture along two dimensions, the value of the human capital, and the uniqueness of the human capital, see Figure 4.

![Figure 4 The HR Architecture (Lepak & Snell, 1999)](image)
QUADRANT 1 - KEY EMPLOYEES
In Quadrant 1, human capital is both valuable and unique to the organization. This implies that the skills of these employees cannot easily be found in the labor market, and have to be internally developed. There are both financial and strategic motives to developing these employees, e.g. since this human capital can provide a competitive advantage. The employment relationship is described as one of mutual investment, where investments in the employee can render a higher commitment to the organization from the employee, and subsequent high performance. The appropriate HR system for Quadrant 1 employees is based on commitment, and the goal is to nurture employee development and maximize the return for the company. Recruitment should be based on expected potential and not the current skillset of the applicant, there should be career development and mentoring programs in place, as well as monetary incentives for employees that develop their skills.

QUADRANT 2
In Quadrant 2, human capital is of high value but less unique to the firm, which implies that it is available in the labor market and can be acquired. The employment relationship should be symbiotic, which means that there should be mutual benefits for both parties. Employees in this quadrant do not receive as much training and development and they will be hired based on their current skillset. A market based HR configuration implies that HR should focus on finding the candidates with the right skills in the labor market.

QUADRANT 3
In Quadrant 3, human capital is nor valuable nor unique to the organization. This opens up for the opportunity to hire these employees on a contractual basis, and to focus on short term exchanges of skills. The HR configuration is here focused on compliance with the conditions of the contract.

QUADRANT 4
In Quadrant 4, human capital is unique to the organization, but not related to creating value. The example is an attorney, which may not be possible to hire year round, but at certain instances. The employment mode is therefore an alliance, where both parties benefit from each other’s knowledge. The HR configuration focuses on making the partnership work, hence it is labeled collaborative.

3.4 Strategy and talent management
An increasingly popular idea within talent management is that it should be connected to the strategy of the firm. The idea that HR has a strategic role has its basis in the theory known as the resource based view of the firm, popularized by Barney in 1991. Barney came to the conclusion that the resources that are rare, inimitable and nonsubstitutable can be sources of competitive advantage. This has led to strategy researchers acknowledging the role of human capital and knowledge. (Wright, Dunford, & Snell, 2001)

It is important that the strategy of the firm tells the employees how it separates their firm from the competition in a clear way. A vague and generic strategy will not guide the actions of the employee. Furthermore, it is key to state the goals of the firm clearly in such a way that you can measure them and that the employee can understand his/her role in achieving the goals. In continuation, HR needs to understand why and how they can support the strategy. (Becker, Huselid, & Ulrich, The HR Scorecard - Linking People, strategy, and performance, 2001, p. 36)

Becker, Huselid, & Beatty (The differentiated workforce, 2009, p. 1) contend that organizations should put strategy - and not people - first, since they mean that every organization needs to
differentiate itself from its competitors through their choice of strategy if it wants to thrive and survive. Then, they argue that the firms need to make their workforce into a tool for implementing the strategy, which also needs to be differentiated from the competition in order to be successful. They label this novel way of working with the human capital as creating a **differentiated workforce strategy**.

Becker, Huselid, & Beatty’s (The differentiated workforce, 2009, p. 8ff) model of the different stages in workforce differentiation is depicted below in Figure 5.

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**Figure 5 The four stages of workforce differentiation (Becker, Huselid, & Beatty, The differentiated workforce, 2009, p. 10)**

At the first stage, the company is not differentiating; rather, it is implementing best practice strategies which are common to its industry. This represents a “bare minimum” level of effort for the organization, since it assures that it at least does not fall behind competitors, but puts the company at risk since the best practices are easy to copy.

The second stage in the model represents a generic fit, where the first steps to align the workforce with the strategy of the organization in question are taken. In the second stage, the company has adopted a generic workforce differentiation to their particular strategy, which still is easy for competition to imitate, and thus will not lead to a sustainable competitive advantage.

The third stage is characterized by the organization differentiating its workforce by its strategic capabilities. Strategic capabilities are the business processes which are indispensable to the firm strategy, which provide the competitive advantage to the company compared to its competitors. Here, it is important to make a choice which capabilities are core, since the strategic capabilities will drive performance and lead to disproportionate return if invested in.

The fourth and final stage concerns a deeper understanding for the strategic capabilities of the firm, where the differentiation of the workforce is performed on a job-level. It is important for the organization to know which jobs are key to the strategic capabilities and key in executing the strategy. Becker et al refers to different job families as A, B or C jobs, where A jobs are the focus of stage four. These A jobs are considered to be strategic assets and are important to manage through performance management, retention strategies, compensation and accountability.
structures. It is not necessary for organizations to differentiate all jobs; instead, they may have jobs in all four categories at the same time. However, it is important that the strategic jobs are differentiated. (Becker, Huselid, & Beatty, The differentiated workforce, 2009, p. 8ff)

Becker, Huselid, & Beatty (The differentiated workforce, 2009, p. 55) note that ”effective talent management resembles a world-class supply chain or logistics operation”, in which they mean that firms should not use a one size fits all approach in talent management, since they shouldn’t do so in their supply chain management either.

### 3.4.1 Attaining competitive advantage through talent management

Michael Porter writes that a firm than can discover a better technology for performing an activity than its competitors will gain a competitive advantage (Porter, 1985). Similarly, Becker, Huselid, & Beatty (The differentiated workforce, 2009, p. 22) denote the business processes that are indispensable to the firm strategy and which provide the competitive advantage to the company compared to its competitors as strategic capabilities. They contend that the workforce can be made into a competitive advantage, through adopting a differentiated workforce strategy (2009, p. 5f). However, they note that it is a big leap from identifying the strategic capabilities of the firm to creating a differentiated workforce strategy – since the missing link is often that the firm needs to express how talent can contribute to the success of a strategic capability (Becker, Huselid, & Beatty, The differentiated workforce, 2009, p. 39). They view the process as follows, see Figure 6:

![Figure 6 Steps for articulating the strategic impact of talent (Adapted from Becker, Huselid, & Beatty, The differentiated workforce, 2009, p. 39)](image)

In order to further understand which talent factors that lead to executing the strategy of the company, Becker, Huselid, & Beatty (The differentiated workforce, 2009, p. 40) recommend performing a talent map, which is their continuation of Kaplan & Norton’s strategy map adapted to talent management. Kaplan & Norton (2001, p. 69) wrote in their book The strategy-focused organization that the strategy map describes the process for transforming intangible assets into tangible customer and financial outcomes. The strategy map is part of their Balanced Scorecard concept, and depicts the strategic goals as dependent on a chain of strategic drivers, under a cause-and-effect logic (Kaplan & Norton, 2001, p. 69).

Becker, Huselid, & Beatty’s (2009, p. 41ff) talent map highlights the workforce dimension of the strategy of the company. The base line in the talent map consists of the talent drivers of the organization – as opposed to the learning and development drivers in Kaplan & Norton’s strategy map (2001, p. 71) – which underpin the strategy.
The talent map is created through working backwards from the ultimate measures of strategic success (e.g. financial outcomes) and finding the drivers of these in terms of customer and market share variables, then internal operations needed for these, and finally the drivers of these in terms of talent. An example of a talent map is given in Figure 7.

![Figure 7 Example of a talent map (Becker, Huselid, & Beatty, The differentiated workforce, 2009, p. 43)](image)

The first step in order to attain the competitive advantages of the organization is thus to know the business, its strategic goals and capabilities and which activities that create value in the organization. Only then can you manage your organization and your talent to its maximum potential through talent management.

### 3.4.2 Identify strategic jobs

A common tenet within talent management is that in order to understand the talent drivers of the organization more thoroughly, it is important to classify the strategic jobs of the organization (see e.g. (Boudreau & Ramstad, 2005; Becker, Huselid, & Beatty, The differentiated workforce, 2009).

Becker, Huselid, & Beatty (The differentiated workforce, 2009) write that companies need to move away from traditional approaches and adopt a model in which the relative value of the jobs are determined by the "specific strategic capabilities needed to execute the strategy". Then, they urge companies to invest more in these strategic positions (or "A jobs") and put the most talented employees in these. Similarly, Boudreau & Ramstad (2005, p. 129) mean that organizations need to segment their talent to identify the "pivotal talent pools" – the jobs, roles and competencies - in which the human capital will have the biggest impact on implementing the strategy successfully.

Becker, Huselid, & Beatty (The differentiated workforce, 2009, p. 59ff) mean that there are certain characteristics of strategic positions, see Figure 8: the strategic impact is large, since a top
talent can greatly increase the probability that the strategy is executed; and performance variability, which refers to the idea that depending on the person who occupies the position, he/she has a large impact on the performance, which then affects how well the strategy is fulfilled. E.g., a high performer will greatly affect the fulfillment of the strategy in a positive direction. Furthermore, it is common that it is difficult to attract and retain top talent for these positions. Selecting the wrong person for these jobs will result in immediate poor performance and may cost the company a lot. Also, the strategic positions are not automatically leadership positions, since the strategic positions are independent of hierarchy. Strategic positions are only determined by the potential to create wealth and by their strategic impact.

Figure 8 Characteristics of strategic positions (Becker, Huselid, & Beatty, The differentiated workforce, 2009)

Furthermore, Becker et al (2009, p. 64f) classify the other jobs as B positions, which support the A jobs, and C positions, which often are related to operational performance. When have a top talent on a C job the extraordinary performance of this person will not create any extra value. Stuart-Kotze & Dunn (2008, p. 16) note that the organizational roles are constantly changing, which leads to the importance of specifying which behaviors that are needed in a role. These behaviors are dependent on the specific strategy of the company and the context of the organization. Matching the behavior to the situation will create talents.

3.5 Implementing a successful talent management

Research has shown that the companies that excel at talent management have implemented a system that is internally consistent and reinforce the practices they use to attract, select, develop, evaluate and retain talent; moreover, they align these practices with their business strategy, corporate culture and long term goals (Beechler & Woodward, 2009). In addition, the talent management system in place has many owners in the organization: the CEO, the managers at every level and the HR department (Beechler & Woodward, 2009). Similarly, The Boston Consulting Group, (From Capability to Profitability, 2012) and BCG & WFPMA (Creating People Advantage 2012, 2012) argue that it is not enough to execute people management practices in a linear fashion to be successful in talent management, since each activity is to be carried out in parallel, since the logic behind talent management is integrated.

In the report From Capability to Profitability by the Boston Consulting Group (2012), it is argued that companies that enjoy the highest economic performance consistently outperform their peers in three areas: talent management, performance management and rewards, and leadership development. Furthermore, they found that these companies use incentives to engage
their managers in employee development, define talent more broadly and nurture their emerging potentials as well as attract internationals.

Next follows an account of the areas considered to be important for a successful talent management.

3.5.1 The role of middle managers

Middle managers constitute the link between the management team and the rest of the organization, since they are to translate the strategy into concrete business plans – therefore, middle managers need to be good communicators, builders of trust and implementers (The Boston Consulting Group, 2010). Vaiman & Vance (Smart Talent Management, 2008, p. 180) argue that a strategic plan is “only as good as the managers who are charged with the responsibility of ensuring that the goals and strategies do indeed cascade to all departments and individuals”, which is closely connected to an effective talent management.

Wikström & Martin (Talent Management i praktiken, 2012) state that middle managers are important culture bearers and are responsible for the close, everyday leadership. Moreover, line managers have a better knowledge of informal networks and can therefore drive change (Nguyen Huy, 2001). Wikström & Martin (Talent Management i praktiken, 2012) also encourage a broader perspective on the middle managers, since these often hold a deep knowledge of the organization and have larger networks and closer relationships than managers higher up in the hierarchy.

Line or middle managers should be responsible for the selection of employees that are to perform assignments. Furthermore, they should have the primary responsibility to develop the employees; managers need to continuously stretch the employees since circa 70 % of competence growth is assignment related. As the person closest to the employee, the line manager has a great responsibility in matters related to rewards and recognition. Moreover, the line managers have an impact on work design and can change job content. Lastly, managers play their most important part in strategic human capital planning (also known as strategic workforce planning), where they determine and evaluate the strategic capabilities of the firm and conduct talent inventories, that give information on which talents they need to develop for the future. (Becker, Huselid, & Beatty, The differentiated workforce, 2009, p. 93ff)

Becker, Huselid, & Beatty (The differentiated workforce, 2009, p. 87f) contend that the line managers and the HR department have a joint responsibility for the workforce strategy execution. They state that:

- Line managers and leaders influence the mind-set of the workforce more than HR professionals do
- Both line managers and HR should be accountable for the development of a successful workforce
- Workforce accountability begins by creating performance expectations for both line managers and HR professionals
- Accountability requires inspections to determine whether the workforce is meeting the expectations
- Workforce accountability becomes reality when there are consequences for the line managers and HR for meeting, exceeding or failing to meet the expectations

Vaiman & Vance (Smart Talent Management, 2008) also note that the responsibility for career counseling is shared between the employee, the HR department and the line manager. The
advantage of line managers as career counselors is that they have a better perception of the performance and potential of the employee. Furthermore, line managers have an overview of career opportunities around the organization. That said, the biggest weaknesses of the line managers as counselors is that he/she often lacks the time for career talks with the employee, and that the employee may be reluctant to share his/her objectives with the manager. (Nguyen Huy, 2001; Vaiman & Vance, Smart Talent Management, 2008)

3.5.2 Recruitment

According to Wikström & Martin (Talent Management i praktiken, 2012, p. 43ff) the recruitment responsible managers need a strategic framework that takes into account future competence requisites. It is essential for these managers to know the long-term needs of the organization, so that these competencies can be developed in house. Wikström & Martin (Talent Management i praktiken, 2012) advocate a recruitment strategy that summarizes the overall needs of the company in terms of recruitment.

Vaiman & Vance (Smart Talent Management, 2008, p. 225f) portray the process of finding the recruitment strategy as:

1. State the key business objectives for the next five to ten years
2. Determine the skills and talent necessary to accomplish the strategic goals
3. Decide whether the current workforce has the skills necessary, and whether to develop them

These steps are crucial to go through in order to understand the available resources within the organization before deciding whether to recruit or not.

3.5.3 Performance management

Performance management is about how to create, control and measure a culture of performance, where the system should control that the employee does the right things, not things right (Wikström & Martin, Talent Management i praktiken, 2012, p. 61). Companies that have a performance culture in place have been shown to outperform those who do not have a performane management cultural approach (Vaiman & Vance, Smart Talent Management, 2008, p. 182).

According to Aguinis, Gottfredson, & Joo (2012, p. 612) performance management is a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. Wikström & Martin (Talent Management i praktiken, 2012, p. 62f) mean that a characteristic of successful enterprises is that they cascade their goals – i.e. the goals are interconnected in a logical chain from the top of the organization to the bottom of the organization.

Vaiman & Vance (Smart Talent Management, 2008, p. 179f) present the definition where “performance management [is viewed] as a system for integrating the management of organizational and employee performance”; in this definition they highlight that it is critical that the performance at the individual level meets the organizational level. They continue by noting that it is common that managers and employees have dissimilar views on the goals they are to achieve – a study by Watson Wyatt showed that when asking employers, top performers and poor performers whether their goals were linked to the business objectives, 91 % of the employers answered affirmatively, while only 58 % of the top performers and 31 % of the poor performers agreed (Vaiman & Vance, Smart Talent Management, 2008, p. 181). They argue that
either the companies are lacking in monitoring and adjusting their performance management processes, or the employees do not understand the performance management activities – e.g. the purpose of the performance reviews.

In Figure 9 Steps in the performance management system (adapted from Aguinis, Gottfredson, & Joo, 2012, p. 612), the prerequisites for performance management consist of defining the strategy and mission of the organization, in order to determine the goals of the job in question, to assure alignment. Performance planning is the step where the manager and the employee establish the needed actions, and how these are to be performed. Performance execution is the process where the employee gets to work on these actions. The performance assessment is performed through measurement and evaluation of the employee behavior. Then, the performance review takes place, and the employee and the manager discuss the behavior and performance of the employee. Lastly, the performance renewal is conducted, which incorporates the information from the performance review into the new goals (Aguinis, Gottfredson, & Joo, Using performance management to win the talent war, 2012).

![Figure 9 Steps in the performance management system (adapted from Aguinis, Gottfredson, & Joo, 2012, p. 612)](image)

Well-designed performance management systems have the benefit that employees become motivated to perform and also that they get a better understanding of which behaviors and results that are required of their positions. The organizational goals also become clearer for both managers and employees. (Aguinis, Joo, & Gottfredson, Why we hate performance management - And why we should love it, 2011)

Setting goals is a very important part of this process, since goals stimulate energy, focus and intensity – i.e. employee engagement. However, it has been found in research that it is difficult to set goals for employees in knowledge and service-intensive jobs, since the work is more varied and subtle. (Gruman & Saks, 2011)

Setting goals should be done by both the manager and the employee in cooperation, since this is more likely to create employee engagement (Gruman & Saks, 2011) and a deeper understanding
of the goals (Aguinis, Joo, & Gottfredson, Why we hate performance management - And why we should love it, 2011). To retain talented people and engage employee in the organization, the middle manager’s understanding for what kind of activities that make the employees happy is essential. Butler & Waldroop (1999) entitle this action job sculpting. Today, managers tend to mistakenly assume that an employee is satisfied with his/her job when he/she is good at it. The organization then risks letting talented people become disenchanted, less productive, and sooner or later it risks loosing these talents to other firms. Frequently the focus of the manager is on what the employee is good at instead of what he/she wants to do. Butler et al (1999) suggest that personal views of career satisfaction could help the employee and his/her manager discover the optimal position. This is not an easy task because of two reasons: first, the employee may not know what kind of tasks that makes him/her happy, and second, this kind of conversation requires the opportunity to discuss these matters. (Butler & Waldroop, 1999).

A performance culture needs according to Wikström & Martin (Talent Management i praktiken, 2012) a clear relationship between action and feedback, or you risk a negative working environment. Aguinis, Joo, & Gottfredson (Why we hate performance management - And why we should love it, 2011) state that performance management is an ongoing process, where setting goals, coaching and giving feedback happens continuously – in contrast to traditional yearly performance appraisals. Gruman & Saks (2011) also mean that it is necessary to coach continuously instead of having annual performance reviews – since this will foster employee engagement.

Aguinis, Gottfredson, & Joo (Using performance management to win the talent war, 2012) present their research-based recommendations for performance management embedded in talent management as:

- Create individualized development plans
- Ensure that work is challenging, interesting and meaningful
- Provide clear advancement opportunities
- Implement performance management systems with contingent rewards

The pitfalls of performance management are described by Wikström & Martin (Talent Management i praktiken, 2012) as:

- Overall goals are not connected
- Lack of qualitative goals
- Goals are contrarious – personal goals do not match organizational goals
- Counterproductive performance reviews – the reviews have two purposes: namely feedback and an opportunity for the employee to assert past performance
- Subjective evaluations
- Overly ambitious HR department – too much focus on individual, strategically unaligned, development
- Poor relationship between manager and employee – appropriate leadership is essential
- Poor leadership – managers are not trained in the performance management process

The next section will present career management/planning, which is a topic closely connected to performance management.
3.5.4 Career management/planning

The old organizational career, where employees move up the ladder after each promotion, is founded in Weber’s concept of bureaucratic organizations (Clarke, 2013). But due to changes in the organizational structure and technological advancement, the responsibility for career management has shifted from the employer to the employee (Hirschi, 2012). This development has, over the past three decades, led to non-linear career patterns, which are less predictable (Hirschi, 2012).

Since the environment of today is characterized by change and the new focus of individuals is employability instead of employment security, it was believed that the old organizational career was dead. Instead, future employees would have a boundaryless career in which they themselves have the responsibility to manage it and that they would be unbound by employers. This gave rise to the idea of the protean career, which is a career concept where the individual reshapes and repackages knowledge, skills and abilities to fit a changing work context, seeks to maintain employability, and values flexibility, continuous learning and intrinsic rewards (Clarke, 2013, p. 686). However, it has been found in research by Clarke (2013) that the employees of today still desire an organizational career, and that it is still alive and well, despite the rumors of its demise. According to Clarke (2013) the organizational career is not dead, since she found that it is not as rigid as once thought. She proposes five propositions on the new organizational career:

1. Organizational careers can be flexible, challenging and mobile
2. Organizational careers provide opportunities for employee development
3. Organizational careers can be jointly managed (by both the employee and the employer).
4. Organizational careers foster balanced relationships. (e.g. a sense of mutual investment)
5. Organizational careers can hinder mobility

She proposes that the new organizational career is a hybrid between the old bureaucratic career and the boundaryless career (see Figure 10). Organizations will need to acknowledge the expectations and need of their employees, while assuring the needs of the organization if they are to retain talented employees. Moreover, in the new organizational career lateral moves will be equally important as vertical moves, and will lead to lateral assignments, skill diversity, creativity and cross-training. (Clarke, 2013)

Furthermore, Clarke (2013) asserts that the new organizational career will be measured in terms of both objective and subjective measures of success – it will be equally rewarding and considered successful to move laterally within the organization as it has been considered to move vertically in the organization. This will force the career into more of a “spiral” progression, instead of a solely linear progression. Clarke (2013, p. 698) notes that “measures of success will include personal satisfaction, mastery of skills and the acquisition of career capital”.
3.5.5 Succession management/planning

Succession planning, or succession management, can be defined as “the process of ensuring a suitable supply for current and future key jobs successors, so that the career of individuals can be managed to optimize the organization’s needs and the individual’s aspirations” (as cited in Huang, 2001, p. 736) and has particularly been applied to leadership succession. Succession management involves projecting the competence needs for the future for certain positions, an assessment of the employees that are on the “short-list” for these positions, and a plan for how to develop the competencies of these employees so that they can advance the strategic needs of the organization (Huang, 2001). Furthermore, succession management is believed to be a source of competitive advantage (Huang, 2001), and has been suggested as an integral part of talent management (McDonnell, Lamare, Gunnigle, & Lavelle, 2010).

Conger & Fulmer (2003) argue that succession planning has to be combined with leadership development. They mean that today it is not enough to have a clandestine list of potential successors to certain positions, since employees need to know which goals they are to achieve to qualify for these positions. Furthermore, they present five rules for effective succession planning:

- Focus on development of employees
- Identify linchpin, strategic positions
- Make the process transparent
- Measure the process regularly
- Keep it flexible

In an empirical study of Taiwanese companies, Huang (2001) found that there is a significant relationship between the degree of sophistication of the succession planning system, and the effectiveness of the HR department. He found that successful succession planning systems are implemented and designed carefully, have a committed top-level management, are perceived as credible by the employees and have sufficient resources allocated to them. Furthermore, it is important that line managers are involved in the development of talents, and that they are evaluated regularly for this (Conger & Fulmer, 2003; Huang, 2001; Cohn, Khurana, & Reeves, 2005). Similarly, McDonnell, Lamare, Gunnigle, & Lavelle (2010) found that a formal succession planning system was important for effective global talent management (i.e. talent
management in multinational enterprises) – since they argue that it is important to know that the
development programs are actually aimed at the employees that are identified as high potentials
and are expected to move on to higher positions in the future. In other words, it is important to
integrate development programs with succession planning systems. Cohn, Khurana, & Reeves
(2005) also point out the importance of having a formal – not an ad hoc – succession planning
system, which is integrated with the other HR processes.

Cappelli (2008) represents another school of thought, where he contends that succession
planning does not work in a business world which is under pressure of frequent changes and
employees leaving after shorter periods of employment. He also asserts that in-house
development of talent is too slow and too risky, since circumstances change quickly in modern
business life. Instead, he argues that companies should adopt a talent management philosophy
inspired by supply chain management. He proposes four principles for this:

1. Make and buy talent to manage risk – undershoot expectations and hire to make up for gaps
2. Adapt to uncertainty in talent demand – e.g. break up development programs into shorter units
3. Improve the return on investment in developing employees – get employees to share in the
costs of development
4. Preserve the investment in balancing employee-employer needs

### 3.5.6 Talent identification

Identifying talents can be done via two generic approaches, the inside-out method and the
outside-in method. In the inside-out method for instance HR decides on the criteria for talents on
beforehand, and then identify the talents that tick all boxes. This is a common approach in
Sweden, but it is a time-consuming exercise. In the outside-in method you let the line managers
nominate their talents and then analyze which common traits these persons have. Then, you use
the definition that this process results in when identifying the talents in the organization.
(Wikström, Talent management IFL Executive Seminar, 2013)

Wikström (Talent management IFL Executive Seminar, 2013) also presents a more elaborate
process for identifying the talents in an organization:

1. Decide the scope for the talent identification – start at the places which matter the most for the
   business strategy
2. If necessary, complement the analysis with a few key roles in the organization
3. Explain the goal, purpose and advantages with the process to the managers involved
4. Let all managers identify 3 persons they believe are talents
5. Let the managers write down their motivation for their choices, the performance of the talents
   in relation to goals, their drive and their values
6. Train the managers in identifying talents – focus on the difference between performance and
   potential
7. Let the managers “sell” their candidates, motivate why they are talents
8. Calibrate the selection, come to an agreement on what constitutes talent in the organization
9. Reach a clear definition on talent
10. Minimize the number of selected talents
11. Decide what to do with the talents
12. Communicate the result to the talents – requires that managers receives support
3.5.7 Talent development

According to Garavan, Carbery, & Rock (2012, p. 14), talent development is a “significantly under-developed and under-researched concept”. However, many seem to agree that it is better to develop talents in-house rather than trying to acquire them from outside the organization, since the talent or high potential in another organization need not be a talent/high potential in your organization (Burkus & Osula, 2011; Stuart-Kotze & Dunn, 2008; Groysberg, Sant, & Abrahams, 2008).

Burkus & Osula (2011) contend that the organization should create deliberate practice opportunities, and that training programs should be open to all employees.

Garavan, Carbery, & Rock (2012) present four future important areas in the field of talent development as 1) the new focus on strategic talent, where talent development processes need to be integrated with business strategy; 2) the trend of differentiation of talent development, since it is argued that best practices are inefficient; 3) shifting the responsibility and control over talent development from the organization to the individual – who to a higher extent will self-manage his/her development, which in turn will place more value on communities of practice as a way of developing individuals in group contexts. Furthermore, 4) a just-in-time talent development process is suggested, since there will be a continuous demand for talent development combined with the need for a mixed strategy, which blends different sources of learning along the lines of the 70-20-10 model. In this model, 70 % of the learning is work-based, 20 % based on coaching and mentoring and 10 % based on formal training programmes (Becker, Huselid, & Beatty, The differentiated workforce, 2009, p. 97).

In Figure 11, general development tools are listed, note that this is a compilation performed by the authors of this report. The 70-20-10-model can be applied to it in the following way: the 70% are the work-based learning and internal movement boxes, the 20 % is the networks & relationships box and the 10 % is the courses box.
THE 70 %: WORK-BASED LEARNING & INTERNAL MOVEMENT

The most important development is thus the work-based component. Garavan, Carbery, & Rock, (2012) note that for work-based learning to be efficient it needs to:

- comprise of tasks with high instability and the potential to be successful
- involve some sort of cross-functional influence
- take the employee out of his/her comfort zone
- have a large strategic component and
- involve contact with different managers

Wikström (Talent management IFL Executive Seminar, 2013) suggests that employees could also learn through following a senior colleague, through “shadowing”, and learn through participating in the work of the colleague. Managers can give employees the opportunity to develop through giving them stretching or special assignments, or letting them participate in or lead projects that e.g. change the organization or let the employee work in cross-functional teams.

Secondments, rotations and temporary posts all reflect different ways of changing the environment of the employee, and giving him/her new challenges in e.g. a different department, another geographical unit etc.

THE 20 %: NETWORKS & RELATIONSHIPS

Networks and relationships with persons inside or outside the organization have the aim of developing the employee through the contact with other employees, be it managers or colleagues in the same function or technical specialty, etcetera.

COMMUNITIES OF PRACTICE

Because of today’s knowledge driven economy, organizations use for instance cross-functional teams, customers- or product-focused business units to be competitive. These forms of organizing are effective but can be complemented by so called communities of practice. (Wenger & Snyder, 2000) Wenger (2006) defines communities of practice as:

“groups of people who share a concern or a passion for something they do and learn how to do it better as they interact regularly”

A community of practice is characterized by a shared domain of interest, where the participants discuss, help each other and share information and knowledge. In the community of practice, the members share experiences, stories and tools – in short, a practice. The practice could be e.g. a line of profession. The participants may engage to solve a problem, seek experience, discuss development, map their knowledge and so on. (Wenger E., Communities of practice a brief introduction, 2006) Other objectives for organizations to manage communities of practice is to drive strategy, generate new lines of business, promote the spread of best practices, develop professional skills, and help companies recruit and retain talent. (Whelan, Collings, & Donnellan, 2009) It is suggested by Shaw & Fairhurst (2008) that the mentoring relationship, to engage the employees, could be done via communities of practice, where the employee meets with peers to discuss matters of common interest.
Wenger & Snyder (2000, p. 142) provide a comparison between community of practice, formal work group, project team and informal network, see Figure 12:

![Figure 12 A Snapshot Comparison (Wenger & Snyder, 2000, p. 142)]

Wenger (Communities of Practice and Social Learning Systems, 2000) stresses the importance of not glorifying the communities of practice and states that “they are born of learning, but can also learn not to learn”. Three critical dimensions are pointed out:

- **Enterprise**, the group needs enough commitment to progress and learn from each other
- **Mutuality**, the members need a mutual sense of engagement and knowledge of each other
- **Repertoire**, the group needs to know its history and common ground to understand its development

Roberts (2006) provides an alternative view of communities of practice where she presents three points of criticism. The first concerns power, where she stresses that power structures could limit the success of the community and hinder new members from contributing to it. The second is trust, where she states that an environment lacking trust may be unsuitable for communities of practice. The third concerns predispositions, since these will influence the ability of the community to create and absorb new knowledge. The third critique leads to her suggesting that communities of practice may hinder radical innovation. (Roberts, 2006)

**EXTERNAL EVENTS & SEMINARS**

When Whelan, Collings, & Donnellan (2009) have investigated R&D departments they found that there exists positions in these which they call “technological gatekeepers”. A technological gatekeeper is “an individual who acquires technological knowledge from the outside and disseminates this to his or her R&D colleagues” – i.e. from his/her participation in external networks. This person is able to translate the knowledge from the external knowledge flow networks to his/her colleagues (Whelan, Collings, & Donnellan, 2009). Participating in external networks and seminars can thus be a tool for developing both the individual and through him/her they can develop also the team and the organization.
THE 10 %: COURSES

It is suggested by Garavan, Carbery, & Rock (2012) that modern talent development will have to move away from classroom-based learning, since talent development will have to become more flexible and be able to deliver in a just-in-time manner. This will require significant change efforts from organizations, since research has found that many use formal training programmes, such as courses, as their primary source of development.

3.5.8 Incentives

It is important to align incentives and company culture so that these motivate employees to take on strategic positions. If incentives are moving employees away from strategic jobs, it will be difficult to retain talent in these positions. It is inefficient from the point of view of the organization that talented individuals work in positions that do not have an impact on executing the company strategy. (Becker, Huselid, & Beatty, The differentiated workforce, 2009, p. 157)

According to The Boston Consulting Group (2012), companies that are high-performing have clear norms that drive performance 2.6 times as often as low-performing companies, and have global performance management standards in place 2.2 times as often as low-performing companies. They argue that it is imperative that the organization assures that the performance management systems are connected to clear norms and clear incentives.

3.5.9 How to kill talent

In this section the no-no’s of talent management are listed.

Hay (2002) found that employees are most likely to leave an organization when they feel that their skills/talent is not properly developed by the employer, when their manager does not take an interest in their career development, when they are dissatisfied with their boss, and when they perceive that the company management does not have a clear direction for the organization.

Wikström (Talent management IFL Executive Seminar, 2013) presents ten reasons for why people choose to leave an organization even though they may have been considered as talents:

- Stiff bureaucracy with accompanying rules
- Not enough challenging projects
- Poorly executed performance reviews
- Lack of serious development discussions and lack of plans for the talents
- Erratic changes, talents are not allowed to finish their projects
- Lack of constructive feedback
- Talents like to work with other talents
- Lack of clear and challenging mission and vision
- Lack of open and challenging climate for discussion
- Poor managers
3.5.10 Measuring the effects of talent management initiatives

Becker, Huselid, & Beatty (The differentiated workforce, 2009, p. 145ff) advocate a strategic measuring of the workforce in order to understand how well an organization is executing its strategy. They mean that every company for itself has to find its strategic measures, which should be grounded in the firm strategy and strategic capabilities. They strongly dismiss benchmarking and undifferentiated measures, since these imply that all organizations look alike. Becker, Huselid, & Ulrich (The HR Scorecard - Linking People, strategy, and performance, 2001) state that the measures that you use need to be able to answer relevant questions. They question the power of the measure of employee satisfaction since it does not give clues on how you can improve the employee satisfaction and simultaneously create more value in the organization.

Wikström & Martin (Talent Management i praktiken, 2012, p. 169ff) recommend controlling HR related issues with the use of key performance indicators (KPIs) along the lines of the keep-it-simple principle. Similarly, they state that it is up to every company to decide which KPIs best fit the organization.

Becker, Huselid, & Beatty (The differentiated workforce, 2009) mean that the key to understanding how well you execute your strategy is to measure the strategic impact of the talent – which will measure how your talent is affecting the strategic drivers identified beforehand. Then, this strategic impact is to be measured in financial terms – e.g. what financial impact on the bottom line will an increased turnover among the talent working in strategic positions have? This will answer the question of how important (in money) the retention of talent in strategic positions is for the company. Here, the measure of turnover can be used more intelligently, since it is the turnover in strategic jobs that is interesting to measure, not turnover across the whole company.

Another aspect of measuring is to find the relationships between a workforce measure and a driver of firm financial performance. If an increased tenure of the employees in strategic jobs will lead to higher competence, which in turn leads to better financial performance, then measuring the tenure in the strategic jobs is a good idea. Similarly, it is important to start to measure the benefit of e.g. a development program in order to understand if it really improves the performance of a talent at a strategic position. This requires that the HR department has the resources and skills in order to analyze and interpret this kind of information. At Google, there is even a position at HR called “Director of HR Analytics”, which highlights how important this is. (Becker, Huselid, & Beatty, The differentiated workforce, 2009)

The logic of strategic workforce measurement should be present in accountability-related issues as well – Charlotta Wikström provides the example of the line managers at Coca-Cola, which are measured on how many talents they develop (Talent management IFL Executive Seminar, 2013). At Coca-Cola they have thus identified that the number of talents is a driver of strategic performance, which the managers are held accountable for. This line of reasoning is supported by Becker, Huselid, & Beatty (The differentiated workforce, 2009), since they advocate that line managers and HR professionals should be held accountable for their strategic contribution, which involves measuring e.g. how they improve the performance at the strategic positions through their activities. Even if HR professionals or middle managers are not identified as strategic positions, they may still improve performance at strategic positions through activities which are found to have a relationship to executing the strategy. This connects to the previous discussion of cascading of goals.

Having a strategic workforce architecture in which all parts fit together (e.g. incentives for behavior considered strategic and value-creating) represents one of the key take-aways from
Becker, Huselid, & Beatty (The differentiated workforce, 2009). In order to manage such an architecture it is also important to measure the fit of the elements, not only how well you are performing the strategy. This systemic approach is important in order to detect possible incongruences.

Next, two additional sections on the characteristics of the modern workforce and a section on core corporate values are presented. The modern workforce will have an impact on future HR practices and therefore talent management. Core corporate values and values-based management are presented because the company in the case study has adopted this management philosophy.

3.6 The new workforce

The contemporary workforce consists of four generations – Traditionalists (born between 1925-1945), Baby Boomers (born between 1946-1964), Generation X (born between 1965-1980) and Generation Y. This presents a challenge to organizations, since all generations expect and value different things. The underlying assumption of why the generations are different is that different generations are brought up in different contexts and with different sets of beliefs (Shaw & Fairhurst, 2008; Cogin, 2012). The new workforce has many names and definitions: three common nicknames for the up and coming individuals that will be the future employees are “Generation Y”, the “Millennials” and the “dot.com generation”. This generation is said to comprise people born between the lower limits of 1977-1982 and the upper limits of 1994-2003 (Shaw & Fairhurst, 2008).

It is said that Generation X and Y have a completely different point of view on the world of work than the Baby Boomers and Traditionalist generations have – especially Generation Y has a significantly different work ethic than previous generations. As an example, perceptions of time vary across the generations, where Generation Y members view a long commitment to an organization as a one-year stay, whereas previous generations are accustomed to staying their whole working life in the same organization. The most important work value for Traditionalists and Baby Boomers was found to be “hard work”, whereas Generation X’s work ethic is described by “asceticism” and Generation Y’s by “leisure”. (Cogin, 2012)

According to Wikström & Martin (Talent Management i praktiken, 2012), the new generation – Generation Y, or individuals born after 1982 – has different demands and expectations of their employers compared to previous generations. Generation Y members demand meaningful and challenging assignments, and are not accustomed to hierarchies. They also want work-life balance, and to have fun at work. (Wikström & Martin, Talent Management i praktiken, 2012, p. 14)

According to Shaw & Fairhurst (2008), the new generation is confident, independent, individualistic, self-reliant and entrepreneurial, and at the same time socially active, collaborative, team-orientated and used to having structure in their lives. They also like to do things their own way and to be flexible.

Vaiman & Vance (Smart Talent Management, 2008, p. 83) present a study where it was found that Generation Y members prefer organization with the following attributes:

- Invest heavily in the training and development of their employees
- Care about their employees as individuals
- Clear opportunities for long-term career progression
- Variety in daily work
- Dynamic, forward-looking approach to their business
Furthermore, they state that men and women of Generation Y differ in their values regarding organizational characteristics – these values reflect gender self-schemas, i.e. that men want “masculine” organizations and women prefer more “feminine” organizations. This may have the implication that companies need to differentiate their recruitment strategies to be able to attract the men and women of Generation Y. However, no difference between the sexes were found in valuing clear opportunities for long-term career progression, opportunity, in the early years to move around the organization and work in different roles, and widely regarded as a highly prestigious employer. (Vaiman & Vance, Smart Talent Management, 2008, p. 81ff)

When experts were asked to rank the best retention tools for Generation Y workers, the result was the following, see Table 4:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Retention tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Career opportunities</td>
</tr>
<tr>
<td>2</td>
<td>Feedback</td>
</tr>
<tr>
<td>3</td>
<td>Corporate culture</td>
</tr>
<tr>
<td>4</td>
<td>Training &amp; development</td>
</tr>
<tr>
<td>5</td>
<td>Job rotation, performance related payment</td>
</tr>
<tr>
<td>6</td>
<td>Employer branding</td>
</tr>
<tr>
<td>7</td>
<td>Mentoring</td>
</tr>
<tr>
<td>8</td>
<td>Stock options</td>
</tr>
<tr>
<td>9</td>
<td>Retirement provisions</td>
</tr>
<tr>
<td>10</td>
<td>Job tailoring, work-life balance</td>
</tr>
<tr>
<td>11</td>
<td>Facilities</td>
</tr>
</tbody>
</table>

Table 4 Retention tools for Generation Y (Vaiman & Vance, Smart Talent Management, 2008, p. 81)

Cogin (2012) notes that the engagement of Generation X and Y workers should incorporate frequent evaluation of performance, and that this needs to be followed by reasonable rewards.

### 3.7 Core corporate values

Values-based management has arisen as a way to manage complex social systems such as organizations. This type of management has changed how organizations view themselves and how they evaluate themselves. The values-based management has been suggested as an alternative to bureaucratic forms of control. (Pruzan, 1998; Bourne & Jenkins, 2013)

The critique against bureaucratic control is that it may lead to inefficiency and contraproductivity since it simplifies the complexity of organizations into e.g. financial measures, which do not allow for an analysis of multiple stakeholders and their values (Pruzan, 1998). Values can affect how organizations interpret strategic issues, choices and changes, and furthermore influence management decision-making (Bourne & Jenkins, 2013). However, it is important to have a differentiated set of values which match the strategy of the company, otherwise they do not set the company apart from the competitors (Lencioni, 2002). The values serve as a foundation for employee behavior, which will not be strategic unless the values give them guidance in a strategic direction. Moreover, Lencioni (2002) states that the core values of the organization need to be integrated in the employee-related processes such as recruitment, performance management, promotion etcetera, since the purpose of the values is to guide the decision making in the organization. Pruzan (1998) notes that both bureaucratic forms of control and values-based management have important roles to play since they are co-dependent. It has been found that the new generation has different values than previous generations, which will affect the values-based management.
3.8 Critical discussion of the literature

In the literature review, it is asserted that talent management lacks common definition, scope and purpose. There is no agreement on whether talent management should be directed to a small group of individuals in the organization, or if it should encompass more employees, if its purpose is to develop managers or something else, or if it is merely HRM relabeled, etcetera. However, there are streams of thought emerging which can change the foundation of human resource management, which connect the corporate strategy and corporate performance with the previously “soft” HR, and which changes the role and activities of the HR departments. Lewis & Heckman (2006) note the absence of a system-level or a strategic framework for talent management, which early proponents of the concept envisioned, and also state that this approach could lead to a development of talent management in research.

It can be argued that talent management is the future of succession planning. Succession planning is a narrower concept than talent management, aimed at developing mostly senior executives that can take over the management of a business after the predecessors have left for retirement or other reasons. Talent management, on the other hand, emerges as a concept which seeks to integrate HR practices and is focused on high performers, which are working in strategic positions. The past focus on developing leaders and managers in succession planning has evolved into talent management, where the focus is on developing value-creating and strategically important individuals – whose work has direct implications for the wellbeing of the firm. These individuals are not necessarily the managers. The managers on the other hand, are clearly pivotal for the success of talent management. Middle managers have a responsibility for executing the HR processes directly involving the employees – e.g. development, performance management, career management etcetera, which makes it ever so important to have good managers. Furthermore, some argue that succession planning is impossible in modern business, due to rapidly changing circumstances.

A lot of the literature on talent management focuses on the development of high potentials – which many times is translated into managers (see e.g. McDonnell, Lamare, Gunnigle, & Lavelle, 2010; Garrow & Hirsch, 2008; Fernández-Aráoz, Groysberg, & Nohria, 2011; Huang & Tansley, 2012), but it can also be argued that there is a need for a larger part of the attention being put on the talent within the specialist functions related to e.g. technology and innovation – since these are essential for the business. However, few have said how this is to be done.

Another critique to talent management is that it constitutes just old wine in new bottles – i.e. that HRM practices are given a brand new name. However, a study conducted in China concludes that talent management is indeed different from traditional HRM, and that it is not to be considered as yet another attempt to legitimize the existence of the HR department (Chuai, Preece, & Iles, 2008). Furthermore, talent management appears to integrate the silos within HR, in order to create an HRM system, rather than detached processes. Furthermore, lifting HR to a strategic level changes the purposes of the HR processes, from supporting and developing the workforce into a strategic planning of competences and the creation of human capital competitive advantages. It can thus be argued that talent management is different from old school HRM.

Another important critique of talent management is that it is sometimes assumed that you can “buy talent” and incorporate it into a new organization, much like the use of physical capital, but this is not the case, as pointed out in Burkus & Osula (2011) and in Groysberg, Sant, & Abrahams (2008).

In the literature review it is also found that performance management is often misused – it is not connected to the strategic goals, and is therefore not directed toward helping the performance of
the organization. In order for talent management to work, all HR processes need to be aligned with the company strategy, which frequently is missing in contemporary organizations. Yarnall (2011) stresses that organizations put a larger focus on choosing who is to be labeled as talent, than what they are to do with these talents afterward. This is also an example of how talent management should not be viewed as a single practice – although this may make it easy to define – rather, it should be viewed as a systemic and strategic approach to contemporary HRM. One of the old problems with traditional HR is that it is viewed as an administrative unit only capable of incurring more costs, in which we have forgotten that the human capital is actually a firm’s most valuable asset, and should be invested in to limit the risks of unnecessary costs due to e.g. costly turnover in talented employees.

Another key finding in the literature that is that the new tendencies within talent management state that there can be no best practices since each firm needs to tailor its talent management and differentiate its workforce strategy to its context and corporate strategy in order to create competitive advantages. This kind of statement criticizes those who claim that there are best practices and therefore “right answers” within talent management. However, if talent management is viewed as a systemic and strategic approach to HRM, then it becomes evident that talent management cannot be applied equally to all organizations, since no organization is exactly the same as the other.

Apart from the obvious gap in research regarding definition, scope and purpose of talent management, one reason for why talent management needs to be developed further is that organizations have changed and layers of hierarchy have been removed in favor of flatter organizations. Therefore, promising talents that they will have a swift career and gain promotions is more difficult than before; subsequently the need for managerial succession planning is somewhat reduced. Instead, it becomes an area of interest to promote individuals to strategic positions, which may be found in whatever level in the organization. Managing the expectations of the talented employees and motivating them to take on strategic positions instead of manager positions is therefore in the interest of the organization.

3.9 Summary of the literature review

In the literature it is argued that the word “talent” conveys a meaning of gifts of static nature, but regarding talent as a concept, it is argued that talent is something that can be developed. Therefore, talent management refers to the development of talents within organizations, as opposed to the “harvesting” of talents one could assume from the linguistic meaning inherent in the name of the concept. Even though there is debate regarding the definition and purpose of talent management, talent management is said to be needed for a number of reasons: the advent of the knowledge economy, new generations entering the workforce, organizations in need of new tools for managing their human resources, the role of the HR manager is changing and middle managers are becoming more responsible for the personnel.

Talent management is also the result of the development in the field of HRM and the developments in management philosophy. HRM has gone from welfare work to strategic human resource management, whereas organizations are becoming less bureaucratically managed in favor of a management based on core corporate values and culture. In the knowledge economy, human capital has replaced physical capital as the most important source of competitive advantage. Moreover, organizations have lost their past hierarchical structures, and have become flatter with fewer managers in the chain of command, and therefore there are not as many career opportunities within management as there was before. Companies also try to increase their competitiveness in their markets as well as in the labor market. This has led to new needs for organizations to manage their human resources.
Talent management emerges as the answer to a lot of these problems – it can ensure competitive advantage, development and retainment of valuable employees, and is a strategic redefinition of human resource management.

Collings & Mellahi (2009, p. 305) suggest a rather all-encompassing definition of talent management as: “activities and processes that involve the systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization”, which summarizes the main parts of this literature review quite well. It seems that talent management is the strategic connection of many areas within HRM.
4 Empirical findings

In this section the empirical material is presented by first providing a snapshot of talent management as an HR consultant sees the field evolving today, then the case study is presented, and lastly the external empirical material is presented.

4.1 Industry insights regarding talent management

According to one Stockholm-based management consultant within HR, the main assets of the companies of the business world of fifty years ago were machinery, real estate and capital. Back then, the business was dependent on these factors, while nowadays, the main asset is human capital. In order to have a competitive advantage, you have to attract the right person to the right place, and to be able to do that you need to know which jobs you have, how these are to be performed, how to attract the right kind of person, and how to retain him/her. Furthermore, the company needs to have an idea on how to handle their employees on the day they decide to leave. This means that talent management is very important for modern organizations, since it manages all the aspects of the employee life cycle and because it will be impossible for the organizations to deliver on their company strategy without it.

Furthermore, the consultant notes that there is an antiquated view in the Scandinavian countries that the HR department is only an administrative unit. In the USA and UK, HR is seen as strategic, and this is not questioned. The consultant states that especially production companies in the Scandinavian countries have the idea that HR is only about administration. The consultant says that the field of talent management is at the moment “very trendy in the Swedish, Norwegian and Danish markets”, while Finland is ahead of the rest of the Nordic countries.

Many companies in the Nordic region have had performance reviews in place for a long time, but these have not necessarily been connected to compensation, development and career opportunities. The consultant states that it is important for the processes that they are transparent and are rooted in the reality of the organization. Furthermore, the consultant notes that performance management systems are often viewed as solely an HR process that has to be completed, and this view arises from the fact that the result of the performance process is not perceived as something that matters – e.g. for promotion.

“There is no incentive for the managers to do this whole-heartedly because they do not see how this helps them in their business day.”

The consultant says that the most common flaw that companies have in their talent management work is that they do not connect the HR processes:

“I would say that what they [the companies] are lacking in is to connect all these – when it comes to people management – to connect all these different processes that surround an employee […]. Pay for performance is virtually a nonexistent concept in Scandinavia. And again, this is about the fact that we do not like to segment [the employees] […].”

The consultant notes that it may be because of the national culture in the Scandinavian countries that companies are reluctant to segment the employees and label some as better than the others.
Moreover, she says that it is common that the HR department is split into two parts, where the compensation and benefits-part have their ways of working, which differs from the talent-part of the department. This becomes problematic when the HR department needs to communicate with the rest of the organization, since they lack a common language.

According to the consultant, the next thing to cover on the map is competencies, and how to work strategically with competencies in order to plan for the competencies that will be needed in five years or so.
4.2 Case study

In this section we present the empirical material from the case study. First, some information regarding the background of the case study is presented, since this provides important information regarding context and culture of the organization. Then a section on strategy in the organization is presented, since the literature highlights the role of the corporate strategy and strategic positions within talent management. Next the managers’ views on what talent is for them is presented, since this according to the literature can be an ambiguous concept. Thereafter follows an account of recruitment, development, performance management, career management and incentives, since these are key processes within talent management and retaining and managing human capital. Then, the final section treats the technical specialists and their views on choosing a career within technology – which is an issue included in the research question.

<table>
<thead>
<tr>
<th>Technical department managers</th>
<th>Team members in technical departments</th>
<th>Top managers</th>
<th>HR</th>
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<tr>
<td>Number of respondents</td>
<td>9</td>
<td>5</td>
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Table 5 Respondents in the case study

4.2.1 Case study background

In 2012, the petroleum sector represented more than 23 % of the Norway’s total value creation (Norwegian Petroleum Directorate, 2013). The oil and gas industry in Norway is currently expanding, with more oil being found and investment rising, despite economic turmoil in other parts of the world. The petroleum industry has managed to maintain a strong growth in the Norwegian economy. The oil and gas industry provides 250 000 jobs (both direct and indirect jobs) in Norway, and is therefore one of the most important employers. (Norwegian Oil and Gas Association, 2012)

The market for the company in the case study is affected by the oil price and demand is driven by the world’s consumption of oil and gas. It is expected that the oil consumption will increase, and combined with the decline in oil reserves and production in the world, there is need for investment in both existing and new oil fields. (Annual Report, Case study company, 2012)

The organization in the case study is one of the divisions in a large Norwegian company, active in the oil and gas industry. It is situated in a small Norwegian city, where there are three companies in the same business as the case study company. There are also many smaller competitors in the area.

ORGANIZATION OF THE COMPANY

The division that is studied in this report has 3000 employees around the world, where 1300 are located in Norway, in three different cities. Our investigation considers the employees in one of these cities, where the head office of the division is located. This organization is spread out on three different offices, where the staff functions are located in the city center, the project organization is located nearby, and the production unit is located outside of the city.

The staff unit employs persons that work with HR, strategy formulation and the managers of the division. The project organization works with large projects which involve the construction and assembly of offshore drilling platforms. The production unit develops and tests the parts for the
The professions represented in the organization are mainly project managers and engineers.

The work conducted in the organization is 80% project based, and 20% line based, according to an HR manager. In the projects many employees from different departments communicate with each other and work in multidisciplinary teams, nevertheless, it seems that the respondents do not have a full overview of the roles and responsibilities in other departments. Furthermore, there are sometimes communication issues between the project organization and the production unit.

The organization has recently gone through major organizational restructurings in order to become more flat. Furthermore, the project organization has grown considerably, which has affected the managers in the way that some are now doing up to 100% administrative work, when they before were working in projects as well.

**CULTURE AND CORE VALUES**

The overall culture in the organization is described by the employees as sound and open-minded where it is accepted to agree to disagree. Moreover, the organization uses values-based management to steer the culture and the behaviors of the employees in a desired direction. The core corporate values, see Table 6, are embedded in the performance management system. In this system the managers assess the performance of the employees in relation to the core values of the company, which are related to topics such as health, safety and environment, teamwork, openness, delivering results, personal drive and customer focus.

<table>
<thead>
<tr>
<th>Core values</th>
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<td>health, safety and environment</td>
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<tr>
<td>teamwork</td>
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<td>openness</td>
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<td>delivering results</td>
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<td>personal drive</td>
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<td>customer focus</td>
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*Table 6 Core values of the company*

The history of the company in the case study began with a man from the city, who started up an array of enterprises, among those the production unit of the company. Later, he also founded the predecessor of the project organization – an engineering solutions firm – from which many of its employees have their professional background. Today these organizations are part of the same group. This has led to the fact that the cultures between the units are somewhat different.

“We are good at engineering and completion and the people at the production unit have more of a cowboy mentality, they can allow themselves to be more flexible and there it isn’t as important with paperwork, only that you deliver.”

Team leader in the project organization

“The culture differs between the units [...] The competence and information of the customers varies which makes the overhauling department a bit lite an odd feather in the system [...] So in the overhauling department you have to be a bit like a cowboy, I mean it is a bit of a chaos pilot.”

Project manager at the production unit
According to this project manager, there is a status difference between working as a project manager in the production unit and as a project manager in the project organization. He thinks that the natural career is to go from the production unit to the project organization, because this entails a higher status similar to the higher management positions.

The project organization seems to be quite stable, which one manager attributes to the pleasant working environment. In contrast, in the production unit there appears to be a lot of reorganizing happening. This affects the culture according to a manager:

“I would say that when I started here, maybe the culture was better ... we will have to see but now it was two years ago since they reorganized. You know, when you have changed something you kind of have to start over again.”

Manager at the production unit

**TURNOVER RATE**

The vice president of HR tells us that the company has a very low turnover of circa 0.2 %, and he/she continues by noting that a healthy turnover would be around 2-3 %. The managers are well aware of the low turnover and one of them states that it is part of the strategy to retain employees. Many respondents state that people stay in the organization because they have a strong connection to the city, they value the Norwegian ownership of the company and they have the opportunity to work with more complex tasks compared to the competitors.

**4.2.2 Strategy**

A few years ago, the strategy of the company was reformulated. The present long-term strategy of the company is to grow revenues with circa 15 % annually. To succeed, they have identified four key areas: quality, focusing on the customer, technology and people (Annual Report, Case study company, 2012). The strategy of the HR department is to attract and retain the top performers. This entails focusing on branding, recruitment and working in a global context. Among the departments, the perception of the strategy differs. We found that circa half of the respondents were not aware of the strategy for their department.

There appears to be differences in how the different departments work with the strategy. At the IT unit, strategy is implemented through an alignment of activities which fulfill the strategic goals. The manager of the IT unit sits down with the CIO (Chief Information Officer) and formulates the strategic goals. In contrast, a team leader at the project organization says that the last couple of years they have called for a clear strategy from their respective managers. He/she feels that the organization does not have a good idea of what the strategy should be, which has led to some discontent within his department.

“What strategy and goals, as we see it, should begin at the top and go from top to bottom. It is hard to set concrete tasks and goals, I have to know the goals that I am expected to reach. This is why each assignment that the employees get becomes a bit more occasional.”

Team leader at the project organization
STRATEGIC POSITIONS

Officially there is no classification of strategic positions. However, 63 % of the managers and employees that were interviewed agree that there are positions that are more strategic/critical than others. As an example, a manager at the production unit says that officially specifying strategic positions may be good for the motivation of the individual. However, there are also respondents that argue that all positions are equally important, and that if you were to remove a role, the puzzle would not be complete.

One manager notes that for one of the positions which he considers strategic, it takes a long time before you have gained enough experience to take on such a position. He/she says that it could take 6-9 years of experience before an employee is considered to be ready. Moreover, some of the clients of the organization demand that the workers in the projects they commission have a certain tenure. However, an employee is not guaranteed to a critical position even though he/she is the most experienced. According to him/her, the greater responsibility of a strategic position in his department is not reflected in salary.

4.2.3 Conceptions of talents

There is no formal definition of talent or high performance individuals in the organization. One manager notes the issue with labeling someone as a talent:

“We had a discussion last year when we were asked to identify a few – and we do have some! But I felt that I miss [something]. If I go to a person and say to him/her ‘you are a talent’, then that person will ask ‘what does that mean?’. ‘Yes, you are a talent, be happy with that, you should be happy with that!’ But what does it mean? We haven’t really reached that.[...] We have made it systematic without labeling it talent, the people we want to bring forward know about it.”

Manager at the project organization

Naturally, the managers in the organization have their own opinions on what constitutes a talent. Managers agree that they can identify a talent by looking at their ability to learn and develop.

The definitions given on the next page in Table 7 reflect their work unit and their personal beliefs.
“There is a Norwegian author and composer who said that talent is a person with a special kind of attention – this gets a bit philosophical – I think he said sensible, a special attention, who can hear or see the things that others don’t see, who has a special feeling for a subject. For us, and to me, talent is a combination of drive, strong drive for their personal development, inner motivation, not external motivation, a personal motivation that is not dependent on the context, in combination with a high capacity to learn [...]”

Manager at the production unit

“Talent is to have a certain ability for something, a relevant field. So the thing with developing talents is to capture what that is [...]”

Manager at the production unit

“There is potential, you are proactive, wish to learn and develop”

Team leader at the project organization

“The typical thing is that they learn very quickly, they actively seek information. Yes, they are very responsible and do their job very well.”

Team leader at project organization

“Well a talent, that is a person who has great potential to contribute to the group, that can deliver a good result [...] who is good at communication, to inspire people, good with words and to see the positive and not the negative”

Manager at the production unit

“ [...] It seems that he learns quickly, he’s very positive and it doesn’t bother him to work a bit extra now and then and takes initiatives. He’s very good within the technical area, asks questions, challenges himself [...] A calculator is someone who doesn’t have to be the most extrovert person. A calculator could just as well be a little introvert and be a talent. As a leader you do have to be able to take up some space and stand up to yourself [...]”

Manager at the project organization

| Table 7 Manager thoughts on talent |

4.2.4 Recruitment

In the region where the organization is situated there are three large competitors and many smaller organizations that all are in need of the same human capital. An HR manager says that “So of course there is tough competition, we look for more or less identical competence when you look at job advertisements in the paper.”

The organization uses a combination of internal, external and temporary recruitment. Depending on the department, the recruitment can be mostly internal or external. Some positions are only advertised within the organization. The external recruitment is aided by the ongoing collaborations that the company has with nearby universities, from which they recruit newly graduated students:

“In addition we have a professor at the university here who is employed at 20 % at the department, and so we know which talents that are out there, and more importantly, which students at the university that have the right attitude”

Manager at the production unit
It is the responsibility of the managers to plan ahead for the competences that they think will be needed in the future, according to one employee at the HR department.

COMPETENCE PROFILES

According to one employee at the HR department, managers are clear with what profiles they wish to recruit. The managers get to see all the applicants since the HR department does not eliminate any applicants. The recruitment often has the purpose of finding engineers with Bachelor and Master degrees to the company, but also able project managers, where technical competence is not as important:

“I would say that 30 % [of the project managers] have a practical background, preferably from an own enterprise. They have started working in engineering workshops with practical work, as engineers or engineering workers, been promoted and developed further. Circa 70 % have a higher education, Bachelor or Master’s degree within [business] administration and leadership […].”

Manager at the production unit

Many managers state that it is more important to have the right attitude and personality, than having the best CV or technical background. However, for some departments, the right academic background is very important:

“[…] Everyone is a specialist. That is the challenge for me, that they are highly educated persons, they have a Master in Mathematics and can work with a lot of things, but I cannot employ anyone else [but them].”

Manager at the project organization

It seems that for many managers, the ideal employee is hard to find:

“The optimal thing is actually to have someone with three to four years of higher education, who has grown up on a farm, and have done some tinkering at home, and has a theoretical background. But there aren’t very many of them!”

Manager at the project organization

The strategy of the HR department is to attract and retain the top performers. However, managers in the organization state that they see challenges with only employing top performers:

“I lost two to other departments in [two other cities]. And now I have a person who wants to do something else. And these are people that I have trained. Two of them […] saw this as a stepping stone, so that’s an effort […]. It’s a general challenge, but it also means that I will not only recruit talents in the future”

Manager at the project organization

This manager notes that it is difficult to find experienced persons: “I don’t think it is difficult to recruit, but I cannot get a hold of anyone with experience, so that is the challenge for this department. If you come with a Master’s degree it is likely you have career goals, so we have tried to think differently with the designers, we take in a person from vocational university, instead of someone with a Master or a Bachelor’s degree. […] That is maybe what they call the
‘Master syndrome’. You have to make sure you don’t have overqualified workers, because they get restless and want to move on.”

### 4.2.5 Developing employees

Employees at the case study company are managed through personal development, performance management, career management and incentives. Among the personal development tools that the organization utilizes, we find work-based learning, internal movement, networks and relationships and courses, see Figure 13.

#### Work-based learning
- Stretching assignments
- Projects
- Piggy-backing

#### Internal movement
- Visits to oil rigs
- Voluntary changes of jobs

#### Networks & Relationships
- Mentoring
- Communities of practice

#### Courses
- Internal courses
- Classroom
- E-learning
- External courses
- In cooperation with external institutions

![Figure 13 Development tools at the case study organization](image)

**PERSONAL DEVELOPMENT TOOLS**

**WORK-BASED LEARNING**

On the topic of what a manager can do to develop his/her employees, one manager says:

“I can send them on courses; challenge them with more varied or challenging tasks. I can get them to apply to the vacant positions that come up. I try [this] when it can be something that is relevant for them, and not to put limitations on them. The greatest limitations people put on themselves.”

Manager at the production unit

A large part of the development in the project organization takes place in the projects, which makes it important that the new employees see a lot of the activities that happen during the course of the project and that their mentor involves them in these. Usually, they plan for new employees to be trained in a series of projects; however, sometimes there is no time:

“When I started working here I was supposed to be in training for two years in two projects, and maybe then take on the third project myself. But then I was here for three months and they sold so many new rigs that they didn’t have any time for my training and I got to manage my own projects.”

Team member in the project organization

In this case, the employee managed very well in this challenge, and according to his manager today he is very popular among the project managers. A manager at the project organization presents the idea to more often dare to challenge the employees with new assignments or situations. A manager in this organization tells us that he/she once was criticized a bit for letting an inexperienced employee try out a challenge, which in the end went very well.
Since much of the work in the company is done through projects, it is not always possible to challenge the employee. While managers are aware that they cannot affect the timing, they do know that they can affect the preparedness of the employee:

“It is dependent on the situation, quite clearly, but you should be prepared. You can work systematically with the employees, to prepare them to take new steps. Very often it is a combination of experience, education or additional competences and personal devotion [...]”

Manager at the production unit

Managers also employ the method of “piggy-backing” or shadowing, letting a junior employee shadow a senior employee, and learn from his/her experience, on the job.

INTERNAL MOVEMENT
One HR manager says that they encourage internal movement by posting all vacant positions internally and that HR supports the managers in the recruitment of new employees. According to one manager at the production unit, there is a “no fishing” policy, which states that a manager cannot approach an employee at another department and persuade this person to change departments. The employee however, can approach a manager if he/she wishes to change departments. Even though this is allowed, it may become problematic because of the dependence on technical competence:

“In our department we are very technologically specialized, so it is not always that easy to jump from our department into another department. If you work with technical security you can’t just start working with the electronic department. Then you will only become an assistant.”

Team leader at the project organization

The internal movement within the group seems to be rare, especially between the cities. According to a manager in the project organization there is rotation within the units located within the same city, due to the fact that people sometimes want different working assignments. However when job ads are posted on the company intranet the turnout of the internal applicants is quite low or nonexistent.

Visits to see the technology in action seem to be encouraged:

“It is a considerable strength if someone goes out [to an oil rig] and here they sit behind the computer designing, and if they go out they get practical hands on experience, so they take that back with them and we get better products. So I try to encourage that and we try to arrange shorter visits to oil rigs.”

Manager at the production unit

Even so, it can be difficult to move between departments because it is difficult to pass on working assignments:

“It’s not easy to move someone across, right, but of course it’s possible...But talent development and that...they get half a year with us, half a year with X...right, that would work, but then you need a process. It’s often the case that if you get to spend a year with me, you do that and you don’t move, because you always have enough to do here. So the thing with moving between units is pretty hard.”

Manager at the project organization
Networks & Relationships

All new employees receive a mentor preferably in the same profession, who they may follow and learn from during projects, which is a relationship that on paper lasts for six months.

Another way to develop the employees working in the technical specialties within the project organization is that they share experiences and knowledge over a lunch a couple of times a month. This is similar to a community of practice, described in section 3.5.7 Talent development.

Courses

Depending on the department, different courses are available to match the competences needed. One HR manager says that the courses are in principle voluntary; however, there are some courses that are compulsory when new employees enter the company. The HR manager notes that “You can as a starting point take courses whenever you feel like it, this [is done] in a very close cooperation with the managers [and his/her employees].”

All new employees in all units begin by taking courses to get a good overview of the business and also to get deeper knowledge in their respective fields. After the introduction courses, the different units have their own course ranges and learning programs. In the project organization, they have developed their own learning program. This program is specific for the technical areas that the employees will work with.

At the production unit, they have roughly 60% internet-based shorter courses, which take approximately an hour to complete, but that there are also whole day courses in e.g. drilling equipment. A manager in the same unit states that they have “[...] almost 200 courses in the internal course portfolio, where there is the ‘Company Academy’, in which there are a lot of technical courses, [and] product courses [...]”. Furthermore, these project managers have certification programs:

“We have set up a large program, a competence program in the department [...] We do a certification of project managers, PMI, with our own preparation courses and examination. We do internal leadership development courses, where we also employ the HR department and other internal resources regarding leadership development [...]”

Manager at the production unit

4.2.6 Performance management

At the company, the performance management system is built upon the six values that the company has (see Table 6) - the philosophy at the company is that it is as important what you do as how you do it, according to an HR manager. The purpose of the performance management system is to aid the employees to develop themselves, and this is done by setting personal development goals. It is important that the employees find these goals themselves. These goals should then be in line with the company strategy, and should be accomplished in line with the company values. This requires that the employees know the company strategy and what it implies for their respective departments.

Earlier, the performance management consisted of only one meeting per year. Now, the process has been changed to also contain a second follow-up meeting. Moreover, the performance management system has been digitalized in order to keep track of the data. An HR professional explains the idea with having an electronic performance management system: “We wish that more would use the tool more actively, you don’t have to only take it up once a year. It is up to
the employee to put in his/her goals and adjust and follow up [...].” Another improvement of the performance management process is that the new system does not allow that employees come unprepared to the meetings.

“Some employees come very unprepared, and haven’t thought a lot about goals, nor graded themselves. Now with this new scheme you have to fill everything out before the performance dialogue, and you cannot do the dialogue before you entered this information. This improves the quality of the performance dialogue process.”

Team leader at the project organization

Every year, the manager holds performance dialogues with the employees. Each year, the manager and employee have a minimum of two meetings, where one meeting focuses on evaluating last year’s performance and setting new goals. These goals are sometimes financial and measured in percentages. The second meeting should be held six months later, and serves to check if the employee is on the right track to accomplishing the goals. The first talk is between 1.5 to 2 hours, and the second about half an hour, but the duration of the latter meeting depends on how much that has to be discussed.

The managers have a predefined schedule to follow during the performance dialogues, see Figure 14. First, the previous personal development goals are discussed regarding their fulfillment, where the manager rates the employee and the employee performs a self-evaluation. Then the fulfillment of goals is discussed in terms of the company core values, where the rating is repeated. This renders a total rating of the employee. Then new goals are set for the next period and the employee and manager discuss how the manager can support in this process. The manager and the employee also discuss the new accountabilities, objectives and personal development goals which are to be followed up in six months’ time.

```
Review of previous personal development goals
  →  Rating

Assessment against company core values
  →  Rating

  → Total Rating
New goals are set for next period
```

Figure 14 Performance management meeting process
One manager comments that he/she feels that the schedule is too rigid and that his/her employees are not interested in discussing their performance in this manner:

“[… I want to talk about the same things but not be so controlled by the schedule. To make it a natural meeting, more of a coaching session. […] I feel some of them are a bit indifferent. Performance appraisals are good but I think some are indifferent to having the [performance dialogue] packaging. The most important thing for them is to be able to talk, and to have the opportunity to ask questions or to take up frustration. Wishes and that.”

Manager at the production unit

One manager laments that it has been difficult to come up with concrete goals because he is not aware of the strategy for the department. He/she also says that he does not know whether the goals are a pain or something positive for the employees. Furthermore he/she finds it difficult to engage the employee in finding suitable goals. Another manager says that the biggest challenge related to performance management is to set goals, since the employee has to set these goals him/herself.

### 4.2.7 Career management

While performance management handles how an employee performs in his/her current role, career management handles how employees are promoted and rotate within the organization.

After the organizational restructuring of the company, a flatter organization with fewer management positions emerged. This led to a shortage of positions which require promotion, and therefore limits the opportunity for the employees to become promoted and move upward in the hierarchy. This is perceived as an issue by some managers, who need to handle the pressure of employees requesting promotions and a quick vertical career. One manager at the project organization says that he needs people which are good at their technical discipline, and not so many managers.

The technical career path is described by the respondents as a “horizontal career”. The management career path is related to positions with responsibility for developing employees and budgetary responsibilities. This career path is called the “vertical career” by the respondents. See Figure 15.
There is a division between the technical and management career paths at both the production unit and the project organization. At the production unit there are technical specialist roles of different degrees, project leader roles and management roles.

At the project organization there are three career paths – 1) the roles of discipline manager and project manager, 2) the role of being responsible for a technical area, and 3) group manager (see Table 8). The discipline manager position is 80 % technically related, and 20 % leadership related, which means that 20 % concerns a responsibility for leading others, but without the responsibility to perform e.g. personal development dialogues. An individual which is responsible for a technical area is 100 % concerned with technical matters, since they have no responsibility for developing employees. The difference between the discipline manager and the project manager is that the discipline manager is responsible for a technical area, whereas the project manager is higher up in the hierarchy and is responsible for project delivery – e.g. planning, coordinating etc. Both the project manager and the discipline manager roles have leadership content. Finally, there are group leaders, which earlier were involved in project work as well as having responsibility for developing their employees – e.g. performing personal development dialogues. Now, the group leaders are facing larger group sizes and are therefore mainly responsible for their employees and perform little or no project work.

<table>
<thead>
<tr>
<th>Career</th>
<th>Technical and project content</th>
<th>Leadership content</th>
<th>Administrative content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discipline manager</td>
<td>80%</td>
<td>20%</td>
<td>0</td>
</tr>
<tr>
<td>Project manager</td>
<td>80%</td>
<td>20%</td>
<td>0</td>
</tr>
<tr>
<td>Responsible for technical area</td>
<td>100%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Group manager</td>
<td>0-20%</td>
<td>0</td>
<td>20-100%</td>
</tr>
</tbody>
</table>

Table 8 Career in the project organization

The company is currently in the process of renewing the career management system. The new system permits the organization to classify the level of complexity and responsibility for every
role in the company. This work is at the time being done by external consultants. One of the objectives of the new career management system is to make the career within the technical specialties more visible:

*The absolute largest benefit [of the system] is to make the opportunities within the company visible, especially for those in the technical professional career path. [...] In the company it hasn’t been that visible what kind of career opportunities there are for someone with a technical background. [...] We mean that it has always been possible to have a technical career. We have hired specialist engineers with a lot of experience who are super good within their fields, and who are high up both in regard and in pay and in the role they have now. But now we make it much more transparent and visible for all that there are many opportunities [to go] up. Then I also think that it shows the breadth of opportunities, how you can move crisscross. [...]*

HR manager at the staff unit

One team leader welcomes a more structured career management model for the technical specialists:

“*I would like a system that promotes specialist career[...] we have a role level system from 1 to 10 which you could also employ to calculate such a technical specialist level, but that has not been realized within the company.*”

Team leader at the project organization

While another manager notes that it is hard to stake out a career plan, since according to him it is more about timing:

“*My general experience is that on the whole, it is very hard to make a long term plan for career development. Many times it is timing that is the decisive factor, someone quits or changes job. A vacant position appears, it is a position that by coincidence is appropriate for precisely that person. [...]”*

Manager at the production unit

A final issue is that it is costly and time consuming to train new employees. It is not always a positive matter for the organization when the primary focus of the employees is to make a career:

“*[...] So I am not that happy about them going to become engineering managers and project managers, if I take the point of view of the department. But for the company as a whole we have to make sure that people grow. So we have to make sure that this goes in a tempo we can live with. Because we are supposed to profit on them moving up as talents.*”

Manager at the project organization

**4.2.8 Incentives**

The company does not wish to compete with salary to attract new employees from the competition, since this does not benefit any actor in the industry. There is therefore a silent agreement between the competitors to keep the wages at the same level.

Many employees are aware that there is no pay increase when changing departments if there is no change in the level of complexity of the roles. According to an employee at the HR department, pay increases are connected to taking on heavier jobs and when you become responsible for your staff.
Another incentive besides salary is the company stock program, which gives you stock in the company provided that you stay in the organization for a certain amount of time.

4.2.9 Choosing the technical career

Among the interviewees, we find that the respondents who think that the technical career track is been ambiguous are as many as the respondents who answer that the technical career track is clear. The respondents who answer that the technical career track is ambiguous either say that the management track is believed to be the only clear way forward for their employees, and/or that there is a need for a more clearly defined technical career track within the company. One manager says that traditionally, the administrative career path has in the reality been the only concept related to actually making a career. Some younger employees say that the technical career is not as appealing as a management career. One of the younger employees expresses that a career in the specialist area is not as exciting as a career as a project manager:

“I think that I will become bored more quickly [in a specialist career]. It is a good feeling to know everything, but then it will become more routine, and all the time getting the same challenges, or the same questions in every project. It would probably be nice to feel that you can solve all of that but after a while I don’t think there will be that many new things to learn. So I think that in the position I have now I get to discuss with the customer, the different drilling operators, and they expect that I can answer for all of the machinery and equipment, and that’s…a lot to learn! It’s a lot of fun!”

Team member in the project organization

One interviewee in the project organization says that he/she perceives that the technical specialists enjoy a great respect in the team. He/she also says that there are changes going on in the organization in order to raise awareness of the technical career, and in order to clarify that this career has the same benefits as the management career.

“I would think that outside of the company, that project manager sounds better in a career-sense, but inside the company they have signaled that the technical areas are just as important…that it will not compromise either wage or other kinds of rewards. It is somehow an industry that requires technical competence.”

Team member in the project organization

One employee at the production unit says that he/she would rather have had some time to work with the drilling equipment in the workshop in order to get more hands-on technical experience. He/she also notes that if he/she had had working assignments which involved investigating each part of the equipment and getting to know these, he/she might have chosen the technical career. However, he/she thinks that a management career is more suited for his personality.

One manager at the project organization thinks that talents should also be regarded as the persons who are competent in the technical domain. He/she thinks that there is not enough focus on developing a career for the technical areas. However, he/she sees a problem in the fact that if you want to increase your salary you have to go the management path. Another manager in the project organization states that the discipline managers have the most status within the projects, and that he/she thinks that it should be the technical specialists.
4.3 Empirical findings: External material

The following is a section on the external empirical material which was collected for the sake of comparison with the case study organization. Since this part of the report treats interviews made with HR professionals at the external companies (see Table 9) it is organized differently than the case study. Here the focus is put on how the external companies work/want to work with talent management, from the HR professionals’ point of view.

First, a section on strategy is presented, since the literature highlights its importance. Then, a section on the different takes on talent management found in the external companies is accounted for. Thereafter follows an account of recruitment, development of talents, performance management, and career management, since these are key processes within talent management and for retaining and managing human capital.

Finally, the role of the HR departments at the different companies is presented. This section highlights the challenges within talent management for the HR department, which are connected to communication, overview of roles in the organization and managing the talent management process.

<table>
<thead>
<tr>
<th>Swedish IT company HR</th>
<th>Swedish industrial company HR</th>
<th>Swedish energy company HR</th>
<th>HR consultant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 9 Respondents interviewed in external material

4.3.1 Strategy

The HR consultant says that in the Scandinavian countries, there has been insufficient attention to planning for the competencies that the companies will need in the future, e.g. in a five-year perspective. The consulting firm calls this strategic workforce planning, which refers to how the business will look like in the future, how the workforce will look like, if the company can deliver on its strategy and if it needs to modify the competence – e.g. deciding whether to buy new competence or to develop that competence.

The HR department at the energy company receives the corporate strategy and tries to connect the strategy with talent management and key positions. At the large Swedish IT company, the company strategy for technology is a product of the CTO (Chief Technical Officer) and the R&D department. They highlight a couple of strategic areas of focus, for which it is important for the company to have a clear position in. This strategy is put into place about 10-15 years before the commercial launch.

Furthermore, the IT company have identified key positions, which are resources that the company cannot lose to e.g. the competition. These resources are not aware that they are classified as such, since there is a risk that the competition might find out and try to recruit them. This is an example of not telling the whole strategy out loud because of running the risk of that a competitor tries to copy it. However, the respondent does note that being transparent about these positions might be good from a career path perspective. However, these important positions are limited in number and not everyone can occupy these.
At the industrial company, the strategy is cascaded from corporate level to all business areas and from these to each department. This means that the corporate strategy is translated to e.g. the R&D department, and thereafter to the HR department of the R&D department.

Similarly to the case study organization, the Swedish industrial company has troubles recruiting people with experience. The company has a number of defined strategic areas for which they expect to need competent people in 2030. This plan is called a technical roadmap and also involves collaboration with universities. In the shorter five-year perspective, HR does not have a strategy in place, but the managers know if they will have a shortage of some competence in the future. HR does however ask the managers if they need some kind of specific competence profile when it is time to recruit new employees.

### 4.3.2 Takes on talent management

The external companies in this part of the study all work with talent management, but their definitions of and ways of working with this concept differ. The HR consultant means that it is important that an organization has a common definition for talent and talent management, and that they use a common language for speaking about these.

“[…] I would say the largest Swedish or Scandinavian misconception is that talent management is only about segmentation. So talent is only the top talents, [but] talent management is everything. It’s the whole square of employees that you have. [It] also includes processes to handle the poor performers.[…]

   HR consultant based in Stockholm

The consultant also states that it is up to every company to decide for itself what their definition of talent management should be. A common denominator within all the companies in this study is that a talent has drive and is able to find his/her own way through the organization. At the large Swedish industrial company they choose not to use the word talent and talent management, but they do use the expression “high potentials” for their up and coming managers. The energy company chooses to label some employees as talent. The HR manager at the energy company state that it is easy to forget the talent within the technical specialist areas, and to only focus on the manager talents instead.

“[…] We [at the industrial company] say high potentials about the people that are in our management career, that are brilliant so to speak, that we really should take care of and work with. So we don’t say ‘talent management’… for me, talents are…as I said we all have some talent, but for some [organizations] talent management is the same as high potentials when you speak about the brightest shining stars[…]”

   HR manager at the R&D department at a large Swedish industrial company

### 4.3.3 Recruitment

The recruiting strategies differ between the companies. At the IT company the focus is to acquire new technological competence from outside the organization, whereas the other two companies want to develop their competence by internal movements in-house. At the energy company the goal is to recruit 80% internally, and therefore 20 % from the external labor market, see Figure 16.
The R&D department at the industrial company recruits mostly newly graduated individuals. However, they also recruit people with more experience, even though these are harder to find. The internal movement is encouraged, and the R&D department recruits internally and has employees that move on into other parts of the organization, see Figure 17.

The R&D department at the IT company recruits almost only newly graduated Ph.Ds from universities, since their strategy is to be at the frontline of research, and feed the rest of the organization with ideas ready for commercial development. It is not common for former R&D employees who have gone to work in the commercial development units to come back to the R&D organization unless they have been promoted to managers for an R&D team, see Figure 18.
4.3.3 Development of talents

At the Swedish Industrial company, the energy company and the IT company there are four ways of developing the employees: through on the job-learning, internal movement, networks and relationships and finally courses, see Figure 19:

<table>
<thead>
<tr>
<th>Work-based learning</th>
<th>Internal movement</th>
<th>Networks &amp; Relationships</th>
<th>Courses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stretching assignments</td>
<td>• Rotations</td>
<td>• External events</td>
<td>• Internal courses</td>
</tr>
<tr>
<td>• Projects</td>
<td></td>
<td>• Seminars</td>
<td>• External courses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Community of practice</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Internal networks</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• External networks</td>
<td></td>
</tr>
</tbody>
</table>

Figure 19 Development tools in the external material

WORK-BASED LEARNING

At the Swedish IT company, development of specialist talents is mainly done through project work. The manager has a rough idea on what the person is interested in and good at, and then places him/her in a project where he/she really can get a challenge. In addition to this, they have courses. It is common conception between the organizations in this report that it is the responsibility of the employee to see to that he/she finds motivation at work and to express his/her goals and aspirations to the manager. The responsibility of the manager is to facilitate these.

INTERNAL MOVEMENT

The HR Partner at the IT company tells us that it is important for the top managers of the Research department to have seen the client context and what the products are being used for. This means that they have often worked outside of the Research department for some time, and then returned to Research to become managers.

At the Swedish industrial company, the internal movement is promoted and regulated through policies that involve a tenure part and a salary part. The employee typically has to stay for a while at the same position so that it is guaranteed that this individual has a deeper understanding for the role. When moving internally after this time period has been completed, the salary is typically increased, to promote internal movement. It is permitted to change jobs internally after a shorter time period as well, however, this will not lead to an increase in salary. This policy serves to avoid unmotivated pay increases.

The HR consultant notes that a way to stretch the competences of specialists is to give them experiences from e.g. the sales department, which is a job with a different structure and description, but which still requires similar competences as production/engineering. Furthermore, she says that this is also something which will be more important in time, since members of Generation Y will want to avoid “locking themselves into the [specialist] box after only two years of employment”, and want to keep the doors open to other opportunities within the organization.
“I think it will be difficult to retain young talents in the future with the traditional ‘Y’ of career development [...] where you start at entry level, and then there’s management or specialists. [...] The traditional concepts will still be around, but when we speak to our customers we talk more about ‘which jobs are there’, the whole picture. [...] This opens up more opportunities, and it also assures that you do not forget anyone. [...] HR has a huge part in this, to maintain this and facilitate it, and drive this.”

HR consultant based in Stockholm

NETWORKS & RELATIONSHIPS
The HR Partner at the IT company notes that a lot of the satisfaction from work does not stem from money. Instead, it is important to understand the goals and interests of the employee, to be able to give them the challenges that they want. Another perk with the job is to be able to go to seminars and external events related to the research that the employee is engaged in.

“Many of the best that we have are a like artists and they don’t respond to something that everyone else is given...It can be everything from being seen in strategic contexts, meeting the CEO regularly, being in charge of their own project [...] a lot of it is about things that are unrelated to money. Instead, [they want to] use their own mind, run a project, create a product etcetera.”

HR Partner at the Research department at a large Swedish IT company

External and internal networks are frequently used by the employees at the higher levels in the industrial organization in order to grow in their professional roles. At the energy company the experts participate in communities of practice.

4.3.4 Performance management
All companies interviewed have their own performance management systems in place. At the R&D department at the Swedish industrial company, the performance management system consists of a yearly meeting between manager and employee, and moreover daily, shorter
meetings, which focus around daily control boards, which are inspired by the lean philosophy. Each employee has his/her individual development plan, which is elaborated on during the yearly meetings. The employee takes the individual development plan with him/her to the new assignment within the company. The yearly meetings are monitored by a key performance indicator, but this figure does not measure the quality of these meetings.

Every manager has his/her own decision right regarding the topics discussed during the yearly meetings; however, there are templates available on the company intranet in case a manager needs them. Managers at the energy company also can decide what they want to speak about with their employees. The HR respondent at the energy company questions the value of yearly meetings.

At the IT company the performance reviews are held every quarter, and serve as a steering mechanism for the department and its employees. They try to arrange so that each manager has time to do these performance reviews, which entails limiting the groups to circa 10 persons.

The companies investigated work with performance management as the HR consultant recommends:

“We always recommend three and not one, not two, but three review sessions. You set goals in the beginning of the year; you have a performance or a mid-year review in the middle of the year and a final evaluation in the end of the year. And in that process, you have a rating”

HR consultant based in Stockholm

The grading of employees differs between organizations. The HR consultant has an example of a performance management related grading between 1 and 4, where 1 is the lowest. She also notes that you risk not identifying talents if you only evaluate your employees on financial targets. At the large Swedish IT company, the HR Partner at the Research department has identified an issue with how you grade the performance of highly specialized professionals:

“The people who work here have always been at the top of their class. If you tell them that ‘well, you’ve done an average performance at Research’ they don’t like that. It’s not really the interest in the technology that is the problem, but how you are evaluated […]. How can we filter out the very best without upsetting the others?’

HR Partner at the Research department at a large Swedish IT company

4.3.5 Career management

The career models of the companies investigated reveal both the use of competence based grading, the use of a classic career staircase and the choice of not having a career model.

At the Swedish industrial company, there are four career paths: mechanical, technical, manager and project. Within these career paths, the employees are graded according to their competence. Entry level employees are graded as a 1. In discussion with the manager, an employee can reach a higher competence level when the requirements for this have been met. This typically involves an assessment by the manager based on a set of criteria which are discussed between the employee and the manager. An experienced employee is graded as a 3, and these persons typically tutor new employees, give advice in their area of expertise to e.g. other parts of the company, and have greater responsibilities. An expert is graded as a 4, which are persons who are known for their skills within their field on a global level, not just inside the organization.
Experts go to seminars and participate in networks around the world. The idea is that there should be no limitation on how many members of a group that are graded as a 4.

At the Swedish IT company, the Research department has a five stage career model for the researchers (see Figure 21): researcher, experienced researcher, senior researcher, master researcher and principal researcher – where the latter two are responsible for research programs. Moreover, the employees can become managers or technical specialists. The technical specialists are responsible for technical areas, which is a career path beginning from the senior researcher stage, they then receive the title specialist, expert and senior expert.

![Career Model Diagram](image)

Figure 21 Comparison of researcher and specialist careers at R&D dept. at IT company

A liberal view on titles (e.g. for business cards) are used to motivate employees to advance further.

### 4.3.6 The role of the HR department

**COMMUNICATION**

Among the challenges within talent management the HR consultant mentions the issue of matching the needs of the business with the needs of the employee. This responsibility falls mainly on the middle managers, which requires that the HR department needs to communicate and cooperate with the middle managers. The consultant stresses that HR has a responsibility to be able to communicate their talent management initiatives so that these are regarded by e.g. managers as important, and then it is key to deliver on these promises. According to the consultant, HR can design the best program ever, but if they fail in communicating the program it will not lead to any results. The consultant notes that the biggest challenge for HR is to assure that the words they use in the organization refer to the same concepts throughout the whole organization. The consultant says that it may even be necessary to find people in the organization that can act as “brand managers” for the talent management initiative.

Another challenge for HR is to get middle managers to understand that they need to encourage, coach and talk about the next step for their employees, according to both the industrial and the energy company. The energy company stresses the importance of communication within the talent management work, and especially to manage the expectations of the talents.
The HR Partner at the Swedish IT company relates that when he works with extremely competent individuals such as the researchers at his department, he has to express himself with much clarity and adapt himself to the standards of these individuals. He says that “it is such a trust, it takes years to build and you could erase it during one bad afternoon”. For the HR Partner, it is important to communicate with the researchers and gain this trust so that he can partake in the strategic discussions even though he “has no clue, technically”. The HR professional responsible for talent management at the energy company notes that when working with talent management it happens that they unconsciously focus on the leaders.

The HR consultant raises another issue regarding the communication of the HR department, which emerges from the fact that it is often divided into two separate units – HR focusing on people management, and HR focusing on compensation and benefits. These two units are not always communicating with each other, which leads to confusion in the rest of the organization. E.g. the job structure may have different definitions and implications for these two HR units, which may lead to incongruent HR efforts in terms of talent management and incentives.

OVERVIEW OF ROLES IN THE ORGANIZATION

The HR consultant says that the first step to identifying your talents is to know which jobs there are in the organization. The jobs that are to be mapped are the generic jobs present in the organization, and it is important to investigate which of these are strategic. The consultant says that they usually make a distinction between strategic, non-strategic, core and non-core jobs. When the key roles are identified, he/she says that the company can move talents from non-strategic jobs to strategic jobs, since these should be occupied by talents. To identify talents the organization has to be aware of a person’s job performance over a longer period of time. He/she continues to note that it is not a trivial assignment to identify all jobs in the organization:

“Surprisingly many organizations don’t have a clue about which jobs they have. They have a rough idea on how many employees they have, but if you ask a manager, he can actually, among twenty employees, I would say, sometimes miss five key positions.[...]

HR consultant based in Stockholm

The energy company is at the moment discussing these matters. They ask themselves e.g. “on which level are jobs strategic?”.

MANAGING THE TALENT MANAGEMENT PROCESS

According to the HR consultant the companies that are implementing talent management successfully are the companies that measure their efforts both qualitatively and quantitatively. This assures that there is a feedback mechanism in the talent management process. When measuring, the companies discover which areas of improvement they have regarding talent management.
The consultant gives the example of measuring turnover as a part of talent management. In this study we find that there are many answers to the question of a healthy turnover:

The HR consultant notes that a healthy turnover is about 4-5%. According to him/her, you need a certain turnover or you will have problems with so called “fat cats” – persons that you might have trouble getting rid of, low performers. Moreover, a turnover that exceeds 8-9% will cost the company a lot of money - such a high turnover costs the company roughly 30-40% in efficiency losses. These stem from the transition process of one person leaving and recruiting a new one. It may take up to one year before the new hire starts raising money for the company.

It seems that the HR Partner at the IT company holds a similar view on turnover. He/she says that a turnover that is too low will lead to inefficient employees, who do not see any reason for leaving the company, which has the result that the average age of the employees increases. He/she, however, notes that a turnover of circa 10% would be healthy. At the energy company they do not measure talent turnover, but they feel it is something they should do in the future.
5 Discussion

In this section we present the general findings and discuss these using the literature and the empirical material.

5.1 Choosing an approach to talent management

Before implementing talent management in an organization, there has to be an agreement on the scope and purposes of it, which the consultant also underlines. Blass’s (2009) strategic perspectives and operational dimensions are a guide to how an organization can implement talent management, see Table 1 and Table 2.

The R&D department at the Swedish IT company has chosen a mix of the process perspective and the competitive perspective, due to their specific contextual factors. The company’s line of business is characterized by hard competition and a need for continuous innovation. They need to recruit the best of the best in their research areas, develop and nurture their talents, and avoid losing them to their competitors.

The R&D department at the Swedish industrial company has adopted the process perspective, in which they believe that their success is dependent on their human capital. This company separates itself from the case study, since the industrial company is more focused on the individual and his/her competencies, than the role he/she currently has. An employee at the industrial company can receive a higher competence classification without the need for a vacant role.

An organization adopting talent management also has to decide whether to be transparent or not when labeling employees as talents. The IT company chooses to not be transparent due to strategic reasons, while the energy company chooses to be transparent but carefully manages the expectations of their talents. According to Wikström (Talent management IFL Executive Seminar, 2013), there are pros and cons associated with both sides, see Table 3. The energy company stresses the importance of how the communication is handled within the talent management work.

As can be seen from the different talent management approaches of the companies in the study, talent management needs to be adapted to the company in question and to its specific circumstances and strategy.

5.2 Talent management needs to be connected to the strategy

From the empirical material in the case study it is clear that it is a challenge for the company to cascade the strategy to department-level. This may be a result of the complexity and size of the company. Half of the respondents in the case study do not know the strategy and therefore do not know which actions that they are to perform in order to execute the strategy. In the literature, it is asserted that talent management practices that have been found to be successful are the ones which have a strong focus on the corporate strategy. Therefore, we conclude that an important prerequisite for successful talent management is that the strategy work is done carefully before implementing talent management. Furthermore, it is stressed in the literature that talent management should be adapted to the strategy of the company, and not be based on best practices, since these do not give the company a competitive advantage. The cascading of the strategy can be done in different ways – compare e.g. the industrial company and the IT company – but the main idea is that the strategy should be clear enough to lead to defined actions, that it can help the middle managers in their work with identifying the competences needs, and the
subsequent development of the workforce. The importance of basing talent management in the strategy leads to our conclusion that talent management is a tool for organizations to work proactively (in line with the strategic goals) with their human capital, which will ensure competitiveness.

5.3 Talent management is about segmenting roles and employees in order to fulfill the strategy

There seems to be a resistance to segmenting the employees based on talent and strategic importance of their jobs both in the case study company and in the industrial company. This is motivated by stating that all employees possess talent and that all jobs are equally important. If this were to be true, one could argue that all employees should have the same salary – which is not the case in any organization. The reality is that there are jobs that are considered to be more important in all organizations, and this is signalized through a higher perceived status and salary. However, it is not certain that the jobs that are perceived as more important today really are the strategic jobs, since these may not have been classified. Old bureaucratic ideas may still influence status and salary, even though organizations have become flatter. The consultant states that it may be a cultural issue that organizations in the Scandinavian countries are reluctant to segment their employees.

The literature asserts that it is crucial to identify strategic positions and so called A performers to be able to maximize the return of the human capital – since having A performers at strategic positions will lead to disproportionate returns. The HR consultant says that this reluctance to segment employees has the effect that pay-for-performance is virtually nonexistent in the Scandinavian countries. In the long run, we see the risk that this leads to lesser incentives and motivation for employees to perform and to take other roles in the organization. If these tendencies are prevalent in an organization that is about to implement talent management, there is a risk that talent management will be ineffective.

One manager in the case study is unsure how to handle the expectations of a person that has been officially labeled a talent. This highlights the issue that the organization has not identified its strategic positions, and therefore does not know where to place the talents. This issue is also brought up in the literature, where it is noted that organizations often focus on identifying talents, but forget what to do with them next. We contend that talent management cannot be done unless companies begin to segment both their employees and the available jobs in the organization. This leads us to the concept of strategic workforce differentiation:

To exemplify how far the organizations in the study have strategically differentiated their workforces, we position the companies in Becker, Huselid, & Beatty’s (The differentiated workforce, 2009) model of strategic workforce differentiation, see Figure 22.

The case study company has not done any formal classification of strategic jobs. Meanwhile, some respondents argue that there are roles that are more important/strategic than others, while some think that all positions are equally important. Since the strategy is not spread across the whole organization and therefore has had no impact on the workforce strategy, we position the case company in the first stage of the model. The case study company has adopted best practices in HRM, which are connected to how the workforce is managed (e.g. employee development and performance management), but these seem to be unaligned with the strategy since respondents are not fully aware of how to contribute to the strategy.

The Swedish IT company has done a classification of key positions, as well as key employees, although this is not communicated formally. The Swedish industrial company has identified
important strategic focus areas. This leads to the conclusion that a formal identification of strategic jobs is not very common among the responding companies.

The R&D department at the industrial company has a technical roadmap for their long-term strategy, which specifies their strategic areas and strategic competence needs. These competencies are developed in collaboration with universities, which ensures that the company has pools of potential employees to recruit from in the future. This positions the industrial company at a more advanced stage in the model – where the company differentiates its workforce strategy according to their strategic capabilities.

The R&D department at the IT company can be positioned in the fourth and final stage in Becker, Huselid, & Beatty’s model. The strategy of the R&D department is a product of the CTO and the R&D department, which in combination with the identification of key positions implies a strong fit between the strategy and the workforce strategy. The strategy execution is built around these key individuals in the R&D department, and without these persons the strategy will not be possible to execute. This implies that the IT company differentiates itself from its competitors through their strategic capabilities and their strategic jobs and talent.

The energy company is not positioned in this figure because of insufficient information.

![Figure 22 The four stages of workforce differentiation applied to respondents (adapted from Becker, Huselid, & Beatty, The differentiated workforce, 2009)](image)
5.4 Managing talent

The segmentation of employees and jobs also has consequences for the management of human capital. In Lepak & Snell’s (1999) HR Architecture (see Figure 4), it is argued that only employees that have a high value and are unique to the firm should be developed in-house. Furthermore, the employees who are considered to be part of Quadrant 1 in their model will need to be treated differently than employees in the other quadrants. To identify whether an employee is unique, it is imperative that the organization knows which competences are valuable and needed. We argue that companies which base their business idea on technological innovations are dependent on the technical specialists which occupy strategically important roles in the organization. Our assumption is that the future wellbeing of the company is closely connected to the state of the technology in the organization – if they fall behind their competitors in technology, there may be a risk of losing customers. Therefore, a set of the technical specialists can be considered to have a high value to the organization, and if they also are unique to the organization it is strategically important to develop and retain these persons.

In the literature it is stressed that talented people are attracted to organizations where their talent is appreciated and developed, where they have goals and receive feedback. If the management of human capital, the company culture and the incentives are not signalizing the importance of the strategic jobs, then talents will turn to a job which is pointed out as important.

At the case study company, it seems that much of the development effort is done through courses. However, the literature stresses that work-based learning is the most important component in developing people. We contend that a tool for developing technical specialists is communities of practice, which can exist at many levels in the organization. At the IT company they use external networks to develop the experts within the research areas. At the case study company there exists an example of a community of practice, which gets together for lunch now and then to discuss their area of expertise. We advocate that this simple approach to communities of practice can be used also at other departments. Research has found that some employees within R&D departments can act as technological gatekeepers and introduce new knowledge to their teams. Communities of practice are therefore a way of developing both the employees and the organization.

5.5 Talent management is a system

The HR consultant interviewed says that talent management is important since there is a need to manage all the aspect of the employee life-cycle, and because it supports the execution of the strategy. This statement is also supported by the literature. Furthermore, the consultant notes that there has been a lack of connection between e.g. performance management, compensation, career management and development of employees. This reflects the tendency of HR to become overly focused on separate HR processes, and losing the system perspective, which was brought up in the literature. At the case study company, performance management and development plans seem to be more focused on core corporate values and the goals of the individual than the corporate strategy. Even though one HR manager at the case study company says that performance management should be connected to the strategy, this is not the case at some departments. Perhaps this is an effect of the large focus on corporate values in the performance management process. Even though it is important to consider also the behavior of the employees, the most important feature of performance management is that it is closely connected with the strategy.

Since frequency has been found to be an important part of performance management in the literature and in the empirical material, it could be argued that it is better for the company in the
case study to have a simpler and less time consuming performance management process in order to make it an ongoing process, and to not limit its occurrence to the performance appraisals. The risk of failing to align individual goals with organizational goals is larger when strategic goals are vague.

Furthermore, the consultant raises the issue that sometimes managers do not see how HR processes help them in their daily work. We argue that there is a need to highlight the systems-aspects of talent management, how the different HR processes are connected to each other, and that these support the execution of the strategy through aligning human capital with the strategy. It is crucial for a successful implementation of talent management that managers are on board and convinced that it is important. Managers may sometimes be reluctant to motivate their employees to take on larger responsibilities for fear of losing their most valuable team members. To moderate this tendency, incentives are needed for developing human capital in the organization. A manager can e.g. be measured and evaluated on how many talents he/she has developed and have gone on to other parts of the organization.

5.6 There is a need to redefine the word “career”

At the case study, some respondents see only one clear career path, namely the management career. The interviewees are anxious of getting bored in a technical career path, which they do not see as challenging and not as laden with status. The reason for this may be related to the fact that members of Generation Y want clear opportunities for making a career, which is not given to them in the technical career today. This vagueness may induce the insecurity regarding the technical career, and lead to the result that they prefer the management career track over the technical career. However, it is difficult for employers to give clear opportunities for advancement nowadays, since contemporary, flat organizations after years of restructuring and modernization are characterized by non-linear career paths, which are less predictable than the career paths in old bureaucratic organizations – i.e. the management ladder. The companies in the study confirm this change and are also placing a larger responsibility on the employees to shape their own career. This can also be viewed in the definitions of talent that the respondents have provided: their definitions of talent stress personal drive. However, we argue that it is not enough to have personal drive, the company must provide directions for the employees in order to put this drive to good use for both the organization and the employee. Middle managers play an important part in this.

The management ladder is clear both for the employees and for HR, which may play an important part in why the energy company admits that it is easy to forget the technical specialists within talent management and focus on the managers instead. An example of this can also be seen at the case study company, which had a career management system for the technical specialists, but did not utilize it in practice. Furthermore, one manager had the opinion that some strategic positions were not rewarded enough in financial terms. The combination of HR focusing on the managers, the employees perceiving the technical career as unclear and the lack of career management systems and the proper incentives for the technical specialists may have caused the deterioration in status for the technical career. We argue that clarifying the strategic contribution of the technical positions is needed to increase the status. Since talent management focuses on the strategic human resources and the strategic positions in the organization, it seems that there is a need for changing the meaning of “making a career”. Today making a career often involves gaining more responsibility for personnel, but a more natural meaning of making a career ought to be to hold a position that is strategically important. The strategically important positions are the ones connected to the raison d’être of companies – making money – and should therefore be the most coveted positions by the employees.
Furthermore, we argue that increasing the status of the technical career increases the probability that the company can sustain its competitive advantage.

Additionally, we mean that talent management can be seen as a continuation of succession planning, which in its new form is intended for the value-creating, strategic positions and strategically important employees in the organizations. Before, companies focused on developing employees to become managers through succession planning. Today, talent management has placed a new focus on planning for future needs of strategic competence and developing this in-house; competencies that may be both related and unrelated to management positions.

5.7 Talent management is to be controlled through measures

The HR consultant says that the companies that are successful in talent management measure their efforts. The reason for their success is that they know which efforts work and which efforts do not work, which gives them insight into what it is they need to improve. We argue that measuring talent management is like having control over your cash management, it tells you how well you are using your (human) capital. The literature states that HR in its new role needs to be able to collect and analyze data that can guide the work of the department. Under the banner of “what gets measured gets done”, it is the responsibility of the HR department to control the talent management efforts and assure that it is aligned with the strategy – this involves finding key performance indicators that the workforce can be measured on. Moreover, HR needs to be accountable for the human resources budget and measured on how well its work supports talent development and talent strategies.

The literature stresses that companies should not implement best practice measures just because they are best practices; they have to be relevant for the organization. We also mean that to be successful in measuring, it is important that the measurements are relevant and not too many. An example of this is the turnover measure: when measuring turnover for the whole organization, there is no segmentation between high and low performers, or between different jobs. It is more relevant to measure the talent turnover or the turnover in strategic positions, since it is more important for the organization to have a lower turnover in these matters. In contrast, a high turnover in low performers may be beneficial. To understand the composition and dynamics of the workforce of the organization, HR could try to analyze flows of employees: how many rotate internally, where do they go, how many leave the organization, from where do they leave, which departments only recruit from the external labor market, etcetera. The HR department should also investigate the talent management dimension of this data. This aggregated information may pinpoint problems in the organization.
6 Conclusion

The research question in this thesis reads “How should talent management be applied in organizations to retain and manage technical specialists in a technical career?”, since two main issues in the case study is that technical specialists do not view the technical career as attractive and that managers express the need for specialists that stay within the technical domain. We conclude that there is a need for a new management approach for the technical specialists, and in this thesis we have investigated how talent management should be applied in order to overcome these issues. Our answer to the research question is that the organization should employ talent management to increase the self-perceived status of the technical career, and this in turn may increase the likelihood that talented technical specialists remain within their technical area of expertise and choose to make a technical career. We argue that talent management is a tool for managing talented employees through e.g. integrating HR processes and connecting these with the business strategy, so that these employees contribute to the execution of the business goals. Our proposition is that introducing talent management will clarify the strategic contributions of the technical positions and open up for a new perspective on what a career really means. This new perspective is needed since contemporary, flat organizations do not allow for all employees to make a management career anymore. Furthermore, our choice to focus on the specialists within talent management is needed because organizations have a tendency to focus on the managers when discussing topics such as development, career and talent. This result may be applicable to other kinds of specialists than technical specialists, which has been the focus of this thesis.

The evolution of HRM has been triggered by the ever more competitive business climate. Talent management is a way for organizations to manage their human capital into a strategic asset and to succeed in the competition. It is not enough to adopt best practices since these will not assure a competitive advantage compared to other firms. Furthermore, it is necessary that organizations manage their specialists to also become the strategic asset they have the potential to be. Organizations cannot only focus on the managers as they have done before.

Regarding how organizations should manage technical specialists, we argue that development should mainly be connected to the strategy and moreover that it should be work-based. A community of practice is a tool for developing specialists in a group setting, letting them benefit from each other.

An issue in the companies investigated is that there is resistance to segmenting employees and jobs. Segmenting these is a prerequisite for making the technical career more visible. We argue that the technical career should be directed at attaining strategic positions and develop the employees to reach those. Also, we stress that middle managers play an important part in making talent management work in practice. Their responsibility is to identify talents, develop them and manage the performance of the employees so that their individual goals are aligned with the strategic goals of the company. Here it becomes clear that talent management is a systemic and strategic approach to HRM. We contend that talent management should be seen as a system, since we have found that companies cannot apply talent management practices without an integrated approach. We choose to visualize this in a model, which is a result of the theoretical and empirical material. Also, the talent management system needs to be controlled through appropriate measures that monitor its effectiveness.
6.1 Talent management model

We assert that talent management is a system for the management of employees in a differentiated way, through segmenting the workforce. Talent management underscores that organizations have to align their strategies with their human capital to be competitive. In this thesis four areas have been identified for a successful talent management, these can be seen in e.g. sections 3.4 Strategy and talent management, 3.5 Implementing a successful talent management, 4.1 Industry insights regarding talent management, 3.5.10 Measuring the effects of talent management initiatives. We see that an important issue in the empirical material from the case study is that the lack of strategy inhibits the work of the middle managers in for instance performance management. Also, the HR consultant stresses that companies who fail in talent management have not connected the employee management processes, nor do they measure their talent management initiatives. Based on our research we argue that talent management should be viewed as a system comprising of four different areas: strategy, talent, employee management and measurement. We construct a model with these four areas, see Figure 23. We argue that each and every area needs to be adapted to the organization in question. The model is general and can be applicable to many kinds of organizations, which means that there are degrees of freedom in each area identified. However, we stress that any company that wants to implement talent management should take into consideration all four aspects of the talent management system, in order to assure consistency.

In the model we move from the higher level of strategy and talent, down to employee management, and finish with a feedback mechanism which feeds the talent management system with information. The arrows represent the flow, even though the processes may occur simultaneously.

The first area is 1) define the strategy and the strategic capabilities and jobs that contribute the most to the strategy, 2) define which talent factors are the most important for executing the strategy, e.g. in a talent map, and define what constitutes talent for the organization. It is important that this definition encompasses the potential to develop. Then, identify the talents in the organization. Moving on, the third area is 3) assure that the employee management processes are coherent and internally consistent, this is depicted in the model as an ongoing circular process, which contains all the relevant employee management parts. In the employee management wheel, the middle manager has the most responsibility. The circle begins with an identification of the needs of talent in the organization, which may lead to a recruitment or a development decision, and then moves on as the arrows are directed. Finally, the fourth and final area is 4) formulate relevant measures which can tell how well the organization implements the strategy through talent management, and which can guide in which actions that are to be taken if there is need for improvement.
STRATEGY
The understanding for the value chain of the organization is crucial to be able to formulate a clear strategy. In the value chain there are processes that are more valuable and which are linked to earnings. The previous reflects the current strategic areas; however, the company must also be aware of future strategic areas. When having identified these areas the company can formulate its strategy. The strategy should be concise, measureable and differentiated from the competition. Next, the company needs to identify its strategic capabilities, the organizational drivers that make these effective and how talent drives these capabilities. The highest level of workforce differentiation implies that the strategic capabilities have been identified as certain roles in the organization, so called strategic jobs.

TALENT
In order to analyze how talent has an impact on financial goals Becker, Huselid, & Beatty (The differentiated workforce, 2009, p. 40ff) recommend a talent map. This map translates how financial goals are dependent on the right talent. The talent map identifies the places in the organization where talents are needed. In these positions certain behaviors are preferred combined with previous performance and potential performance. These factors need to be incorporated to the organizational talent definition. Thereafter, employees with desirable behaviors and performance can be identified through a talent identification process.

EMPLOYEE MANAGEMENT WHEEL
The next step in the talent management system is to identify organizational needs to fulfill the strategy. The identification of needs should be grounded in the strategy and the needs should be expressed as the skills and talent necessary to accomplish the strategic goals. If the company lacks employees with the desirable behaviors and performance, the middle manager has to decide whether he/she wants to develop an employee in-house or recruit externally and afterward
develop the new employee. Since the organization has decided which jobs are strategic and which competences that can be more easily acquired, these step in the employee management wheel is connected to the reasoning of Lepak & Snell (1999) in their concept the HR architecture. They argue that competences that are unique to the firm and have a high value should preferably be developed internally.

Even if not all employees are considered talent, they should all be performance managed. In the performance management process aligning the individual goals with the organizational goals is the most important feature. Furthermore, performance management is more than only yearly performance meetings – it is the whole process (see Figure 9), which should be more frequently occurring. The main component is feedback and renewing the goals. Generation Y values feedback and clear opportunities for long term progression, which requires that managers and employees set clear goals and evaluate frequently. Rewards that are contingent on performance and which support the right behaviors are necessary for a complete talent management system.

In the literature it is found that a non-linear career path is the result of changes in the organizational structures. For the new generation of employees, it is important that the employer can show a clear career path. We argue that organizations need to redefine the career term, instead of a vertical management career path, the focus should be on reaching the strategic jobs within the organization. This change in focus could lead to an increase in status of the persons realizing the strategy. The final step in the employee management wheel is succession planning. Contemporary companies need to be prepared for employees leaving the company, especially if these are members of Generation Y. Succession planning can also be seen as a tool that guides the middle manager in developing the employees both within the team and in order to move on to other teams.

FEEDBACK THROUGH MEASURES
A common expression is “what gets measured gets done”, therefore it is important that talent management efforts are measured at all levels. Measuring illustrates the effects that talent management has on the execution of the strategy, and thereby also how well the organization is using its human capital. Furthermore, actions that fail in executing the strategy can be identified and rectified.
6.2 Recommendations to the case study company

The career term must be redefined to match the new structure of contemporary organizations. The structural changes have resulted in fewer management roles, which has had an impact on the number of employees eligible for a management career. Moreover, managers at the case study company confirm the importance of retaining and developing technical specialists, which the company is aware of and also tries to improve. Meanwhile, the companies are in need of more technical expertise, but since the technical career path is unclear it does not appeal to members of Generation Y, who are looking for clear career opportunities. A new career path must be designed, which will be directed to attaining strategic positions, and the motivation to do this career should come from employees perceiving strategic positions to be laden with status. Hence, the characteristics of making a career should not be to increase one’s administrative and personnel responsibility, rather it should be to reach a position which makes a larger contribution to the strategy. The status shift within the technical career is partly a talent management issue and partly a cultural issue. Therefore, it is unlikely that this change can be done overnight.

6.2.1 Strategy

Companies that base their business ideas on technology must focus even more on the technical career and distance themselves from best practices to continue to be competitive. To be able to increase the status of the technical positions, it is crucial that these positions are recognized and that employees benefit from choosing these positions. At the case study company, some employees agree that there exists strategic jobs, meanwhile, others consider all positions to be equally important. A manager finds that employees on the strategic positions are not valued enough considering how critical their contributions are to the company. This is an issue that needs to be solved.

Cascading the strategic objectives of the company will clarify which actions and competences that are needed to execute them. According to our investigation, the daily work of the teams could be better grounded in the strategy of the case study company. Cascading the strategy will also simplify the identification of the strategic positions. The different characteristics of strategic positions are described in Figure 8.

6.2.2 Talent

Labeling a number of employees as talents brings both benefits and risks into the organization. To minimize the risks it is essential that the talent definition is connected to the behaviors and knowledge that the company is in need of – this leads to transparency and makes the definition rooted in the reality of the organization. In the literature it is highlighted that an individual might be a talent in one context but not in another, since different contexts need different behaviors and kinds of knowledge. In other words, companies can have different definitions of talent if these are clear and tightly connected to their specific strategic needs. At the case study company, it seems that managers share a similar view of what a talent is. The next step could be to collect these views, and then formulate a general definition, and concretize the definition into a couple of behaviors and performance.

Becker, Huselid, & Beatty (The differentiated workforce, 2009, p. 7) mean that every organization needs to differentiate itself from its competitors through their choice of strategy if it wants to thrive and survive, they illustrate how the strategy can be concretized in their model Four stages of workforce differentiation, which is shown in Figure 5. The case study company should try and raise their level of workforce differentiation step by step. Also, it is important to point out that all jobs can not be fully differentiated, it is only the differentiation of strategic
roles which matters for an improved strategy alignment. The reason for this is that other positions are not as affected by increased performance of the employee as the strategic positions are.

6.2.3 Employee management wheel

A clear succession management/planning is needed to be able to strategically develop the employees to take on strategic jobs. To develop talents, the most important learning comes from the daily work e.g. stretching assignments and projects. With the right support from co-workers, it is possible to develop talents quickly through e.g. projects, which there is an example of in the project organization when a newly hired employee got to manage his own projects. However, this could be more frequently applied for employees that are labeled as talents with potential. It seems that at some departments there is an issue of employees leaving too quickly, which stresses the importance of understanding the needs of the employee as well as the needs for the business. Finding stretching assignments and establishing communities of practice may raise employee engagement.

The performance management process is a system to align the goals of the employee with the goals of the organization. It is crucial that the employees and their managers understand the connection between the performance management process and the daily work. The understanding of the connection between the daily work and the performance of the company can be increased through measurements. The case study company has a rigorous performance management process which today occurs twice a year. Even now managers experience difficulties in finding time for all the performance meetings. According to the literature it is important to frequently have performance management meetings where goals are redefined and feedback is given. To increase the frequency and the value of the performance management meetings, these meetings cannot be too wide; focus should rather be put on assignments and development connected to the strategy, than to the organizational values. Another issue that could complicate the frequency of the performance management process is the size of the group. At the IT company the goal is to have a maximum of ten people in a team with one manager. Another approach is to appoint experienced team members to hold these meetings.

We argue that it is necessary to raise the status of the strategic technical positions in order to motivate and engage employees with technical knowledge to stay with the company. This shifted focus will probably lead to a clearer technical career path. The new career management system, which at the moment is being implemented at the case study company, could be used as a tool to identify the strategic positions in the company. The shifted focus will probably encourage specialists to make a modern career within the technical area, in other words trying to reach strategic technical positions. It is also necessary that the company rewards the employees who are important for the execution of the strategy; otherwise the company will not be able to retain these specialists. The employees at the strategic positions also need other incentives than salary, for instance to be a part of a community of practice, which could mean belonging to both internal and external communities. The community of practice within the technical area can also be used to develop the employees and the organization.

6.2.4 Feedback through measures

When measuring the impact of different actions in the company, it becomes clearer which processes that are contributing to the strategy of the company and which that are not contributing to such an extent – however, this does not make those jobs less important, only less strategic. It is important to have relevant and clear measurements in place. Companies that have implemented talent management system successfully have also succeeded in following up the contribution of the talent management actions and have therefore been able to only have
effective processes in place. Also, there should not be too many measurements, and the measurements in place are supposed to answer relevant questions. In other words, a company should not implement best practice measures just because they are best practices; they have to be relevant for the organization. The measurements should illustrate how well the organization fulfills its strategy and be connected to actions that can increase the results. Measuring can be seen as a confirmation on how well someone has succeeded in something: for instance if a company is in need of talented people the company could measure how many talented employees a managers has developed. At the energy company an increase in internal rotation is desirable, therefore they have a goal for how many they want to rotate internally and are measuring that rotation.
7 Summary and suggestions for further research

In this thesis talent management and how talent management should be applied in organizations to retain and manage technical specialists in a technical career has been investigated. Talent management is found to be a way for organizations to manage their human capital into a strategic asset.

A result of the study is that there is a need for a new meaning of making a career within organizations, a career which is connected with the strategy and strategic capabilities of the firm. In order to achieve this, we argue that it is necessary to segment employees and roles within the organization to highlight the strategic contributions of top performers at strategic positions. The new career should be directed at attaining a strategic position, which is the set of roles in the organization that lead to its competitive advantage. This new career concept will include also the technical specialists, who before were considered to do a “horizontal career”, and it may furthermore raise the status of the technical career in the eyes of Generation Y.

Moreover, communities of practice are suggested to be a development tool for technical specialists, and a way to reward them in their work. Development should be work-based and be connected to the strategic needs of the organization. Middle managers play an important part in developing and stretching employees in a strategic direction.

Another result of the thesis is our model of talent management at a strategic and systemic level. This model can be used for visualizing talent management as a system, communicating talent management to managers and executives, as well as a tool for guiding the execution of talent management. Two important features of the model is that it is built around the corporate strategy, and new information flows back into the talent management system through measurements of how well the company is implementing the strategy and the talent management processes, and thus giving information on how to improve these.

A suggestion for further research is naturally to test and validate the model presented in this thesis. Also, the statements above regarding the status of the technical career and a possible increase in status through talent management should be validated. In addition, the research on communities of practice may be continued in a talent management framework.

Moreover, an issue concerning internal movement in the organization is that when transferring to another (technical) department, an employee must start “at the bottom” to learn a new technical discipline, which encourages employees to stay in the same technical field – i.e. leading to “technological path dependence”. Therefore, the overview of the business of these individuals who choose to remain in their field may become lacking. This problem becomes more important in the production unit of the case study company, since the work-based learning component in project work at the project organization may reduce the effect of this issue. This issue should be addressed in future research.
Bibliography


