THE CONCEPTUALISATION AND OPERATIONALISATION OF TALENT MANAGEMENT: THE CASE OF EUROPEAN INTERNATIONALLY OPERATING BUSINESSES

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A thesis submitted in partial fulfilment of the requirements of University of Central Lancashire for the degree of Doctor of Philosophy

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Dedication

To my late mother, whose prayer was to see me excel in all aspects of my life.

To my father and my siblings whose love and support has enabled me to have what they do not have.

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Abstract

Talent management (TM), both as a practice and an academic sub-discipline, lacks a strong conceptual foundation. This limitation significantly inhibits understandings of TM in its international dimensions. Accordingly the overarching aim of this thesis is to contribute to an overdue reassessment of TM within the international context by redressing the empirical and theoretical deficiencies, which are a direct hindrance to development of the field. The philosophy adopted was interpretivist, involving qualitative methods, that is, semi-structured interviews and documentary analysis were employed in data collection from 17 informant companies based in several European countries.

This study makes highly significant contributions in four major ways. Firstly, the empirical contribution is made through employing two phases of primary research. Phase One was an exploration of TM practices in 14 internationally operating organisations representing eight industries. Out of Phase One arose the notion of expectations as a key influence shaping TM in practice as well as indicating managerial and individual dimensions. Thus Phase Two explored the conceptualisation and operationalisation of TM from the perspective of management, on the one hand and talented employees, on the other. This was a highly significant step in the understanding of TM, because most empirical studies have tended to focus on managerial views. Secondly, the methodological contribution results from the novel adoption of narratives in analysing case studies. This approach made it possible to gain insights into TM as lived experience especially on the part of employees selected as talented.

Thirdly, the conceptual contribution arose from (i) contrasting and distilling the essence of many lax definitions of talent and TM; (ii) identifying the visible and invisible elements of TM in the domain of practice and(iii) employing a dual theoretical framework which integrated human capital theory and expectancy theory. Significantly the dual framework also offers a re-conceptualisation of TM as a social process in which various stakeholders are revealed to have disparate interests. Indeed the framework led to the notion of fracture in TM as a result of misalignment of expectations of management, on the one hand, and talent-managed employees, on the other. Lastly, by dint of the dual theoretical framework the study adds to the understanding of TM a new lens through which senior managers (and researchers) can clearly identify the gap between managerial intentions and the practical reality.

List of Abbreviations

HCT- Human capital theory

HC- Human Capital

ET- Expectancy theory

EEI- Euro-Energy International

CEO- Chief Executive Officer

TM- Talent management

ITM- International talent management

GTM- Global talent management

GPS- Global professional services

IHRM- International human resource management

SHRM- Strategic Human Resource Management

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CHAPTER 1
INTRODUCTION

1.0 Introduction

This chapter gives an overview of this PhD project, which focuses on the conceptualisation and operationalisation of talent management (TM) within the context of European internationally operating businesses. Two phases of primary research were conducted. Phase One is an empirical study of the conceptualisation and operationalisation of TM for the purpose of identifying key issues for further exploration. Out of this investigation, the notion of expectations unexpectedly emerged as an important theme which links concepts of talent and TM both to career development and organisational development. Accordingly, Phase Two adopts a multiple case study approach focusing on how the managerial conceptualisation and operationalisation of TM in internationally operating organisations influences the expectations of the employees being talent-managed. Data were collected between June 2008 and January 2010.

An explanation of the researcher's motivation to study TM is given in Section 1.1. The rationale for a study of TM and its international dimensions is set out in Section 1.2, followed by the aims and objectives of the research in Section 1.3. Lastly, Section 1.4 puts forward an overview of the research design and the structure of the thesis.

1.1 Motivation for studying talent management

My interest in the topic area of TM began in 2005 when I studied for a master's degree in business administration (MBA) at the Strathclyde Graduate School of Business in Scotland. On the Strathclyde MBA Programme I was introduced to a wide range of tools, techniques and theories relevant both to daily management and strategic change on my first module (Exploring the international business environment - EBE). Among the most significant tools was the scenario planning technique which helped me to see business plans beyond the short-term. For me as an HR practitioner, I was interested in how scenario mapping could help in projecting the supply and demand for human capital in the 21st century organisation.

Using scenario mapping, the supply and demand for labour emerged as one of the critical challenges that organisations and particularly those in the developed nations will face in the near future. In this regard, there was at the same time ample evidence in the literature to show that most developed countries were affected by the issue of the aging population and that this situation was likely to pose considerable challenges on the supply of the labour force with the needed skills. For example, around 2004, estimates from the UK National Statistics Office showed predicted? that in 20 years time the total UK population will grow by around 10 per cent with a one third increase of people aged 85 (Tomassini, 2005).

The question of the aging population was forecast to be more acute in Europe and Japan. According to *The Economist* (2006a), it is estimated that by 2025 the number of people aged 15-64 is projected to fall by seven percent in Germany, nine percent in Italy and 14% in Japan. It is also estimated that at least 500 biggest firms in America will lose large numbers of experienced workers (senior managers), due to the retirement of baby boomers (*Economist,* 2006a). Precisely these demographic trends sparked my initial interest in the practice of TM in international firms and how they would have to adjust their resourcing policies in order to respond to the supply and demand of their most important resource - people.

In drafting my proposal I came across the work of the McKinsey consultants, *War for talent* (Michaels *et al.,* 2001) and became more curious to learn about this so-called war for talent and successfully applied for a doctoral place at the University of Central Lancashire in March 2007. The initial basic plan for this PhD project was prepared between July and November 2007. The following section gives the research background which includes an outline of aims and objectives.

1.2 Research rationale

The McKinsey consultants' report in 1998, *War for talent* which was later published as a book by Michaels *et al,* (2001) drew the attention of TM especially among consultants, academics and professional bodies such as the CIPD in the United Kingdom (UK). As a consequence several researchers and professionals even regard TM as the most critical HR challenge that corporations will face in the coming decades (see for example: Boston Consulting Group, 2007; Deloitte, 2008; Frank *et al*., 2004; Tansley *et al*, 2007). Equally, most surveys about TM show that at least 75% of senior managers acknowledge

that it is either the most or the second most important issue to be faced by their organisations in the future (see CIPD, 2006a; Deloitte, 2008; Veredus, 2006; Williamson, 2004).

Indeed in today's labour market, characterised by the increase in international labour mobility, shifting demographics, globalisation, an aging workforce, a reduced product lifecycle and technological advancements, the significance of TM in international operations cannot be over-emphasised. Under the imperatives of globalisation, internationally operating firms are finding it increasingly important to identify, source and utilise talented employees from a multiplicity of business cultures. As noted by McDonnell *et al.* (2010, p.150) 'TM is arguably of greater significance among multinational enterprises (MNEs)'. Therefore, TM presents a means of developing and engaging talented employees (Scullion and Collings, 2006) who are capable of making a considerable difference within organisations, both domestically and internationally.

Four main reasons can be advanced in the extant literature as to why TM is of special significance in internationally operating firms. Firstly, the skill-set required to operate in the global business environment is more sophisticated and demanding than that required in a national context. A study conducted by Guthridge and Komm (2008, p.2) shows that 'managing talent in a global organisation is more complex and demanding than it is in a national business'. Thus the ever-increasing complexity and uncertainty in which multinational corporations (MNCs) operate is said to create a unique set of organisational, co-ordination and managerial issues (Morley and Collings, 2004). This is primarily because international business operations are conducted in different countries and employ workers from different national backgrounds (Morgan, 1986, p.44, in Scullion, 1994; Scullion and Linehan, 2005). As a result, TM presents a means of building the necessary skill-set required by international firms to maintain their competitiveness.

In addition, changes in the international business environment, such as international alliances, cross-border mergers and acquisitions demand a more sophisticated skill-set from the employees of firms operating internationally. In this respect, Scullion and Collings (2006), note that there is a growing recognition that the success of international alliances depends most significantly on the quality of management in the combined venture and on learning. The rapid growth in these international joint ventures and cross-border mergers and acquisitions, combined with that of emerging markets and, in

particular the emergence of India and China as global players in the international business environment, have led to an increased demand for talented individuals with the competence required to operate in the global environment (Collings *et al.,* 2007; Schuler *et al*., 2004). Therefore identifying, developing and retaining skilled employees becomes crucial in order for international firms to compete favourably in different markets at home and abroad.

Secondly, 'talent itself has become more mobile and organisations are therefore having to coordinate the way they manage it on a global basis' (Brewster *et al*., 2007, p.309). There is increased mobility of migrants, which also augments the internationalisation of professions and professional labour markets (Iredale, 2001). The result is a complex network of culturally diverse workforces and labour markets (Bachmann, 2006). In this regard, Burke and Ng (2006) contend that organisations need to attract and recruit a progressively diverse pool of employees as regards gender, race and nationality as a means of survival in an increasingly competitive global market place.

A considerable number of multinationals and new international players are said to operate under a double standard with respect to workforces in the developed and developing world (Brannen, 2007; Chaisson and Schweyer, 2004). Brannen (2007) in particular observes that workforces in the developing world are often treated as commodities, as is evident in the growing practice of offshore outsourcing to third-party management. Thousands of the employees and in particular those in the developing world are not classed as talented. Brannen (2007) notes that, as the developing countries (for example Brazil, India and China) begin to take their places as economic lead markets, and as immigrant workers from these developing countries take their places in workforces in first-world economies, such double standards will no longer be tolerated. This state of affairs may well pose challenges for international organisations as regards the way they manage their talent. Specifically, as Brannen continues, multinationals will be held more accountable for global uniformity in their HRM practices.

Thirdly, the effective management of human resources is progressively recognised as a major determinant of success or failure in international business (Scullion and Collings, 2006; Stroh and Caligiuri, 1998). Indeed the costs of failure in the global business environment are potentially higher than in domestic operations (Dowling *et al*., 2008).This makes it imperative for internationally operating businesses to engage in TM

initiatives so as to enable them to identify and develop high-potential employees who are capable of sustaining their international operations with less risk of failure.

Business survival depends on speed and continuous self-renewal of knowledge, and developing talent is central to the operations of companies in general (Stahl *et al*., 2007) and in particular to those of MNCs. Undeniably, recognising the impact of a complex economy that demands more sophisticated talent, new expertise at all levels of the organisation and fundamental changes in how companies respond to the imperatives of new technology and globalisation, all of which pose major challenges to the effective management of talent (Cappelli, 2005; Stahl *et al*., 2007).

Fourthly, TM in international operations is seen as a means of providing a degree of consistency for the firms' people management practices (Brewster *et al*. 2007). Brewster *et al*. further note that a strong corporate culture can make the use of TM approaches and harmonised company's activities easier across country borders. TM provides a means of bringing uniformity to the approaches used to manage high-potential employees dispersed around the world. Scullion and Collings (2006) note that numerous TM systems have an underlying focus on a series of core values that are strongly reflective of corporate values and even the wider industry culture, and therefore more easily perceived as universal. For example, companies with a strong value of equality may reflect this in their TM policies by using a transparent and inclusive approach to managing talented employees.

Although TM is important in the operations of international organisations, most scholarly writing, even that of professional bodies such as the CIPD in the UK, tend to focus strongly on national contexts (for example, Bhasin and Cheng, 2002; CIPD, 2006a, 2006b; Holland *et al*., 2007; McDonnell *et al*., 2009; Michaels *et al*., 2001; Tansley *et al*., 2007; Veredus, 2006) without much consideration for international dimensions. Comparative studies are limited and existing research on global TM is even said to be largely based on anecdotal information (McDonnell *et al*., 2010; Tarique and Schuler, 2010) and to have a number of theoretical deficiencies (Tarique and Schuler, 2010). This was the key starting point for this project leading to an exploratory study of TM practices in European internationally operating companies.

However, because TM is a people management process embedded in human resource management (HRM), it was deemed necessary to contextualise the literature review within this body of knowledge. A review of literature on international HRM reveals three different approaches (Dowling *et al.*, 1999, p.2):

i. *Earlier studies examining human behaviour in organisations with an international perspective, which emphasise a cross-cultural approach;*

ii. *Studies that seek to describe, compare and analyse HRM in different countries; and*

iii. *Studies that concentrates on aspects of HRM in multinational countries.*

The present study falls in the third category because it focuses on TM as a people management practice within international organisations.

At the time of registration of the current project in December 2007, it was established that TM as an area of study has been inhibited by difficulties regarding (a) conceptual clarity (see CIPD, 2006a, 2006b; Hughes and Rog, 2008; Lewis and Heckerman, 2006; McDonnell *et al.*, 2010; Tansley *et al.*, 2007) and (b) issues concerning the origin of the very word talent (Holden and Tansley, 2007). Although TM has been given substantial attention, it appears that organisations are less proficient than they could be in managing talent (Boston Consulting Group, 2007). *The Economist* (2006a, p.4) contends that 'companies do not even know how to define "talent" l*et al*one how to manage it'. In effect, recent research shows that there are relatively few organisations who manage their talent in a coordinated and effective way (Cheese *et al.*, 2008; Scullion and Collings, 2006; Sparrow *et al.*, 2004). In the light of these limitations and uncertainties there are strong grounds for a study which can break away from these constraints on TM both as a management practice and subset of HRM as a practice.

1.3 Research aims and objectives

Following a review of the literature, four main themes were identified (see Appendix 1 for details):

1. Understanding the meaning and nature of TM from the perspective of management

2. The role and significance of TM in international operations

3. The process of managing talent

4. Understanding TM as a potential way of developing human capital

Given the four themes, the aim and objectives of Phase One were identified as follows.

Phase One aim was *'to explore and analyse TM practices in internationally operating organisations in order to identify key issues for further exploration.'*
Phase One research objectives:

    a) To establish how talent is defined in organisations. .
    b) To establish how TM is defined in organisations.
    c) To explore how the management create a shared understanding of what they mean by talent and TM among the employees involved in the practices.

This phase is based on making a contribution to the overall understanding of TM through a critical review of the extant literature in Chapter 2. In addition, the empirical study was conducted to explore the difficulty concerning the definitions of talent and TM results of which are presented in Chapter 5. The Phase One study highlighted the notion of expectations as the critical 'non-talent factor', which unexpectedly emerged as a potentially useful and seemingly unexplored point of reference and was further examined in-depth in a second phase. Taking a multiple case study approach, the aim of Phase Two was to empirically explore how the managerial conceptualisation and operationalisation of TM in internationally operating organisations influences the expectations of the employees being talent-managed.

Phase Two research objectives:

1. To establish how the management in internationally operating organisations conceptualise and operationalise TM.
2. To identify ways in which the management attempt to fully realise individual potential in order to maximise their impact on international business.
3. To examine the way in which international organisations attempt to address the expectations of employees being talent-managed.
4. Developing a conceptual model that illustrates the constituents of TM and factors impacting on the practices within an international context.

To achieve the objectives of the study, questions were clustered around key headings for each group of participants (see Appendices 3-6) as shown in the table below:

Group of participants	Key headings
Senior managers	1. The meaning of talent management 2. The process of managing talent 3. The role/significance of talent management in international operations
Line managers and talent coaches	1. The meaning of talent management 2. The process of managing talent
High-potentials	1. About you and your job 2. About your experience of competence and management development programme/talent management activities

Table 1.0: Key headings used in Phase Two interviews to explore the aim and objectives

As will be made clear at a later point, it appears that methodically speaking most studies that have examined TM at both the domestic and global levels have been undertaken at the managerial level (see for example, Farndale *et al*., 2010; Faulconbridge *et al*., 2009; Iles *et al*., 2010; McDonnell, 2009; McDonnell *et al*., 2010; Michaels *et al*., 2001; Tansley *et al.*, 2007), while paying far less attention to the lived experiences of employees involved in TM activities. The main focus appears to have been on how a firm can leverage the existing competences of high-performing and high-potential employees through TM practices (see McDonnell, 2009; McDonnell *et al*., 2010; Michaels *et al*., 2001). Thus, there is every argument for exploring the experiences of both management and employees through in-depth multiple case studies. Precisely in order to restore this imbalance, this research draws on interviews with senior managers, line managers, talent coaches and employees involved in TM activities.

1.4 Structure of the thesis

There are two main parts to this thesis (graphical representation- Figure 1.0 below). Part 1 (Chapters 1 - 4) covers the theoretical and methodological perspectives which encompass (a) the literature review; (b) the theoretical framework; and (c) the research methods selected. These four chapters form a platform with which to launch the empirical research. Part 2 (Chapters 5-10) presents empirical data and interpretations of the findings which prompts informed discussion and draws the conclusions of the study. A brief description of each chapter is given below.

- Chapter 2 presents a literature review of TM beginning with a conceptual analysis and empirical findings of other studies. This literature review will help to identify relevant knowledge gaps specifically related to international dimensions of TM. Arguments are put forward for an in-depth study that investigates TM practices in internationally operating organisations.

- Chapter 3 explains and justifies the theoretical framework adopted to interpret the data in this study namely: human capital theory and expectancy theory.

- Chapter 4 explains and justifies the research design and process of investigation. Two phases of primary research have been employed. Interpretivism was deemed appropriate for both phases owing to the need for an in-depth exploration of the phenomena under investigation.

- Chapter 5 presents the findings of Phase One. The notion of expectations as the critical 'non-talent factor' emerged as a potentially useful point of reference, as this links the concepts of talent and TM to both career and organisational development. Chapter 5 introduces an important model which was constructed from the analysis of the Phase One findings. The model makes a distinction between observable and subliminal influences of TM. In addition, the issues raised as a result of the conceptualisation of TM in the model provide the rationale for the case studies in Chapters 6-8 as well as the employer-employee approach.

- Chapters 6, 7 and 8 feature case studies of leading internationally operating companies. The case studies take an employer-employee perspective with the aim of exploring TM practices with particular focus on the conceptualisation and operationalisation of TM, noting how this perspective influences of expectations among high-potential employees. A summary of the major themes to have emerged is presented at the end of each case study.

- Chapter 9 is a discussion of the main findings from the case studies in the context of the literature. The first part revisits the model that was constructed in Chapter 5 in order to include the issues that emerged from the case studies. The second part is an in-depth discussion of the subliminal elements of TM which leads to establishing the individual dimension of TM.

- Chapter 10 revisits the objectives and makes conclusions of the study as well as outlining the contribution of this study to the body of knowledge in the field of international TM.

Part 1: Theoretical and methodological perspectives

Chapter 1: Introduction to the thesis

Chapter 2: Literature review

Chapter 3: Theoretical Framework

Chapter 4: Research Methods

Part 2: insights into the research findings, empirical discussions and the conclusions of the study

Chapter 5: Phase One findings

Chapters 6, 7 and 8: Case studies

Chapter 9: Discussion

Chapter 10: Conclusions
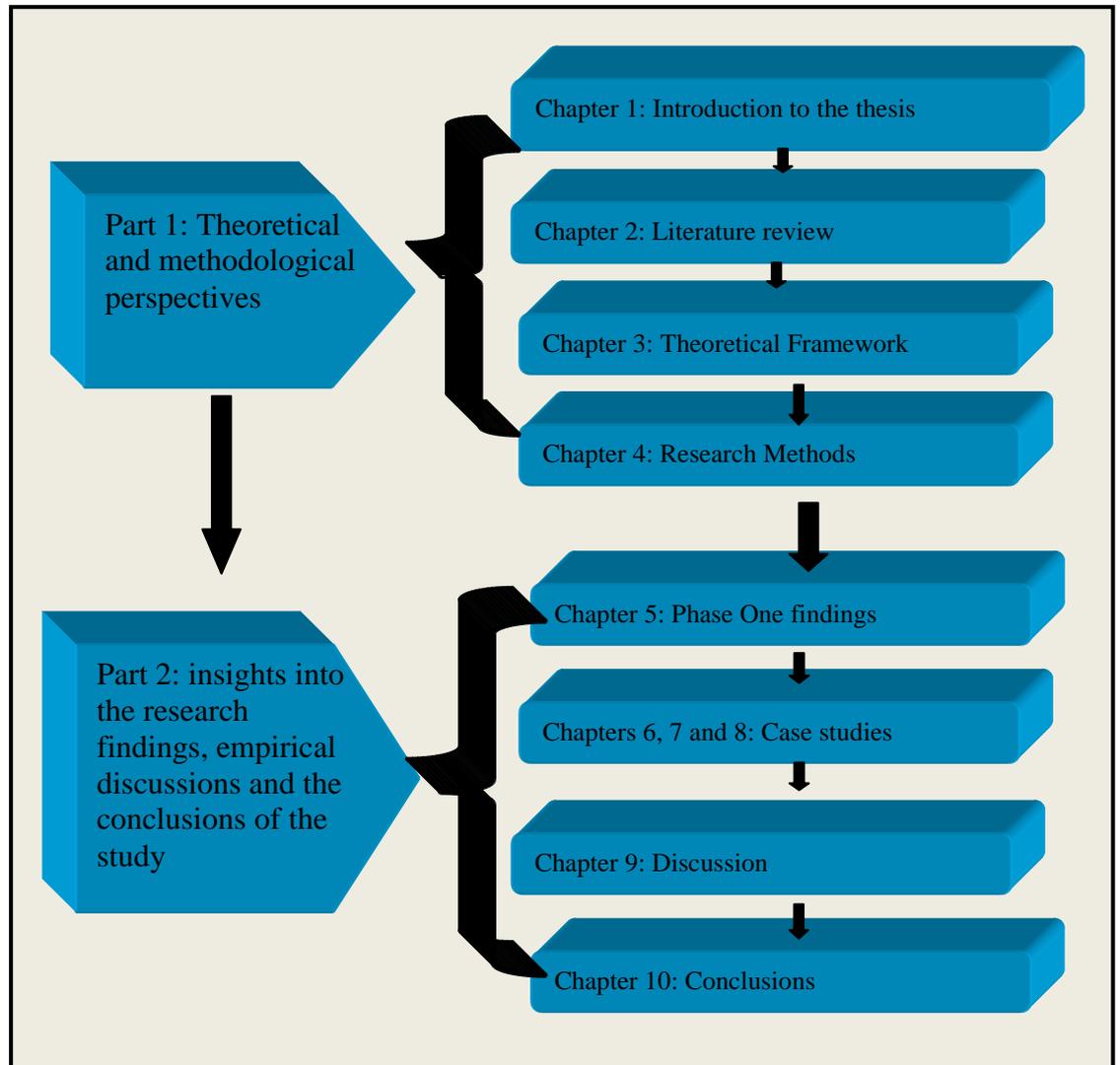
Figure1.0: Structure of the thesis

CHAPTER 2
LITERATURE REVIEW

2.0 Chapter overview

This chapter reviews the literature on TM and is divided into three parts. Section 2.1 is a conceptual analysis of talent and TM, which attempts to address the first and second objectives of this study through the review of pertinent literature. To address the first objective, reference will be made to literature from the fields of sport, education and the corporate world. The analysis of the concept of TM will then follow. Thus, Section 2.1 seeks to discuss and critically analyse the definitions of talent and TM in order to bring together strands of knowledge that have developed in isolation. The conceptual analysis will arguably present a much broader and more comprehensive foundation for advancing TM as an important field in management sciences.

Section 2.2 reviews the literature on TM in practice within three main areas: identifying, developing and retaining talent. This is a significant part of this research, as it brings out issues about managing talent which are common to both domestic and international organisations. As observed by Collings and Scullion (2007, pp.223-224), 'given the growing recognition of the significance of staffing arrangements in ensuring the success of global enterprises, one might expect to find sophisticated global TM systems in many multinational enterprises'. But, empirical evidence suggests that in practice talent markets within multinational corporations (MNCs) operate on a national or regional basis (Butler *et al*., 2006; Harris *et al*., 2003). As the current research focuses on internationally operating organisations, Section 2.3 is a review of the literature on international TM. This part also explores factors that might impact on TM as an international practice from the convergence and divergence perspectives. A summary of the chapter will then follow. Potential gaps in the area of international TM will be presented, highlighting key areas for exploration in the present research.

2.1 Conceptual analysis

The purpose of this section is to explore (a) the term talent and (b) the concept of TM, as the central focus of the present study. In this context two important questions are addressed: *'what is talent? and what is TM?'* (see section 2.1.1 and 2.1.2). The CIPD (2006c) raises the challenge that HR professionals and their clients need to understand how they define talent and who they regard as talented in their organisations. Therefore, for this study, definitions of talent and TM are of considerable importance.

2.1.1 What is talent?

An understanding of the term talent is essential and particularly 'important where an organisation is operating in the international domain, because clear definitions of such management terms in practice are vital for cross-cultural interpersonal sense-making and the shaping and implementation of strategies for organisational survival' (Holden and Tansley, 2007). As noticed by Tranckle (2005) in his exploration of talent, research within this field does not always show a sufficient awareness of previous work. This lack of awareness of previous work defining talent has resulted in strands of knowledge developing in isolation (Heller *et al.*, 2000; Tranckle, 2005). For example, the work of Gagné (2000a) and Abbott and Collings (2004) have covered substantial ground in defining talent in the fields of education and sport. However, these sources of information are rarely mentioned in the 'business' context, hence, a different approach to understanding talent will be adopted in this research. Rather than focusing solely on the use of the word talent in business, an understanding will also be sought from the fields of sport and education. The analysis begins by addressing the common English usage of the term 'talent'.

2.1.1.1 Common English usage of the term 'talent'

There are several definitions of the term 'talent'; the following are taken from two English dictionaries:

(i)   *endowment: natural abilities or qualities* (Longman Dictionary of Contemporary English, 2006)

(ii)   *a special aptitude or faculty; high mental ability, a person or persons of talent* (Concise Oxford Dictionary, 1990)

(iii)   *a unit of currency in ancient Israel and Greece* (Concise Oxford Dictionary, 1990)

The word talent as it is defined in these dictionaries has two distinct meanings, historically speaking: the first refers to exceptional natural abilities and the second to a unit of currency. Talent as a natural ability implies that an individual's special aptitude is genetically determined. However, this view is challenged by others who believe that an individual's interaction with his or her surrounding environment plays a greater role in determining the development of high mental ability in a particular field of human endeavour (see Abbott and Collins, 2004; Brown, 2002; Gagné, 2000a; Monks and Wagner, 2001). This divergence of opinion has led to the nature versus nurture debate entering into the understanding of the meaning of talent. Nevertheless, it would appear that talent, whether innate or not, is a special ability which is recognised by its conspicuousness. The history of the word talent may help in explaining the second meaning of the word as discussed below.

2.1.1.2 Brief etymology of the word 'talent'

The motivation behind presenting this brief etymology is to develop a clearer understanding by distinguishing talent from 'mere skill'. According to Holden and Tansley (2007a, p.2), 'Etymologically speaking, the word "talent" is thousands of years old and lexicologists demonstrate that the term has varied greatly with time, people, and locality'. The term talent has a long history with varied meanings. It started life as a unit of weight used by the Assyrians, Babylonians, Greek, Romans and other ancient peoples.

As noted by Holden and Tansley (2007), 'the initial dictionary entry under the term "talent" refers to a denomination of weight'. A talent became a monetary unit when value was attributed to one talent of silver (OED, 2006). Eventually, the word 'talent' entered the English language through the Bible (Holden and Tansley, 2007, p.1). A parable is told in the gospel of St Matthew (Chapter 25, verse 14) of a man who, about to go on a journey, entrusts his property to his servants, giving each five talents, two and one respectively 'according to his ability'. The use of the phrase 'giving each one according to his ability' may indicate that talents may be innate as well as demonstrable. The master in this parable plainly knew the ability of his servants.

By the 13th century, the word talent was related to an inclination or a disposition. In the 15th century it denoted treasure, riches, mental endowment and natural ability. Later on, in the 17th century, talent was related to a special natural ability or aptitude and faculties of various kinds (mental abilities of a superior order; mental power or abilities) and by the 19th century, it was viewed as being embodied in the talented, hence, a person of talent and ability. Today, the word talent has other synonyms. According to Holden and Tansley (2007a, p.1), the word talent is used in the Greek version of the Bible (Revised Standard Version, 1979), while the New English Bible (1970) in fact translates the Greek word 'talent' with the word 'capital'. This translation causes Holden and Tansley (2007a, p.1) to note that HR professionals and scholars today also use the term 'human capital', which in some contexts could be seen as synonymous to 'talent'.

The brief etymology of the term 'talent' shows how the word has been imbued with metaphorical meanings over the centuries. Having started life as a unit of weight and then a unit of money, in Europe from the Middle Ages onwards it acquired metaphorical meanings, referring to a special ability or aptitude which is held to be innate and having outstanding accomplishments in mental and physical domains. Following the popularity of TM in the late 1990s, the word talent has acquired highly unusual connotations. Commenting on the messiness surrounding the word, Lewis and Heckman (2006, p.141) note that '*Talent* is essentially a euphemism for *people*'.

In a philological analysis of the word talent in European languages, Holden and Tansley (2007), state that the 'War for talent' has affected to a great extent the word talent in several ways. 'A hitherto neutral word, as far as management practice was concerned, focused on talent in a wholly new way: as an organisational requirement with a special reference to CEO (chief executive officer) succession' (Holden and Tansley, 2007, p.9). To date, the word talent has become a word symbolic of the potential to aspire to and attain leadership positions, as much as performance. In this sense it might be said that the word talent is used to describe outstanding accomplishments related to the ability to lead an organisation. Hence, in this case the capacity to lead an organisation is an individual characteristic which organisations look for in those whom they class as high-potential and talented employees.

2.1.1.3 The word talent as it is used in sport

There are several studies on the concept of talent in sport (for example, Brown, 2002; Durand-Bush and Salmela, 2001; Howe *et al.*, 1998; Monks and Wagner, 2001). As remarked by Monks and Wagner (2001, p.283), talent is a word with many interpretations, scholars in the field of sport are even debating whether there is such a thing as talent, despite there being many definitions of the word. According to Durand-Bush and Salmela (2001), the meaning of talent changes substantially across different domains depending on the particular perspective of the users.

A common problem highlighted in the literature on sport is the lack of consensus as to what talent is. With emphasis on the multidimensional and dynamic nature of talent, Abbott and Collins (2004) believe that psychological skills are the most prevalent discriminator of the more successful of elite performers. As they aptly remark, 'the motivation to commit to high training loads over an extended period is a crucial determining factor in acquiring and maintaining expertise' (2004, p.399). What is important in determining talent and potential for future sustained exceptional performance is an individual's motivation and commitment to the activity.

This view is also supported by Ericsson *et al.* (1993), who developed a theoretical framework in the light of the unsuccessful search for stable characteristics that can be inherited and could predict or account for the performances of talented individuals. The theory of Ericsson *et al.* was based on deliberate practice and the need to mediate motivational constraints. As with Gagné's (2000a) notion that talent is a systematically developed skill, Ericsson *et al.* and Abbott and Collins' (2004) views of talent also emphasise practice.

In the field of sport, Howe *et al.* (1998) take a radical departure from the norm in defining talent. These authors deemed it necessary to provide an explicit definition of the concept of talent that respected most of the criteria typically acknowledged by the scientific community. They assign five properties to talent as follows (pp.399-400):

1. *It originates in genetically transmitted structures and hence is at least partly innate;*
2. *Its full effects may not be evident at an early stage but there will be some advance indications, allowing trained people to identify the presence of*

> *talent before exceptional levels of mature performance have been demonstrated;*
> 3. *These early indications of talent provide a basis for predicting who is likely to excel;*
> 4. *Only a minority are talented, for if all children were, there would be no way to predict or explain differential success; and finally*
> 5. *Talents are relatively domain specific.*

Howe *et al.*'s (1998) definition brings out important points that can help clarify what talent is. The definition acknowledges that talent is partially genetically endowed, domain-specific and can be recognised in conspicuous ways. Another significant feature of their definition is the recognition that not everyone has talent. This is also in line with Gagné's (2000b) definition of talent in the field of education which will be discussed in the next section. Howe *et al.*'s (1998) work has been commended for having provided an elaborate and clear definition (Monk and Wagner, 2001).

The literature in the field of sport indicates that *talent is an individual's possession as well as a product of practice and motivation*. Without practice and motivation, it would be impossible to develop a talent even though one may have the potential. 'Today it is acknowledged that appropriate support and training are essential if talented individuals are to fulfil their potential' (Abbott and Collins, 2002, p.157) regardless of whether talent is a product of innate abilities or environmental influences. It is essential to have supporting resources that can be optimally deployed to further refine and develop identified talents and without this support, the needs of talented children may not be met and their talents may remain undeveloped.

2.1.1.4 Talent as it is used in the field of education

The term talent has been widely researched in the field of gifted education[1]. Among the most influential work is that of Gagné who has argued for greater conceptual clarity between the terms talent and giftedness in the field of education. Gagné has fought for a clearer distinction in order to avoid the use of these terms interchangeably. He defines giftedness and talent respectively as:

---

[1] Gifted education is a term used to describe special practices, procedures and theories used in the education of children who have been identified as gifted and talented.

The term giftedness implies the possession and utilisation of untrained spontaneously expressed natural abilities in at least one ability domain to a degree that places an individual among the top 10% of peers (Gagné, 2000a, p.99).

The term talent designates the outstanding mastery of systematically developed abilities or (skills) and knowledge in at least one field of human activity to a degree that places an individual at least among the top 10% of age peers who are or have been active in that field or fields (Gagné, 2000a, p.99).

Gagné here differentiates between giftedness and talent. In his earlier work, Gagné (1985) argued that talent emerges from ability as a consequence of an individual's learning experiences. Gagné (1995) perceives the difference between the terms talent and giftedness to be at polar ends of the developmental process, which transforms natural abilities (giftedness) into systematically developed skills (talents). In this regard, Gagné argues that giftedness (natural ability if exceptional) refers to raw materials, while skills, if exceptional, refer to the end product of the developmental process.

Gagné (1995) argues for a shared understanding of the differences between talent and giftedness, considering the fact that the two concepts play a central role. In this respect, Gagné (1996) comments that when there is no clear and agreed meaning, concepts become open to a plethora of individual viewpoints, as is the case in the field of gifted education. Correspondingly, a plethora of individual viewpoints is also prevalent among business organisations, because there is no shared understanding of the term talent and this has led to different viewpoints by individual organisations.

According to Gagné (1996), talent exists in the few individuals who have the necessary capabilities to make a difference in a given field of human endeavour, whether it is academia, the arts, leisure, sport, social action, technology or business. Gagné further notes that talented people have the ability to perform an activity to a degree that places their achievement within at least the upper 10% of their peers who are active in that field. Gagné (2000a) proposes a differentiated model of giftedness and talent (DMGT) in which he illustrates how talent emerges, making an explicit distinction between talent and giftedness. Below is the figure showing the DMGT:
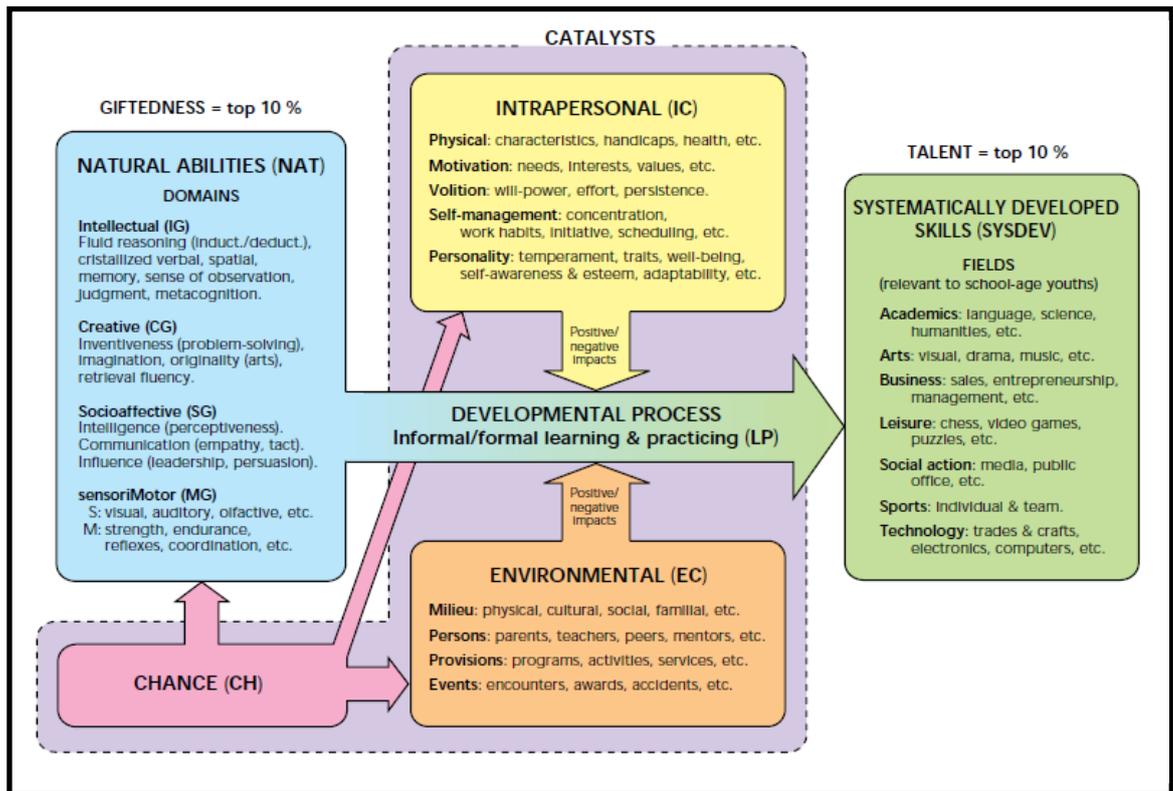
Figure 2.0: Gagné's (2000a) Differentiated Model of Giftedness and Talent (DMGT)

From the figure above, Gagné (2000a) proposes that the possession of natural abilities (gifts) in a particular domain, namely: intellectual, creative, socio-affective and sensorimotor (illustrated above in the DMGT model under gifts) is a prerequisite for talent development. Gagné's model introduces four other elements that help to represent more accurately the complexity of talent: intrapersonal catalyst (IC), environmental catalyst (EC), learning and practising (LP) and chance (C). These elements play a major role in transforming gifts into talents. Thus an individual's talents emerge progressively as a result of the revolution of high aptitudes into well-trained and systematically developed skills (Gagné, 2000a; 2000b; Heller *et al.*, 2000). The gifts are transformed into talents through the availability of chance, an enabling environment that supports both formal and informal learning and an individual's readiness and motivation to learn.

In Gagné's DMGT, an individual's intrapersonal characteristics, such as motivation and volition, play a large role in developing their talent. This implies that even though one may have the potential to develop into a leader, without drive and persistence, one cannot succeed. Another important factor is chance. Even though one may be gifted (have the

raw material for talent development) and have the right intrapersonal catalysts, without the correct opportunities, again one's talent may not be noticed or even developed.

Another point worth mentioning from Gagné's definition of talent is the use of the term 'systematically developed'. This formulation implies that conscious efforts are made to develop the exceptional natural abilities into observable exceptional skills. Gagné (2000a) argues that the process of talent development manifests itself when an individual engages in systematic learning and practising. Therefore, even though one may have exceptional aptitudes, it is necessary to undergo systematic learning in the right environment for talents to be made manifest.

Gagné also concludes that among the psychological catalysts motivation and volition play a significant role in initiating the process of talent development, guiding it and sustaining it through obstacles, boredom and occasional failure (Heller *et al*., 2000, p.69). In this vein, an individual's expectations and choices in life can also have an influence on talent development. Thus, in relation to the notion of motivation, another important psychological catalyst is self management which also plays a crucial role in giving structure and efficiency to the talent development process (Heller *et al*., 2000). It also influences the degree of commitment to which an individual devotes himself or herself to other activities in life.

From Gagné's DMGT, it is clear that talent is a complex phenomenon. As portrayed in Gagné's model, talent is in fact a product of natural abilities, an individual's environment, intrapersonal characteristics and chance. However, it is worth noting here that talent as a word on its own is meaningless. Individuals have talents within a specific domain. For example, an individual may have talent in sport, dancing or music. In order to label an individual as having talent, this should be within a specified context and domain of human endeavour. As in the field of sport, the literature identified shows that in the field of education, motivation and willingness to participate in a particular activity play a crucial role in talent development.

2.1.1.5 The word talent as it is used in the corporate world

The term talent as it is used in relation to the work place has various meanings. Research commissioned by the CIPD (Tansley *et al*., 2007) and that of McDonnell (2009) note that there are two main themes in the definition of talent, which can be classed as long-term and short-term approaches. Firstly, in the pursuit of meeting short-term goals, Tansley *et al*. (2007) observe that talent can be associated with satisfying the immediate needs of the business, which implies having talented employees at all levels of the organisation. The long-term approach is associated with individuals who demonstrate high potential or the ability to progress to senior levels of management or other functional areas (Tansley *et al*., 2007). This implies that talent in an organisation can be defined broadly to include every employee or narrowly, by restricting the use of the label talent to stand for those who have the potential to become future CEOs or leaders within their disciplines (CIPD, 2006b, 2006c; McDonnell *et al*., 2010; Tansley *et al*., 2007).

Definitions of talent may differ from one organisation to another (Michaels *et al*., 2001). Organisations appear to find greater value in formulating their own meaning of what is meant by talent (Tansley *et al*., 2007). As noted by Tansley *et al*., definitions of talent are organisationally specific and influenced by the industry in which they operate, as well as the nature of the work dynamics. Therefore, rather than accepting universal definitions, organisations seem to prefer having a definition of talent that not only suits their industry but their organisational culture and values.

Below are three definitions of talent from business and management literature:

> *The ability to deliver the goods as well as getting the job done better in comparison to others within the same domain* (Robertson and Abbey, 2003, p.3)
>
> *The above average giftedness towards a task through which an employee creates added value in his or her work* (Schoemaker, 1994, p.38)
>
> *The resource that includes the potential and realised capacities of individuals and groups and how they are organised, including those within the organisation and those who might join the organisation* (Boudreau and Ramstad, 2007, p.2)

The word talent as it is used in the first two definitions refers to an individual employee's ability to perform better than others within a given role in the work place. As observed by Robertson and Abbey (2003), it appears the commonest way to define talent is by making reference to an individual's performance. Hence, these authors note that most

managers have a tendency to define talent in terms of *outcomes*. It follows then from the definitions that talent must be observable. As evident in Schoemaker's definition, an individual who is labelled as talented must be able to create notable value in his job and not merely add to the headcount.

In the third definition, talent is referred to as a resource embodied in the employees. This resource, according to Boudreau and Ramstad (2007), not only includes demonstrable ability (realised capacities) but also the potential to excel within the workplace. This implies that making an investment in developing talent must make economic sense for the organisation through identification and development of high-performing and high-potential individuals. In relation to the definition advanced by Boudreau and Ramstad (2007), although there is a realisation of talent as a relevant resource, it does not specifically mention the relevance of the skills of talented individuals to the organisation.

From the perspective of an organisation, the significance of its relationship with its talented employees is to optimise the use of talents in order to achieve the best possible added value for clients or customers (Schoemaker and Jonker, 2005). As with capital, in terms of an investment, talent is supposed to be used to build the business; one needs to be resourceful in the use of capital in order to generate healthy gross profits for growing the business. Hence, a definition of talent needs to include a dimension of relevance, because organisations in the corporate world have to choose to invest in employees who can excel in the workplace and create added value to the business. Therefore a notable feature of the third definition is the isolation of two important dimensions, namely: observable performance, on the one hand, and potential, on the other.

The definitions above are invaluable in recognising that the term talent does not necessarily refer to every individual employee in the organisation. In effect, it refers to a selected few individuals who have demonstrable exceptional ability and the capability to do better than others. In an exploration of the term 'talent' in languages other than English, Holden and Tansley (2007) note that in European languages talent is associated with outstanding accomplishment in a particular field of endeavour. This view is also in agreement with Gagné's reasoning presented in Section 2.1.1.4.

2.1.1.6 Defining talent for the purpose of this thesis

The table below summarises the definitions from the fields of sport, education and the corporate world:

Category	Attributes of talent
Education	- Giftedness as raw material implies an acknowledgement of **innate ability** as being essential. - Talent as 'systematically developed abilities (skills) that places an individual above their peers' means **not everyone is talented**. - Recognises the role of catalysts in developing potential (gifts) into systematically developed talent.
Sport	- Talent is partly innate. - Talent can be identified before exceptional levels of mature performance have been demonstrated. - Early indications of talent provide a basis for predicting who is likely to excel (**recognition of potential**). - Domain-specific. - Only a minority are talented (not everyone has talent). - Recognises the role of motivation and practice in developing innate ability (potential) into celebrated excellence.
Business	- Includes the potential and realised capacities of individuals (potential and performance). - Demonstrable ability recognised in conspicuous ways. - Employee's ability to create added value in his or her work. - Recognises the role of training and development in developing talent.

Table 2.0: Understanding of talent from the fields of sport, education and business

As shown in the table and the preceding discussion, there is an acknowledgement that *not everyone is talented* in all three fields. Otherwise, if everyone were talented, there would be no need to either identify or develop the talent. Lepak and Snell (1999) note that regarding every employee as talented is too simplistic in that it ignores the existence of different categories of employees who possess different levels of skills and capabilities and varying degrees of value to the organisation.

However, the term competence rather than talent pervades much of the HRM literature (for an overview see Torrington *et al.*, 2008). Mansfield (2004) defines competence as the ability to perform to the requirements of the employment. Similarly, Torrington *et al.* (2008, p.394) define the word competence as 'the ability to carry out a specific task...which could be referred to as the job standard'. According to Boulter and Hill (1996) competences are about indicators of performance in the work place, that is, how

people actually behave in work-related events against an established standard. Rankin (2002) describes competences as definitions of skills and behaviours that organisations expect their staff to practice in their work. This author further explains that competences represent the language of performance; they can articulate both the expected outcomes from an individual's efforts and the manner in which these activities are carried out.

Mansfield (2004) identifies two views of the definition of competence: Firstly, the narrow view which looks at competence as the efficiency and effectiveness in performing a task where an individual does little more than following rules and procedures as well as performing limited and routine tasks. Secondly, the broad view describes competence as being able to take responsibility within the work environment where one is seen as adaptable, flexible, and multi-skilled. The narrow view of competence has its roots in mass production industries and highly bureaucratic administrative systems and is also described as a very narrow view of people (Mansfield, 2004). In addition, using the word competence may be limiting to individuals' performance and job aspirations because only the standard requirements will be met by a competent individual.

Talent as an individual employee's attribute is an important terminology that forms a significant contribution to organisational success within a competitive business environment. Clearly, the term talent is a more useful term in developing a differentiated approach to managing high-performing employees not only for the purpose of gaining a sustainable competitive advantage but also for recognising individual contribution to the success of the organisation. There are indeed four identifiable considerable advantages in using the term talent.

Firstly the use of the term talent signifies existence of varying degrees and/or levels of individual performance. With reference to the biblical account of the parable of talents, the master recognised the different levels of ability to perform the task. Gagné (2000a) sets a threshold of the top 10% of high performers among their peers as the only ones who can be classed as talented. Accordingly, empirical evidence from the corporate world also shows that the term talent is associated with those individuals who demonstrate the potential to progress to more senior roles faster than their peers (see Tansley *et al.*, 2007).

The study of Tansley *et al.* (2007) shows that in some organisations those classed as talented have the ability to progress two or three times more than their peers up the organisational ladder within a specified period of time. Pilbeam and Corbridge (2006) also refer to a study by Goleman in the United States of America (USA). In this study, Goleman found that in low-skilled work, the highest performing workers contributed two to three times as much as average workers, while in professional jobs top performers were capable of adding 10 times as much value to their organisation as their co-workers. While it is not clear how this difference is measured, the previous examples show that there are different levels of knowledge or mastery of skills which are reflected in individual's performance, thereby illustrating that a talented individual's competence on the job is not merely standard.

Secondly, the use of the term talent presents a powerful image of human resources as repositories of human capital worth investing in. As noted by Vaiman and Vance (2008, p.5), 'the term talent provides an added meaning of preciousness and distinct value to a human resource that should be invested in, cared for, shaped and developed - but certainly not taken for granted or squandered'. Theoretically a firm's success is a result of the collective efforts of every employee, yet only a few employees make a considerably greater contribution in creating added competitive advantage for the business (Boudreau and Ramstad, 2005; 2007) owing to their levels and/or kinds of skills and competences. Indeed, it is likely that firms will seek to utilise their resources appropriately given the financial constraints within which even the best organisations operate (Boxall and Purcell, 2000; Huselid, 2005). By focusing only on developing the talent of those identified as having the exceptional abilities to make a substantial contribution to competitive advantage, resources will be utilised appropriately within international organisations.

Thirdly, the terminology of talent can serve as the key to unlocking the doors to new ways of thinking about the human resources as well as novel managerial approaches to improved organisational performance (Vaiman and Vance, 2008). Language provides a powerful means of communicating managerial intentions within firms. Tietze (2008) notes that the field of management has already taken on board the importance of language and communication, which she describes as the 'linguistic turn'. The concept of linguistic turn is based on social constructionist ideas about reality and knowledge and acknowledges that when managers are communicating they are actively creating social

and organisational worlds of work and not merely *talking* or exchanging information (Tietze, 2008). Thus when managers use the terminology of talent and TM, they are creating a new and novel way of managing human resources across national boundaries.

Lastly, the context of the labour market has changed. For example, Sennett (2006, pp.83-84) note that 'many of those who face unemployment are educated and skilled but the work they want has migrated to places in the world where skilled labour is cheaper', therefore skills of another sort are needed. In addition, Sennett (2006) states that educational institutions have substantially improved standards of numeracy and literacy to the extent that the impossible dream of a talented poor boy or rarely a girl becoming a doctor or lawyer has now become the norm. This has led to what Sennett (2006, p.85) describes as 'talent and the spectre of uselessness'. Indeed there are countless people in the labour market and even within organisations who can provide employers with the standard performance and comply with the policies and procedures.

Conversely, given the competitive pressures in business, identifying individuals who are talented and developing them to take up critical positions in the organisation is an important step. The current labour market only needs a few of the educated masses of people who possess talent especially in the current wave of high finance, advanced technology and sophisticated services (Sennett, 2006). Indeed, in order for organisations to differentiate themselves, a new way of looking at the human resources in organisations is indispensable.

Although the term competence may not be sufficient for a 21st century organisation, it presents a useful point in identifying talented individuals with necessary attributes and abilities. Hooghiemstra (1992, p.27-28) notes that 'differentiating competences distinguish superior from average performers'. In this context, competence can be seen as a measure for differentiating between superior and average performers and/or between effective and ineffective performers. As observed by Hooghiemstra (1992), the threshold and differentiating competences for a given job provide a template for personnel selection, succession planning, performance appraisal and development. In this respect, competency-based selection methods are used to identify individuals with superior performance for an organisation's most important value-added jobs (Hooghiemstra, 1992). In relation to TM, competence can be seen as a platform for selecting individuals

who exhibit above average superior performance and in turn classing them as talented employees.

With reference to talent, skills can be regarded as the materialisation of an individual's special ability to do something conspicuously better than others. As with competences, an individual's manifestation of skill can be used as a means of judging whether one has talent or just ordinary competence in a given activity. As a result, and given the background and reasoning above, talent is currently a much more preferred term in the corporate world.

The above perspectives on the word talent reveal certain aspects that are directly useful in defining the term for the purpose of this thesis. Of more significance to this study is the recognition of both performance and potential and of the empirical fact that not everyone has talent. Talent is an amalgam of outstanding demonstrable knowledge, skill and competence which can be recognised through an individual's involvement in a given activity or work-related roles. According to Schweyer (2004), insofar as talent is the greatest competitive instrument, skills, competences and aspirations are its building blocks. Thus *talent can be regarded as the manifestation of exceptional ability by dint of an individual's knowledge and competences in a given field of human endeavour.* It is worth noting here that the researcher recognises that there is confusion as to whether talent is a possession of a person or if talent is in fact a metaphor for a talented person. For the purpose of this research, the word talent will refer to a possession of a person. In the corporate world we may say that individual employees in a firm in effect embody sets of skills, knowledge and competences which can be 'rented out' to employers (Ehrenberg and Smith, 1994).

Talent is an individual's possession which can be enhanced through availability of appropriate opportunities, an enabling environment and motivation to perform relevant activities. An individuals' level of skill can get better with training and practice, but for talent it takes more than just training. With reference to the fields of sport and education, talent is seen as a product of natural abilities; an individual's motivation and the environment (see Ericsson *et al.*, 1993; Gagné, 2000a; 2000b; Howe *et al.*, 1998). Performance is a function of three elements: ability, motivation and opportunity (Boxall and Purcell, 2003). Accordingly, Purcell *et al.* (2003, p. ix) note that:

people perform well when, firstly, they are able to do so because they possess the necessary knowledge and skills; when, secondly, they have the motivation to do so and do it well and when, thirdly, they are given the opportunity to deploy their skills both in the job, and more broadly in contributing to their work groups and organisational success.

Indeed each of these elements (ability, motivation and chance) resonates with the definition of talent developed by Gagné (2000a), which recognises the role of ability, chance, intrapersonal characteristics and the environment. This implies that even though one may have the potential or ability to do better than others, without personal drive, persistence, and the opportunity to do so, one cannot have systematically developed talent. Reflecting on my own experience as a secondary school mathematics teacher, my outstanding performance can be attributed to personal drive and practice. I used my spare time to give extra tuition to weak students and instilled in them confidence without any pay at all, leading to my achievement as the best teacher. At this point in the discussion it is necessary to review the concept of TM.

2.1.2 What is talent management?

TM as a concept used in the management literature which emerged in the late 1990s after the publication of the influential work '*War for talent*' by McKinsey consultants (Michaels *et al.*, 2001). However, it is worth noting that TM is not a new practice (Adamsky, 2003; Cappelli, 2008a, 2008b; Economics, 2006a). There have been a variety of systems used for selecting people with exceptional performance, as well as programmes to develop their skills (Cappelli, 2008a, 2008b; *The Economist*, 2006a; Smilansky, 2006). Several examples of such practices can be cited.

Firstly, over 3,000 years ago, the Chinese used a form of TM, which came to be known by the Portuguese as the Mandarin system. The Mandarin system was a merit-based selection method for senior government officials in China, called the Mandarins, for the purpose of selecting people with exceptional performance to work in the public service. Secondly, as early as 1600, the British East India Company used competitive examinations to recruit Alpha Minds (*The Economist*, 2006a). Thirdly, Napoleon I, the Emperor of the French, (1769-1821) used a merit-based system under the Napoleonic code to select government officials. Napoleon stressed that government jobs go to the most qualified, starting from 1804. Fourthly, under Unilever's Company Management

Development Scheme (UCMDS), which started in 1952, senior managers were assigned the responsibility of identifying the talent and utilising psychological tests (similar to those devised by the Army for officer selection) (Wilson and Thomson, 2006). The psychological tests were used to test the potential of the identified talent. Fifthly, 'in the 1980s HR managers were urged to utilise the BCG matrix in differentiating between star, dead, solid and high potential employees and manage them differently' (Iles, 2007, p.105).

Indeed, organisations have been considering and utilising people development and retention models for some time under the auspices of human, social and intellectual capital management (Armstrong, 2001; Guest, 2006; Storey, 2007). In a similar vein, Cappelli (2008b) notes that internal development practices, such as executive coaching, creating development assignments, establishing assessment centres, implementing high-potential programmes, succession planning and 360 degree feedback programmes, may seem novel but were all common in the 1950s. This is well before the term TM was in use.

Further, Cappelli (2008a; 2008b) states that, except in a few firms, these techniques for developing talent were scaled back and in many cases abandoned, not because they failed to develop talent, but they were too costly. Besides this, the business environment was not as complex and dynamic then as it is today, so businesses used other ways of sustaining their profits rather than relying very much on competitive advantage gained through people (Cappelli, 2008a; 2008b). In the 1970s, because business forecasting failed to predict the downturn in the economy, there was a persistent turn-out of talent under the forecast assumptions of booming corporate growth (Cappelli, 2008a). There was an expansion of corporate organisations due to the excess supply of talent and the no lay-offs policies for white collar workers. However, the recession of the 1980s, especially in western countries, led most organisations to deviate their attention away from developing talent. This period saw the disappearance of the 'job for life' as well as the employee development practices. As noted by Cappelli (2008b, p.1), 'After all, if the priority was to get rid of talent, why should the companies maintain the programmes designed to create it?'

The influential work conducted in 1990 by the McKinsey consultants highlighting the shortage of talent (owing to the aging population, changes in demographics and mobility

of the labour force) refuelled the practice of TM in organisations. Over the past few years, organisations have developed a keen interest in the field with most surveys showing that at least 75% of CEOs acknowledge that TM is on top of their agendas (CIPD, 2007; Veredus, 2006). Consequently, 'TM is now viewed as a tool to strengthen organisational capability through individual development, performance enhancement, career development and succession planning' (Iles, 2007, p.106). Although TM has become a priority for the top management, it lacks a strong conceptual underpinning and there is no agreed definition of TM (CIPD, 2007; Lewis and Heckman, 2006). This has to a large extent consequently led to TM being viewed as a mere repackaging of traditional HR practices.

Despite the recessionary climate of the later part of the opening decade of the 21st century, effective TM remains of greater significance than ever before (Collings and Mellahi, 2010; McDonnell *et al*., 2010). Arguably, TM is certainly of greater consequence for multinational companies (Collings *et al*., 2008) because of the complex skill-set needed to operate successfully in different countries. As suggested by Schuler, Jackson and Tarique (2010), the global TM challenge is not only significant and growing, but also appears to be a concern across countries and/or organisations. Remaining effective in the management of human resources in a recessionary climate implies that organisations have to maximise value creation from the valuable assets. TM is thus seen as a means of achieving this.

The extant literature shows that there is no consensus as regards what TM really is and what it entails in practice. Thus, the purpose of the next section is to bring some clarity and consistency to the concept of TM, through a review of key literature on the topic. Specific reference will be made to definitions of TM in the extant literature.

2.1.2.1 Definitions of talent management

This section attempts to identify common themes from a collection of definitions of TM, attention will be paid to identifying the similarities and differences between them. Table 2.1 shows the definitions of TM from the extant literature:

	Definition	Source
1	A set of *processes* designed to ensure the adequate flow of employees into jobs throughout the organisation.	Kesler (2000)
2	TM is primarily about identifying, developing and using those people who can provide critical intellectual energy.	Phelps (2003)
3	TM is concerned *with identifying and developing high-potential talent* across the organisation's worldwide operations.	Becker *et al*. (2004)
4	TM represents an *integrated process* of ensuring the organisation has a continuous supply of highly productive individuals in the right job, at the right time.	Sullivan (2004)
5	TM is *a continuous process* that plans talent needs, builds an image *to attract* the very best, and ensures that the new hires are immediately productive, helps *to retain* the very best, and facilitates the continuous movement of talent to where it can have the most impact within the organisation.	Sullivan (2004)
6	TM refers to *categorising and nurturing skills* that will be needed to maintain future competitive advantage.	Frank and Taylor (2004)
7	TM is a *mindset,* where talent is at the forefront of organisational success.	Creelman (2004)
8	TM is a *collection of HR practices*, representing an ongoing, proactive activity.	Schweyer (2004)
9	The *identification, development and management of the talent portfolio* - i.e. the number, type and quality of employees that will most effectively fulfil the company's strategic and operating objectives.	Knez and Ruse (2004)
10	An attempt to ensure everyone in the company, at all levels, *works to the top of their potential.*	Redford (2005)
11	The *identification, development, engagement, retention and deployment of those individuals with high potential* who are of particular value to an organisational context.	CIPD (2006c)
12	It is about *attracting, identifying, recruiting, developing, motivating, promoting and retaining employees* with strong potential to succeed within the organisation.	Baron and Armstrong (2007); Berger and Berger (2004); Laff (2006)
13	Involves integrated *HR practices charged with attracting and retaining the right people* in the right jobs at the right time.	Heinen and O'Neill (2004); Piansoongnern *et al*. (2008)
14	A set of inter-related management activities that identify, attract, integrate, develop, motivate and retain talented individuals.	Lubitsh and Smith (2007)

	Definition	Source
15	*Umbrella-like HR concept, focusing on high-achievers covering the entire process from hire to retire* in addition to tying HR to strategy. It is based on the recognition and development of top performers which thereby can provide the organisation with better performance and a competitive advantage.	Brandt and Kull (2007, p.7)
16	*Recruitment, development, measurement and management* of high-potential employees.	Stahl *et al.* (2007)
17	*A matter of anticipating the need for human capital* and then setting out to plan to meet it.	Cappelli (2008a, 2008b)
18	TM is the *strategic management of the flow of talent through an organisation.*	Duttagupta (2005, p.2)
19	*Additional management processes and opportunities* that are made available to people in organisations who are considered to be talent.	Blass (2009)
20	TM is an evolving and complex field. It is a holistic approach, comprised of the inter-relationships, or *the integrated framework, created from eight categories of initiatives. These are: Recruitment, Retention, Professional Development, Leadership/High Potential Development, Performance Management, Feedback/Measurement, Workforce Planning and Culture.*	Morton (2006)
21	TM is *an integrated approach that includes staffing, leadership development, succession planning, performance management, training and education and retention.*	Fitz-enz (2005)

Table 2.1: Definitions of TM

Clearly, the variety of definitions in Table 2.1 leaves the concept of TM ambiguous. However, even though there are several interpretations of the concept of TM, analysis of the definitions in Table 2.1 makes it possible to isolate recurring themes which are presented in Table 2.2:

	Definition	Themes
1	• a *collection of HR practices* • *umbrella-like HR concept, focusing on high-achievers, covering the entire process from hire to retire* • *HR practices charged with attracting and retaining the right people* • hiring, training, retention and all activities that relate to developing and growing your workforce	HR practices
2	• *processes* designed to ensure the adequate flow of employees into jobs • an *integrated process* of ensuring the organisation has a continuous supply of highly productive individuals • *anticipating the need for human capital*	HR planning
3	• a *mindset,* where talent is at the fore-front of organisational success	Mindset
4	• *identification, development, engagement, retention and deployment of those individuals with high potential* • *identifying and developing high-potential talent* • *identification, development and management of the talent portfolio* • *categorising and nurturing skills* that will be needed to maintain future competitive advantage • *attracting, identifying, recruiting, developing, motivating, promoting and retaining employees* • *recruitment, development, measurement and management* of high-potential employees	Identifying and developing high-potential talent

Table 2.2: Emerging themes from the definitions

As Table 2.2 shows, there are four emerging themes. These are listed below and then discussed in detail in the following sub-sections.

- TM as a set of HR practices
- TM as a method of HR planning
- TM as a mindset
- TM as a way of identifying and developing high-potential talent

The first category of definitions in Table 2.2 refers to *TM as a set of HR practices*. In the view of these authors (Kesler, 2000; Schweyer, 2004; Sullivan, 2004), TM is nothing more than integrating traditional HR practices. In a critical review of the TM literature, Lewis and Heckerman (2006) also identify this conception of TM practices. In this regard, these authors argue that defining TM as a collection of HR practices may be akin

to a trendy term or a euphemism for human resources management (HRM). This is why TM is often interpreted as a repackaging of traditional HR practices. To these authors, managing talent entails doing what HR has always done (Lewis and Heckerman, 2006). To this end, it appears the elements of TM seem to be put together without much thought of making a radical departure from traditional HRM. As aptly remarked by McDonnell *et al*. (2008, p.1), 'the extent to which TM represents a new and discrete management activity as opposed to the latest HRM exhortation remains largely unknown'.

Several examples of this simplistic view of the constituents of TM can be cited in the literature. Taking Morton's (2006) definition as a case in point, as was seen in Table 2.1, there are eight elements of TM: recruitment, retention, professional development, leadership development, performance management, feedback/measurement, workforce planning and culture. In a proposition made by Farley (2005), TM includes all the processes needed to optimise people within an organisation. Similarly, Fitz-enz (2005) puts forward a definition for TM which has six typical HR practices: staffing, leadership development, succession planning, performance management, training and education and retention.

In a nutshell, this view of TM can be seen as a configurational perspective from the point of view of strategic human resource management (SHRM). The configurational perspective of SHRM assumes that different elements of the functions of management can be integrated in order to find the best fit to the business strategy. However, the definitions under this category do not convey anything new about the concept of TM apart from integrating different functions of HRM and giving the collection a new name.

According to Iles (2007), the emergence and development of HRM as a field of study has been criticised for taking on different labels such as personnel management, HRM, SHRM and, more recently, TM. Thus, defining TM as HR practices lends support to the assertion that TM is nothing more than the latest trend in HRM. Indeed, some researchers have argued that the different concepts represent a continuous struggle by HR professionals to enhance their legitimacy and status by becoming more business-oriented and demonstrating that employees can make a difference in distinguishing successful organisations from others (Bexell and Olofsson, 2005). As observed by Lorenz (1986) and Legge (1995), the changing rhetoric found in the HRM field are classed as management fads because they are perceived to be describing the same area and not

significantly distinguishable from each other. However, several academics have argued that effective HR practices are not just fads but that they are substantially stable and do contribute to the enhanced financial performance of the organisation (Boxall and Purcell, 2003; Huselid, 1995; Pfeffer, 1994).

Surely TM should represent an important management function given that superior talent is increasingly recognised as the prime source of sustainable competitive advantage in high performance organisations (Hiltrop, 1999). As argued by Lawler (2008a), human capital can be developed through TM. This implies benefiting from the contribution of HR, which can make explicit the human capital resources needed and develop the capabilities necessary. Thus, TM is not synonymous with HRM, but HR practices play a significant part in designing and implementing TM activities.

There are indeed similarities between TM and HRM. For example, both are about managing people in the organisation. According to Chuia *et al*. (2008) and Iles *et al*. (2010), both TM and HRM identify placing the 'right' people into the 'right' roles as an important means of integrating people practices, including individual development, with organisational goals. Indeed, both HRM and TM focus on creating a match between organisational goals and the capabilities inherent in the employees (Iles *et al*., 2010). But the point of departure is that TM focuses on identifying and developing high-potential employees who can take up pivotal leadership and functional positions. TM breaks away from the egalitarian approach of HRM by focusing on high-performing individuals and therefore cannot really be considered 'an umbrella-like HR concept'. As argued by Hoogheimstra (1992), being successful is not just a question of having the right people in the right positions, but of identifying the superior performers and placing them in key functions.

There is a realisation among organisations worldwide that the knowledge, skills and abilities of their talented employees represent a major source of their competitive advantage (Collins and Mellahi, 2009; Lewis and Heckerman, 2006). As noted by Brewster *et al* (2008, p.31) 'there is thus a growing recognition that a primary source of competitive advantage derives from a company's HR; also that this source of advantage may be more inimitable and enduring than a particular product is'. Inimitability implies that the knowledge, skills, ability and possession of unique social relations cannot be

easily duplicated by competitors. Human talent as a source of competitive advantage may be inimitable due to the uniqueness of the human capital and social capital it embodies.

The second theme evident in the definitions above is that of *TM as a HR planning activity*. From a similar point of view, Blass (2009) recognises HR planning as a perspective of TM which hinges on the belief of matching the right people with the right jobs at the right time, and doing the right things. As observed by Lewis and Heckerman (2006), authors of this persuasion perceive TM as a set of processes designed to ensure an adequate flow of employees into jobs throughout the organisation (Kesler, 2002; Pascal, 2004). This is what Cappelli (2008b) considers being a challenge rather than a definition of TM.

HR planning entails making decisions about resource allocation and the priorities and action steps necessary for the organisation to meet its strategic goals (Bloisi, 2007). This implies that TM is intimately connected with decisions concerning the allocation of HR and the prioritising of key tasks and challenges. Lewis and Heckerman (2006) note that central to HR planning or succession planning is the projection of an organisation's staffing needs and managing the progression of employees through the positions. HR planning can help in identifying the capabilities of the current workforce and the anticipated future requirements in terms of skills and performance levels (Gold *et al*., 2010). Thus, HR planning is another HR practice that includes 'the identification of the need and demand for, and supply for labour in an organisation' (Bloisi, 2007, p.50).

In conceptualising TM, Cappelli (2008b) draws on the principles of supply chain management, arguing that 'many challenges in contemporary TM are analogous to problems already analysed in the field of operations research'. An example given by Cappelli is that moving products through a supply chain is similar to the pattern in which employees advance through development jobs and experiences. In Cappelli's view, embracing this approach involves making choices or strategies about managing human capital and that these choices must be made based on each organisation's needs and are related directly to its business strategy. From this background, HR planning can be regarded as an important tool in that it provides a clear link between business and HR plans (Marchington and Wilkinson, 2008). These authors further note that HR plans facilitate the '*fit*' [emphasis added] between (a) HR planning (b) strategic plans and (c) the ability for the HR function to deliver precisely what the business requires.

However, Gratton *et al*. (1999) argue that, although HR have an understanding of matching the management of people with the overall strategic direction of the organisation, in practice they operate within the constraints of the administrative heritage of their organisation. In line with other studies, Gratton *et al*. found that it is possible for the organisation to manage its people strategically *without* the HR function itself playing the strategist role. This proposition shows the gap between the reality and rhetoric of the HRM literature. Line managers can actually identify the talented people who make up the talent pools without much input from HR.

Indeed, HR planning presents a useful if rather narrow view of TM. Lewis and Heckerman (2006) note that this concept of TM simply repeats much of the work done in succession and workforce planning, and therefore fails to advance the theory or practice of HR. TM is not merely succession and workforce planning, but uses the practices as part of the whole process. As observed by Holden and Tansley (2007), in embracing the notion of TM organisations are responding to changes in the external labour market, increased competition and skills shortages, recruitment and retention difficulties and the challenges of undertaking succession planning for senior leadership roles.

As a consequence, there are certain techniques that can be borrowed from HR planning. For example, Cappelli (2008a, 2008b) considers TM to be a process for forecasting, planning and meeting the HR needs of the organisation. In addition, Lewis and Heckerman's (2006) second theme focuses primarily on the concept of talent pools. In this context, HR planning can be construed as one of the interventions that organisations can use to identify leadership and senior management talent in order to maximise the contribution of individuals' talents among the existing workforce.

The third theme is *TM as a mindset* (see Creelman, 2004; Michaels *et al*., 2001). According to Creelman (2004, p.3), 'TM is best seen not as a set of topics, but as a perspective or a mindset'. Blass (2009) refers to this as the cultural perspective of the definition of TM, which draws on the belief that talent is the most critical factor for success. In this regard, Creelman asserts that TM as a mindset signifies a standpoint of regarding talented employees as playing a fundamental role in the success of the firm. In other words, TM means recognising that there are high-performing individuals in the organisation who actually play a central role in creating value for the business. Under

this perspective, the 'everybody mantra' does not count as part of the TM mindset. The talent mindset can apply to an organisation in which people are allowed to explore and develop their talents, and hence developing individual talent becomes part of the daily work routine (Blass, 2009).

Creelman claims that 'all corporate issues are seen from the perspective of *how will this affect our critical talent?* and *what role does talent play in this issue?'* (2004, p.3). However, in the midst of a financial crisis, it is not often that organisations think about how downsizing or outsourcing will affect their talent. Workforces are often treated as commodities or as a cost to be minimised. Witness the rapidly increasing practice of offshore outsourcing. Embracing TM as a mindset means looking for raw talent both internally and externally and developing that talent (Blass, 2009).

Individuals have to negotiate their own development paths (Blass *et al*., 2006; Blass, 2009). This means that, although organisations embracing TM as a mindset recognise that talented individuals play a key role in creating value for the organisation, it is the individual's responsibility to ensure that his or her career is well managed. Notably, individuals no longer devote or entrust their careers to one employer, they adopt a more proactive stance of seeking out organisations which will best help their career development (Mirvis and Hall, 1994; Scott and Revis, 2008; Sullivan, 1999; Tanskey and Cohen, 2001). An important point raised by the view of 'TM as a mindset' is that of TM as a means of recognising that there are high-performing individuals who should be identified and managed differently from the rest. This viewpoint is also evident in the fourth theme found in the TM definitions, which is the subject of the next sub-section.

Lastly, there are several authors who define *TM as a means of attracting, identifying and developing high-potential employees* (examples include Baron and Armstrong, 2007; Berger and Berger, 2004; CIPD, 2006b; Laff, 2006). Definitions in this category show a realisation that there are employees with exceptional abilities and potential who must be managed differently from the rest. According to Kaplan and Norton (2004), successful organisations today create sustainable value from leveraging their intangible assets, the most important being human capital. Lepak and Snell (1999) argue that the value of human capital (knowledge, skills and capabilities) inherently depends upon its potential to add to the competitive advantage of an organisation.

Under the theme of identifying and developing high-potential employees, there are issues around the creation of an elite band of employees. There is evidence in the literature to show that TM is regarded as a process of grooming future leaders (see Blass *et al.*, 2006; McDonnell *et al.*, 2010; Michaels *et al.*, 2001; Tansley *et al.*, 2007). The identification of talent and the management of talent in organisations appear to focus substantially on 'leadership talent'. To this end, in a year-long study conducted by Tansley *et al.* (2007), evidence was found of a tendency for several organisations to take an exclusive approach to TM. In such an approach, talent is viewed on the basis of those destined for the top leadership positions.

As observed by Williamson (2004), TM is a 'clandestine process of handpicking and grooming tomorrow's CEOs behind closed boardroom doors'. This lack of transparency is attributed to the involvement of CEOs in TM (*The Economist*, 2006). This particular aspect raises questions as to whether TM 'is now too important to be left to the HR function' or whether it covers 'a multitude' of HR activities (Williamson, 2004). In this sense, Lewis and Heckman (2006) are right to suggest that the term TM 'is used in too many ways' and therefore 'has no clear meaning'. The next section is devoted to the definition of TM for the purpose of this PhD project.

2.1.2.2 Defining TM for the purpose of this thesis

Given the variety of definitions and emerging themes from the extant literature, it is clear that there is no consensus as to what TM actually is. As already established, skills and competences are the building blocks of talent. Before the introduction of the concept of TM, competence and skills development were the most commonly used terminology in the HRM literature (see for example, Boulter and Hill, 1996; Felstead, 2007; Hooghiemstra, 1992; Mansfield, 2004). There has been more generic emphasis on competence development within the HRM literature because of the focus on the development of all employees and ensuring that everyone performs to the required standard. However, in order for organisations to remain competitive, a more novel approach to managing and in particular developing people is imperative. Undoubtedly, TM as a management practice and academic field is important and clearly makes a departure from the HRM egalitarian approach which focuses on the welfare of all employees. Three significant points are advanced below in order to skate out the usefulness of the concept of TM.

Firstly, TM presents an important managerial practice necessary for building an inimitable, rare and sustainable source of competitive advantage. The practice of TM allows an organisation to develop their identified talent internally using a variety of development activities. In this respect, Garavan *et al*. (2008) note that TM not only is important in creating inimitable intangible assets and cultivating an internal labour market but also plays a key role in retaining talent. The process of TM accentuates the importance of developing the most valuable source of competitive advantage - people. Huselid *et al*. (2005) argue that there are often limited financial and managerial resources available to attract, identify, develop and retain top performers. As observed by Iles (2007) different groups of employees whose value to the organisation differs, may need to be treated differently because they differ in their potential to add value.

Although this should not be at the expense or neglect of other employees, it is argued that it is both reasonable and essential to invest in scarce developmental assignments and spend resources on the most promising talent (Walker, 2002, in Iles *et al*., 2010). Similarly, McDonnell (2009) contends that resources are more appropriately utilised if multinational enterprises (MNEs) focus on those designated as the key talent (high-potential). Certainly, it makes economic sense for an organisation to attract and identify only the high-performing and high-potential individuals and in turn provide them with further development opportunities. This should be the ultimate aim of TM practices.

Secondly, in relation to the line of argument by Hamel and Prahalad (1993; 1994), TM can be regarded as a means of building an organisation's core competences. These authors argue that competitive advantage in the long term stems from building core competences in a firm which are superior to those of rivals. Hamel and Prahalad (1994) define core competences as competitively unique activities and processes through which resources are deployed in such a way as to achieve competitive advantage. TM practices present a new way of building an organisation's competitiveness which may be regarded as inimitable.

As noted by Boudreau and Ramstad (2005), a talent decision science is vitally needed today because it is increasingly important to enhance talent decisions, including structures, behaviours, capability, learning, collaboration and shared culture. Thus TM can be seen as a process through which an organisation tries to build high-potential's identified skills which are relevant to an organisation's strategic objectives. TM is

therefore a mechanism for harnessing individual knowledge and skill sets to enable the firm to (i) realise its goals, (ii) provide particular value to its clients, (iii) build an organisation's core competences and (iv) learn to practice continuous renewal and become responsive to changes in the business environment.

Thirdly, TM presents a more focused approach of investing in human capital. TM as a practice can help an organisation to identify critical roles that are central to organisational success worth investing in. For example, in a theoretical model of strategic TM developed by Collings and Mellahi (2009), the identification of pivotal talent positions is regarded as the first stage in any TM system. Boudreau and Ramstad (2005, 2007) also advocate the identification of key positions which have the potential to differentially impact on sustainable competitive advantage. Identification of pivotal roles can in turn lead to identifying and developing high-potential employees capable of substantially contributing to the attainment of the firm's strategic objectives.

Indeed in building a firm's competitive advantage, there is strong emphasis on core competences which distinguish a particular business from its competitors and in turn leads to superior organisational performance (Boxall and Purcell, 2003). As a result, it is highly likely that the identification of talent in a particular domain of the business will be strongly influenced by the firm's activities and business strategy. According to Heinen and O'Neill (2004), the term talent may refer to specialist functional employees who are core to organisational success. This interpretation of the term talent is evidenced by the identification of a key group of individuals including research and development staff, chemists, project managers and engineers (Edwards *et al*., 2007; Gunnigle *et al*., 2007; McDonnell, 2009) within specific organisations. In this regard, an organisation's talent pool may be defined by industry characteristics (see Tansley *et al*., 2007) and in particular what the firm regards as its core competences. For example, pharmaceutical firms' core competences lie in the area of the discovery, development and distribution of innovative drugs.

Mindful of all these considerations TM is defined for the purpose of this research, as *a systematic process of identifying, developing and retaining individual employees with the necessary knowledge and high level of competence in an area of strategic importance to the business, for the purpose of achieving competitive advantage.* Identifying talent alone is insufficient: of more importance is the development and retention of talented

employees who possess the key knowledge. Indeed, as argued by Golding (2007), human capital alone is inadequate for gaining competitive advantage, there needs to be coherent and integrated organisational systems and practices to provide added value to the firm.

2.2 Introduction

The definition of TM adopted for the purpose of the present research has three components: identifying, developing and retaining individual employees with demonstrable exceptional ability and a high degree of potential to excel in a particular area of the business. This section reviews the literature in three important areas of TM: (i) identifying talent, (ii) developing talent and (iii) retaining talent.

2.2.1 Identifying talent

One of the key stages in the TM process is the identification of talented individuals. Talent identification is one of the most critical elements of any TM system (McDonnell *et al*., 2010) because the 'availability of talent *per se* is of little strategic value if it is not identified, nurtured and used effectively' (Mellahi and Collings, 2010, p.5). This suggests that, even though an organisation may possess talented individuals, they are of little value unless they are identified: given the right development opportunities and the right job match.

According to Tansley *et al*. (2007), identifying and selecting talent within an organisation is usually the responsibility of a talent review panel. The talent review panel consists of individuals drawn from across the organisation, which includes representatives from senior management, line management and the HR function, as well as individuals with particular expertise in the area. However, not every company uses a talent review committee, a variety of approaches and tools are adopted (see Stahl *et al*., 2007). Identifying talent internally may involve the use of competence frameworks and some traditional HR practices such as performance management and HR planning. Notably, there are various ways of identifying talent, depending on what a particular company deems effective. Stahl *et al*.'s (2007) study is notable, drawing on evidence from 37 global companies; these researchers conclude that the use of leadership competence models is the most common best practice.

Leadership competence models are a collection of the skills, attributes and behaviours that a particular organisation would like to see and develop among their high-potential employees. Correspondingly, Becker *et al*. (2004, p.2) note that:

> *Multinational companies are especially concerned with how they will assure themselves of future leaders capable of understanding and managing complex operations flung across the world and serving diverse markets, so they have developed competence models to describe what those leaders will need to be able to do, and talent review, succession planning, and executive development programmes to maintain the supply.*

The use of competence models is a way of establishing consistency in these companies' searches for the most promising candidates across subsidiaries. Stahl *et al*. (2007) observe that for TM practices to be successful there is need for a high degree of internal, cultural and strategic fit, which (a) creates an inimitable system of practices, (b) drives excellence in TM, and (c) contributes to organisational learning and knowledge management. There is indeed a need for organisations to take into consideration how employee competences fit with the strategic requirements of the organisation and the potential contribution of these employees to organisational performance (Collings and Mellahi, 2009). For example, Stahl *et al*.'s (2007) research indicates that companies that excel at TM ensure internal consistency, complementarity and reinforcement of the practices they employ to attract, select, develop, evaluate and retain talent. In other words, internal fit is regarded as being very important for effectively identifying and managing talent.

Kermally (2004) maintains that, as businesses become increasingly international and the marketplace increasingly complex and more global, organisations need to have people with appropriate skills and, more importantly, develop the skills to keep abreast of market needs. However, several studies show that until very recently it was becoming increasingly difficult to locate and retain suitable managerial talent to manage an organisation's international operations (Gregersen *et al*. 1998; Scullion, 1994; Scullion and Collings, 2006; Suutari, 2002). For example, in a global survey of over 9,000 executives, concern about the supply of talented workers was ranked as the most significant managerial challenge (Lubitsh and Smith, 2007).

The identification of high-potentials is increasingly becoming a problem for most organisations and was the impetus behind studies such as the 'War for talent' by the

McKinsey consultants (see Michaels *et al*., 2001). In fact, Kermally (2004) alludes to the fact that, even though we still hear stories of redundancies every now and then, skills are in relatively short supply. Consistent with that, Douglas *et al*. (2007) note that despite all that is known about TM, a considerably large number of organisations still struggle to fill key positions. Identifying talent is therefore one of the key challenges faced by organisations.

There are several factors which help to explain the difficulties in identifying talented employees. Firstly, according to Brown and Hesketh (2004), organisations seem to be raising their expectations as to what characterises the threshold for entry into their workforces. Organisations are looking for employees who have more than just potential; they want employees who can add value *immediately* (Brown and Hesketh, 2004). This implies among other things that individuals of every race, age and gender have to raise their standards if they are to compete successfully in the knowledge-based economy. But this approach to talent identification may limit the talent pool, since not every employee may be ready to add value as soon as he/she is employed. This leaves much to be desired in the identification of talent. For both the talented and the organisations, winning this 'war for talent' appears to be a game of chance because there are no well-established means of identifying that talent.

Secondly, while TM has attracted a substantial number of studies (Berger and Berger, 2004; Bernthal *et al*., 2005; Boudreau and Ramstad, 2005; *The Economist*, 2006b; Tansley *et al*., 2006, 2007; Towers-Perrin, 2004), different views have emerged about the attributes of talent. These attributes, as noted by Brown and Hesketh (2004), include behavioural aspects (such as having a 'can-do' attitude), skills (having enough creative flair to generate new realities and experiences and thus new knowledge), competences and cognitive capability (having diversity of thought or flexibility in producing a particular state of mind which matches organisational requirements).

Talented people are also described as '*the spirits of an enterprise'*, being temperamental and creative rule breakers and change initiators (Chowdhury, 2002, in Blass *et al*., 2006). However, these characteristics are rather wild, outlandish and would deter organisations from hiring the talented (Blass *et al*., 2006). In identifying high-potentials, there needs to be clarity about the understanding of talent both by HR professionals and their clients (CIPD, 2006a). It is necessary to have a clear set of characteristics of those employees

regarded as talented. There needs to be intelligibility about what makes exceptional managers, those capable of making a strategic difference (Delbridge, 2006, p.141, in CIPD, 2006a).

Thirdly, while there is recognition in the literature that well-developed practices can have a positive effect on organisational outcomes, there is no clear theory or set of principles to guide which organisational pools should be targeted (Lewis and Heckerman, 2006). This lack of clear principles renders TM prey to issues of power and politics in talent identification. In the context of international organisations, there is anecdotal evidence to show that managers often *conceal* their most talented employees, and may occasionally put forward less capable counterparts (Cappelli, 2008b). Mellahi and Collins (2010) attribute this tendency to subsidiary managers seeking to derive the greater benefits they receive from high-performing staff in their current positions than they would if this group of individuals were moved to another subsidiary or the headquarters.

As observed by Mellahi and Collings (2010, p.146), it may be in the subsidiary's self-serving interest to keep their best talent, even though the employees concerned are under-utilised, rather than bring them to the attention of the HQ and or other subsidiary managers because subsidiaries are frequently rewarded (or punished) for their own performance. As detailed in the work of Birkinshaw and Hood (1998), subsidiaries engage in internal competition. For this reason, O'Donnell (2000) and Roth and O'Donnell (1996) note that sharing talent with, or transferring talented individuals to, other subsidiaries, may not be in the best interests of the subsidiary.

As inferred earlier, problems in identifying talent are inherent in the ambiguity of the definition of talent. How an organisation defines talent arguably determines the characteristics it looks for in talented individuals. The fact that different organisations operate in different industries and markets means that it is not at all easy to come up with a uniform list of characteristics of those considered talented. This has led to serious gaps in the knowledge of the skill-sets of key workers and how these may be identified in order that the potential key workers of tomorrow may be developed today. It may therefore be concluded from this that identifying talent at both the subsidiary and headquarter level presents challenges regarding what is the organisation's real talent.

2.2.2 Developing talent

According to the CIPD (2006a) learning and development survey, the two main objectives of TM are: developing high potential individuals and growing future senior managers. This implies that an organisation, having identified its talented individuals, has to find ways of enhancing their skills and competences in order to keep up with the challenges of its business environment. A variety of talent development strategies are used by organisations. The CIPD (2006a) survey summarises the development options employed by organisations as follows:

i) In-house development programmes, coaching and succession planning are the most common activities for developing talent.

ii) The most effective practices are in-house development programmes, internal secondments and coaching.

iii) External secondments and action learning are considered the least effective.

The CIPD (2006a) survey also reveals that 94% of respondents reported that well-designed talent development activities can have a positive impact on an organisation's bottom line. However, Byham *et al.* (2002) contend that if an organisation does not have a well-defined profile of what it wants from its future senior leaders, it can neither develop people for future management positions nor accurately assess the readiness of high-potential individuals for leadership roles. In a similar vein, Byham *et al*. (2002) recommend that an organisation must carefully and accurately define the characteristics of the leaders who will carry it into the future.

Kermally (2004) argues that spending money and coming up with various initiatives to develop talent will not by themselves produce results. In this context, Kermally further recommends that a talent development strategy must be aligned with the business strategy. In other words, there must be a link between the talent development strategy and the organisational strategy. An organisation must decide which competences it wants to develop in its high-potential individuals based on the identified strategic capabilities. As mentioned in Section 2.2.1, internal fit is an important aspect of the TM process because there is a need for alignment between the competences that the organisation needs to develop and the organisational goals.

Apart from aligning the development of high-potentials with the organisational strategy, talented individuals' workgroups and the context in which they are working are also important aspects of developing and raising their performance. For example, Iles and Preece (2006) place emphasis on networks, teams and social processes as important factors in TM. They argue that leadership development, both as it is theorised and practised, has often been equated with leader development, resulting in the focus on *the individual, rather than the social, political and collective contexts of this leadership*. In this respect, Iles (2007, pp.110-111) importantly notes that 'leadership development and TM by extension, is about the development of leadership/TM processes in context, as well as the development of leaders/talents as individuals'. Thus TM would appear to have a central role in developing individuals within the organisational context, that is, with a focus on the strategic objectives and the individuals' talents.

2.2.3 Retaining talent

Retention of talented individuals to enable a firm to build an inimitable source of competitive advantage is arguably one of the main purposes of TM (Hughes and Rog, 2008). According to Holland *et al.* (2007), the attraction and retention of employees has become an increasingly significant aspect of building organisational capabilities to ensure sustained competitiveness. In addition, Holland and his colleagues further infer that if non-human resources are generally available to all firms in particular industries, then competent employees are a major factor in producing enduring differences in organisational performance. It has been argued that organisations that invest resources in attracting and retaining employees turn potential problems into the opportunity to gain industry leadership (Boxall and Steenveld, 1999). This is because, if employees are developed and retained for a long period of time, they accumulate knowledge of systems within the business, organisational know-how and competences which are specific to that business. This enables these employees to deal with challenging situations within their roles.

Losing talented employees entails a significant cost to an organisation (Lawler, 2008a). According to Lawler, there are numerous studies (which he does not in fact cite) that have addressed what people value about work. These studies show that development opportunities, pay, promotion and supervision are among the main features. Accordingly, Holland *et al.* (2007), infer that talented employees, also known as 'gold-collar' workers because of their status in the labour market, are career-minded. However, owing to the

managerial focus on the outcomes of investments in human capital, most employees leave an organisation without any knowledge of the career opportunities available to them (Lawler, 2008a). Lawler recommends that firms should take an interest in finding out what employees' value in order to create an environment that provides those values, which in turn may lead to greater employee commitment.

One of the key factors in the retention of skilled employees is the provision of training and development. In a study of those aspects of HRM that are particularly important to employees, Edgar and Geare (2005) found that training and development was considered to be of paramount significance. In another study, conducted by Boxall *et al.*, (2003), a lack of training opportunities was identified as one of the major reasons determining employees' decisions to leave their employers. In the light of these studies, TM as a means of developing employees' competences, knowledge and skills has the potential to lead to the retention of high-potential employees.

There are different approaches to retaining talented employees. For example, there are organisations using what Blass (2009) describes as the competitive dimension, which is aimed at preventing competitors from stealing talented employees. Those who take this approach primarily have to give their high-potential employees what they aspire to (for example, financial rewards, training, career development) in order to keep them away from competitors. The development approach adopted in this case is both intentional and opportunistic (Blass *et al.*, 2006). Another example of a talent retention strategy is the developmental perspective. According to Blass (2009), TM in this case implies planning clear development paths and schemes to lock the high-potential employees into career paths, thus gaining their commitment to the organisation.

Talent retention by its nature tends to encompass succession planning. Brewster *et al.* (2007) note that international organisations want to know who their top people are (talent identification) and how to develop them, getting them into the identified key positions and building succession cover for these positions. In this respect, international organisations have to develop a much deeper understanding of the links between their business agendas and the capabilities of the most talented people in their organisations, as well as understanding the potential for mobility among these people (Sparrow *et al.*, 2004). Thus, talent retention per se is not important unless there is a strong link between the capabilities of the most talented individuals and the business strategy.

Retention of talented employees presents one of the biggest challenges for companies across industries and regions (Stahl *et al*., 2007). Although competitive compensation has the potential to attract and retain talent, there is a realisation among companies that financial incentives are only one element of success (Stahl *et al*., 2007). Creating and delivering a compelling employee value proposition is said to be more critical than monetary rewards (Michaels *et al*., 2001), which are incapable of replacing excitement for a job, long-term career planning and attention from senior managers (Stahl *et al*., 2007). It is not enough to offer financial rewards as a means of retaining talented employees.

In order to attract and retain the best talent, organisations must have a strong and positive employer brand (Brewster *et al*., 2007). This implies devoting considerable effort to developing an employee value proposition. According to Michaels *et al*. (2001), many organisations especially those operating internationally, put considerable effort into developing an employee value proposition by identifying the most important feature of working for a firm. The most important question an employer must ask in this case is 'why should talented people choose to work for us'? In this light, employers must take the time to assess what employees want from their jobs including such factors as work-life balance, flexibility, financial rewards and career advancement.

Internal marketing of the employer brand is vital if a firm is to attract and retain talented employees. From an internal marketing perspective, the personnel are the first market of any company (Ewing and Caruana, 1999). In that sense the employees of a company can even be referred to as its customers. When companies use statements such as 'employees are our most valued resource', it is necessary for them to deliver on that promise. Firms must satisfy the needs of employees as internal customers while addressing the overall objectives of the organisation (Berry and Parasuraman, 1991). For example, PriceWaterhouseCoopers LLP (PWC) has worked hard at achieving balance between the organisation and the individual in its learning and development programmes (Tansley *et al*., 2007). The result is an appreciation of PWC by its employees and it has received accolades for being one of the best 100 big companies to work for (see http://www.pwc.com/uk/en/careers).

As of the late 1980s, there was a massive down-sizing of organisations, redundancies and the removal of layers of management, as organisations endeavoured to increase their efficiency (Blass *et al*., 2006). After this period, there was a shift in the employer-employee relationship in that the employees and employers were tied by looser bonds (Blass *et al*., 2006). In the context of TM, organisations are seeking to retain their high-potential and high-performing employees. But the question is 'having tested a different kind of "relatedness", are employees ready to go back to stronger bonds?' (Blass *et al*., 2006). It is therefore likely that organisations will be faced with managing talented employees who will only comply when it suits them and not necessarily be committed to their employers.

In this respect, Schoemaker and Jonker (2005) conclude that in a service-based organisation, the development and utilisation of talent are crucial in order to remain in business and be successful. In essence, these organisations want to optimise the use of individuals' talents in order to achieve the best possible added value for their clients (Schoemaker and Jonker, 2005). It also becomes more important for individuals to have their talents discovered, developed and used in an organisational context that fits those talents (Schoemaker and Jonker, 2005).

However, the extant literature on TM focuses more on reporting the views of management (see for example Burbach and Royle, 2010; CIPD, 2006a; Stahl *et al*., 2007; Tansley *et al*., 2007). *To date, there is no major study on TM as an international business practice in the English-speaking world which reports the perspectives of the employees involved in TM activities.* This could be explained by the fact that the management are perceived to be the primary consumers of management research. According to Kermally (2004, p.15), 'the strategy of developing talent has an individual as well as an organisational perspective'. However, the literature on TM remains seemingly silent on the matter of individual perspectives.

Indeed, 'organisations have strategies and they formulate strategic objectives within the context of environmental and competitive environments' (Kermally, 2004, p.17). Therefore organisations have to constantly monitor the changes in their environments in order to align their strategies with the changes and in turn develop appropriate competences. Arguably, talented individuals constitute one of the most important organisational capabilities and this asset needs to be developed to match the changes

taking place in the competitive environment (Kermally, 2004). Developing high-potential individuals thus presents one of the means by which an organisation can face its competitive pressures.

Burke (1997, p.18) contends that 'a straightforward case can be made that today's businesses actively need to select and prepare high-potential employees to manage in complex environments'. Indeed, given that business is becoming increasingly international and the market increasingly complex and more global, organisations need to have people with appropriate skills but, more importantly, develop these skills to keep abreast of market needs (Kermally, 2004). Therefore, the utilisation of high-potential employees implies giving them the right opportunities to up-grade their skills in order to enable them to adapt to the changes and face the challenges in their roles.

However, whilst the development strategy needs to reflect the requirements of the business strategy, there is a danger in forgetting about the expectations of talented employees. In this context, Kermally (2004) notes that while organisations expect high-potential individuals to achieve their business goals and to have an impact on their bottom-line, individuals also expect organisations to care for them, to motivate them and to provide effective leadership. If these factors are not present in the work environment, employees are likely to become disengaged.

In addition, Blass (2007) asserts that it is not easy to separate an individual employee's development from his or her career development. The purpose of talent development programmes is not only to maximise their learning opportunities for the benefit of the organisations but also for themselves (Tansley *et al*., 2007). In addition, the highly educated employee is more a mobile investor in his or her own intellectual, social and emotional capitals than a malleable resource for the company (Blass, 2009; Gratton and Ghoshal, 2003). Thus development of talent is also a key concern for individuals, not just the firm.

Tansley *et al*. (2007, p.37) note that 'traditional ideas about career progression continue to be challenged as talented individuals are taking greater account of the ways in which their employer supports the development of their skills and capabilities'. In this regard, highly educated employees are placing more value on their employability (transferable skills) than their employment (Hiltrop, 1999). However, there are both advantages and

disadvantages in offering transferable skills. For example, at some cost to their employers giving employees transferable skills makes them more attractive to other employers (Fevre, 1992). On the other hand, offering transferable skills to employees can turn an employer into an employer of choice.

Much as there is considerable emphasis on giving employees the right opportunities for development, Hart (2006) contends that a vast amount of human talent is wasted and attributes this to the lack of organisational settings that facilitate continuing creative endeavours. Similarly, research in the area of TM suggests that 'a workplace culture in which people can maximise their potential is still not the norm, and this can affect their efforts in the job or cause them to look for opportunities elsewhere' (Tansley *et al*, 2007, p.37). Along the same lines, Thorne and Pellant (2007) argue that talent is not rare as such, but is simply not realised. Tansley *et al*. challenge all organisations to create an environment where:

- *The development of talent is supported*
- *TM has a clear link to the strategy*
- *Employees have opportunities to expand their learning experiences*
- *There is a joined-up thinking in combining the different elements of the human resourcing process*

(Tansley *et al*., 2007, p.37)

Giving employees the right environment that fosters career development is one of the ways in which organisations can build a positive employer brand and retain their most valued talented employees. For example, Ridderstrale and Wilcox (2008) deem creating the right environment for employees to be a major factor in attracting and retaining talented individuals. Indeed, people seek out work environments which recognise their ability (Ridderstrale and Wilcox, 2008). Thus a suitable enabling environment will not only attract and retain talent, but also help these individuals in making a considerable contribution to the productivity of their firms.

As evident in the extant literature, skilled employees are keener on their career development (for details see Gratton and Ghoshal, 2003; Holland *et al*., 2007). Indeed what makes the talented professionals special is the fact that they are career-minded, potentially highly mobile and attracted to jobs that offer genuine challenges and specific opportunities for self-development (ACIRRT, 1999). The understanding by management

of the requirements of these valuable resources is therefore vital for the advancement of TM and particularly in creating the right work environments that support both organisational development and the needs of talented individuals.

The fact that high-potential employees are career-minded is then important for firms not only to create an employee value proposition that supports career development but also delivering on the promise. In order for firms to develop attractive brands, they must use differentiation to give employees a reason to prefer their organisation over another (Storey, 2007). As mentioned earlier, many international organisations worldwide put considerable effort into developing an employee value proposition through identification of the most important features of working for them (Michaels *et al*., 2001). It is therefore essential that organisations give the necessary training and support they need in order to reap the results they desire from their investments in TM initiatives.

Talented employees seem to have the opportunity to choose between employers based on factors such as diversity policy, work-life balance and the extent to which they will have a voice (Blass *et al*., 2006). Holland *et al*. (2007) note that the fundamental characteristic of talented professionals is that they own the means of production in the form of knowledge, therefore, their skills place them in an advantageous position to attract more rewards.

2.3 Introduction

Part three of this chapter is a review of the literature on TM in international operations. In particular, Section 2.3.1 is a discussion of the extant literature on approaches to managing people in the international context, whilst section 2.3.2 addresses current issues and challenges in international talent management. According to Scullion and Collings (2006), there has been considerable growth in the number of international firms who have taken an interest in TM initiatives and subsequently introduced them. In the opinion of the researcher, TM remains curiously under-researched, and especially with respect to the international dimensions of the practice, despite its prominence as a recognised branch of HRM.

Although there have been valuable contributions to TM at a global level (Collings and Mellahi, 2009; Farndale *et al*., 2010; McDonnell *et al*., 2010; Tarique and Schuler, 2010) and an interest in MNCs (Hartmann *et al*., 2010; McDonnell, 2009; Mellahi and Collings, 2010), relatively little is known about TM as an identifiable international practice. The international dimensions of TM habitually fall into a category called 'global TM', which arguably pitches the discussion at a rather abstract level in which local attitudes and assumptions about talent and its management can, deceptively, be side-stepped. In this respect, there is limited comparative work that takes into account national differences (Hartmann *et al*., 2010). To redress this gap, the present study utilises the terminology of international TM as opposed to global TM.

Global management in general refers to the notion of operating in one global market with emphasis on standardisation across countries and centralised control from the headquarters in managing the business (Vance and Paik, 2006). It is therefore, assumed that a firm can use the same approaches in different markets. This implies viewing all markets in which the organisation operates as being the same by applying relatively unchanged, standardised strategies without much consideration for national cultures and their impact on people management. It can be deduced from this view of global management that TM activities at a global level are likely to be standardised with little regard for the national context in which the practices are being implemented. For

example, there are western multinationals that implement unchanged western models of TM in China without much thought of cultural differences (see Hartmann *et al*., 2010).

To build an understanding of TM within an international context, the present researcher chooses to avoid the terminology of 'Global TM'. The term 'international' is preferred as it refers not only to issues surrounding management based at the firm's headquarters, but also those based abroad in the subsidiaries. In this case, international TM can be seen as encompassing, but not limited to, identifying, developing and deploying talent based in different locations abroad, outside the national boundaries of the firm's headquarters. This implies acknowledging the national and domestic differences and similarities of the markets in which the firm operates. The next section explores approaches to managing people in international organisations.

2.3.1 Approaches to managing people in international organisations

This section reviews literature on factors which influence the differences in the management of people within an international context. The extant literature in international HRM indicates that HR assumptions and practices differ significantly across European countries (see: Brewster and Harris, 1999; Brewster *et al*., 2004; Larsen and Mayrhofer, 2006; Scullion and Linehan, 2007). This evidence indicates that there must correspondingly be variation too in TM practices among different national contexts.

Within the European Union and in other prominent 'non-Anglo-Saxon' business cultures (for example China, India, Japan and Russia) it is apparent that concepts of talent and its management are appreciably influenced by socio-cultural, demographic and legal factors, historical traditions and economic impulses, all of which vary in complex ways from one country to another (Holden, 2007). This was in effect recognised nearly 20 years ago, well before TM emerged, by a Japanese scholar, Maruyama (1991) who – ahead of his time - drew attention to 'an internationally uneven distribution of excess and shortage of engineers, professionals and multiculturally experienced managers, resulting in acute problems for head-hunters, in-house training and staff retention'. For example, in the light of TM there are several illustrations of country-specific factors which reveal distinctive and, in some cases possibly unique, embeddings which influence perceptions of talent and its management.

The HRM extant literature reveals that there are two distinct schools of thought as regards approaches to managing people within MNCs: (i) convergence and (ii) divergence. The convergence approach is also referred to as the universalistic approach (see Brewster, 2001) and is said to be one of the most dominant strands in international management research (see Brewster *et al*., 2007; Girgin, 2005). Within the divergence paradigm, there are two distinct approaches to managing human resources in multinational organisations: (i) the culturalist and (ii) the institutionalist perspectives.

First, *the universalistic approach* (Brewster, 2001) was based on the belief that business practices around the world would converge toward the most efficient, namely the US model, as technology imposes similar structures and work organisations (Holden, 2001; Kerr *et al*., 1960). Starting from the 1950s, acceleration of international business brought about a search for management practices in the form of *one best way* approach to managing people effectively across national borders (Girgin, 2005). The convergence approach has three main assumptions: firstly, the ultimate goal in all organisations and cases is to improve performance through high-performance work systems (Brewster, 2001). Secondly, the universal aim of performance improvement can be achieved by using sound and effective management principles that hold true regardless of differences between national environments (Girgin, 2005). Thirdly, proponents of this perspective argue that if local practices are different from these principles, they are expected to be replaced with 'the one best way', converging mainly on the American model as the leading industrial economy (Dowling *et al*., 1999).

The notion of convergence towards the *one best way* practice has been promoted by the forces of globalisation, which has led to the opening of world markets, deregulation, regional integration and improvements in communication technologies (Girgin, 2005). According to Barlett and Ghoshal (1989), the main proposition of the globalisation argument is that nationality factors in the operation of national systems and of companies are no longer influential or important as international companies become 'transnational' which converge to a new 'best model'.

Indeed the proponents of the globalisation thesis, Hirst and Thompson (1999) argue that national economies are being overrun by an emerging system of global economic organisation and control, where decisions are made at the global level (firm's headquarters level) without reference to the nation state. The extant literature shows that

as a result of the embeddedness of MNCs in their home institutional environments, firms may attempt to transfer 'home' practices to their foreign operations (for details refer to Edwards *et al.*, 1999; Gamble, 2003).

In the light of Hirst and Thompson's (1999) proposition, Morley and Collings (2004, p.487) argue that:

> *this is a reflection of the relatively limited ability of nation states to regulate the activities of these global conglomerates which will, in turn, lead to convergence of national economic policies, economic organisation and management practice towards a single "best" model.*

Undeniably the extant literature on TM shows that there is a considerable level of commonality experienced by firms owing to similar environmental factors (see Tansley *et al.* 2007), for example, technological change, aging workforce and global economic conditions. Although there are no explanations of contextual factors (McDonnell, 2009), there is empirical evidence showing some level of convergence in international TM. For example, Stahl *et al.* (2007), claim that TM in MNCs seems to be an area where there is a level of convergence for the following three reasons.

Firstly, TM tends to be associated with the 'best practice' school as such organisations may seek to imitate others. Because little attention is paid to investigating TM as an international practice, there is a tendency to apply the US model of TM internationally. For example, the McKinsey focus on leadership talent and use of ranking, that is, 'A', 'B' and 'C' players appears to be common practice even among European firms. In addition, most businesses appear to take the view that they cannot manage their firms without adopting TM practices (*The Economist*, 2006a). In this regard, Woolridge (2006) observes that MNCs of all types, nationalities and operating across all industry sectors are acutely aware of the significance of managing their talented employees effectively.

Secondly, organisations are said to be attracting similar talent. This may be true to some extent given that the main focus of TM practices appears to be leadership development. However, as will be made clear at a later point, contextual factors such as organisational characteristics may affect the type of talent sought after. Engineering companies, as a case in point, do not just focus on leadership but also other key functions. Thirdly, Stahl

et al. (2007) note that there is an increasing focus on global integration with the result being a greater standardisation of practices to promote internal consistency.

While the possibility of this convergence cannot be completely ignored in some respects, there is considerable evidence to show that national contexts have a strong influence on management practice. Firstly, a recent study by Hartmann *et al*. (2010) of western multinationals operating in China shows that these organisations implement relatively unchanged HRM practices from their home country in their Chinese subsidiaries. Hartmann *et al*.'s study demonstrates that consideration of contextual factors is important in the understanding of talent and its management. Results of Hartmann *et al*.'s study also indicate that, although the Chinese subsidiaries of Western multinationals were able to implement unchanged TM practices from their headquarters, the practices were not successfully internalised. This demonstrates the significance of national cultures and being responsive to local needs in TM practices.

Secondly, in a study of TM practices in Central and Eastern Europe (CEE), Vaiman and Holden (2011) note that some 20 years after the countries rid themselves of their Moscow-oriented socialist regimes, they are still influenced by socialist attitudes and assumptions. For example, there is still not enough talent, after several years of economic transition, to run businesses along market-economy lines (that is, without managerial practices being influenced by a mindset and modes of behaviour acquired under socialism) (see *The Economist*, 2006a; Hurt and Hurt, 2005). Yet, the region is endowed with a well-educated, knowledgeable and skilled workforce (Zupan and Kase, 2005). This example illustrates that IHRM and in particular, talent and the conceptualisation of TM are indeed subject to the influence of country specific factors.

Holden and Vaiman's (2011) study of TM in Central and Eastern Europe also shows that the conception of being talent managed in Poland is different and could be explained by problems of unemployment. For young talented people in Poland, being talent managed implies getting an offer of better opportunities abroad leading to having expectations that are not on the radar of the management as well as the foreign company (Vaiman and Holden, 2011). For nearly seven years, Poland has had a perturbing problem of unemployment which has led to labour migration of more than one million Polish nationals (International Labour Organisation, 2007). Indeed, barriers to international mobility are mostly removed for a majority of the CEE countries, including those which

joined the European Union in 2004 and 2007 (Vaiman and Holden, 2011). From a TM perspective, there are strong grounds for suggesting that expectations of being talent managed may differ depending on country specific factors, as is evident in the case of Poland.

Thirdly, a study of TM practices in the Middle East by Ali (2011) also reveals that contextual factors can influence the way people are managed. The Middle East as a region is characterised by regional political instability and economic vulnerability stemming from reliance on global market conditions which significantly impacts on economic growth and subsequently, the labour market (Ali, 2011). Although the region enjoys (i) economic expansion and growth, (ii) highest levels of labour force growth and (iii) the youngest labour force (World Bank, 2007), political instability has been a detrimental factor for human capital development as it stimulates anxiety and uncertainty surrounding the future and economic welfare and frustrates and distracts people from engaging in productive economic activity. As a consequence of these contextual factors, talent retention may prove problematic as high-potentials may migrate to more stable economies. For example, political instability in Iraq since the 1980s has led to mass migration of Iraqis leaving the country in a shattered economic condition (Ali, 2011).

These three examples provide evidence to challenge the 'one best way' convergence approach to managing human resources in international organisations. Following these examples, it can be argued that TM creates, and is created by, practices which are not only organisation-specific, but also dependent on the socio-cultural context in which TM is being practised. Thus it is important to study the contexts of international practices in order to understand what constitutes successful TM in particular countries and regions. Given the fact that there are examples of the possible differences in the management of people, we can now profitably turn to the divergence approach.

Second, *the divergence approach* or contextual paradigm (see Brewster, 2001) in contrast with the convergence approach does not set out to look for evidence of similarities but searches for contextually unique practices and approaches to management (Brewster, 2001; Girgin, 2005). Within the IHRM literature, the divergence perspective focuses on the variation of policies and applications across different national and regional contexts and tries to understand the particularities of the context with a view to interpret why and how such differences have emerged in these settings (Girgin, 2005; Brewster,

2005). The two main divergence approaches in the IHRM literature are (i) the Culturalist approach and (ii) the Institutionalist perspective, which are now discussed.

The *culturalist approach* seeks to explain the differences in managerial behaviour as mainly stemming from variations in national culture (Adler, 1991; 2008; Hofstede, 1980). As noted by Olie (1996), the culturalist approach endeavours to build an understanding of variations in work organisations, managerial behaviour and human resource practices based on attributes of national cultural distinctiveness in terms of values, ideas and beliefs shared by people in a society. In this regard, several researchers have found geographically based, typically national differences which are deep-seated values about what is good or bad, honest or dishonest, fair or unfair (see Adler, 1991; Hofstede, 1980). According to Hofstede (1980), these cultural assumptions affect the way people in a country (and in particular managers) make sense of the world. Thus, it is possible to conclude that the management of talented and high-potential employees is also likely to benefit from a culturalist interpretation of TM practices.

According to Girgin (2005), the culturalist approach has found widespread acceptance in the IHRM literature based mainly on Hofstede's (1980) value-based behavioural dimensions and concepts of national culture which have made an attempt to account for the influence of culture upon MNCs' behaviour. While a more detailed discussion of Hofstede's cultural dimensions is beyond the scope of this study, some key literature will be covered in order to build an understanding of the impact of culture on organisational behaviour and in particular TM.

Geert Hofstede, a distinguished Dutch management researcher, conducted research in more than 60 countries involving 160 managers and employees working for IBM, a US multinational firm (see Hofstede, 1980). Despite working for the same multinational company, Hofstede's research found that there were highly significant differences among attitudes and behaviours of managers and employees. Hofstede (1980) concluded that culture was the main determinant of the variations in work-related values, attitudes and behaviours among employees and managers within the same organisation, and of the same profession, age, or gender. Hofstede found that there were four dimensions that explained the variances in work-related values and behaviours: (i) Individualism and collectivism, (ii) Uncertainty avoidance, (iii) Power distance and (iv) Masculinity and

femininity. A fifth dimension – Confucian dynamism - was later identified by Hofstede and his colleague (Hofstede and Bond, 1988).

Individualism and Collectivism is a dimension that explains how individuals relate to each other. Individualism refers to the existence of loose knit social networks in which people focus primarily on taking care of themselves and their immediate families (Adler, 2008; Francesco and Gold, 2005). In many western countries most people are happy to live away from members of their family and to have non-emotional links with the organisations they work for (Dowling *et al*., 2008). According to Adler and Gundersen (2008), one of the attributes of an individualist culture is that of free-will and self-determination. For example, in the USA, which is an individualistic country, individuals believe that each person should determine his or her own beliefs and behaviour. This attribute is also reflected in the way American firms manage their employees. For example, American MNCs prefer individual incentives alongside a relatively large pay differential between the top and bottom income earners (Dowling *et al*, 2008; Francesco and Gold, 2005). The individualistic approach is also evident in the way most American firms rank their talented individuals (see Michaels *et al*., 2001).

Some examples of firms that exhibit an individualistic approach to managing human resources are US computer companies IBM and Hewlett Packard. These firms carefully construct their employment practices to individualise employees' relations with prominent features being: personal wage negotiation and performance evaluation, immediate grievance accessibility to management and an internal labour market that provides for mobility and job security (Thompson and McHugh, 2009, pp.162-163).

Collectivism is the opposite of individualism and is characterised by closely knit social networks in which people strongly distinguish between their own groups, for example relatives, clans and organisations (Adler, 2008; Francesco and Gold, 2005; Hofstede, 2001). Collectivists hold common goals and objectives, therefore, people from collectivist cultures expect members of their in-groups to look after them protect them and provide security in exchange for loyalty to the group (Adler and Gundersen, 2008). For example, in a study conducted among Arab executives by Sidini (2006), shows that the majority of the sample regarded employee loyalty as being more important than efficiency. The collectivist dimension of culture affects the extent to which individuals

prefer group working and shared responsibility as well as the extent to which they accept leadership and individual responsibility (Brewster *et al*., 2007).

Other examples also show that whether a society is individualist or collectivist will have an impact on organisational activities including the way rewards are determined (Francesco and Gold, 2005). The use of individual rewards in a collectivist culture may be demotivating. For example, Francesco and Gold (2005, p.134) note that 'Western models of motivation are culturally individualistic; applying them to a collectivist culture is probably inappropriate'. The Japanese saying 'the nail that sticks out gets hammered down' implies that no individual should stand out from the group and therefore giving an individual reward to a Japanese employee could embarrass the recipient and thus be demotivating.

There is also evidence to show that in some collectivist societies, co-workers may actively prevent one employee from receiving disproportionately more than others in the group (Francesco and Gold, 2005). For example, Francesco and Gold (2005) note that outstanding Balinese workers sometimes fear sorcery against them and in Papua New Guinea, a successful employee who dresses well risks being negatively labelled as a 'Shoe sock' for being nicely dressed. In addition, Carr and MacLachlan (1997) note that in Hong Kong, an employee positively recognised by the boss could become a victim of a form of jealousy known as the red eye disease.

According to Alas and Sun (2007), Western management culture starts with the individual whilst the Chinese management culture start with the family as the basic building block. This aspect reveals differences in the approaches to managing people based on the individualist and collectivist dimensions of culture. In this respect, Hartmann *et al.*'s (2010) study of TM practices in Chinese-based subsidiaries of western multinationals revealed that this focus is creating an organisational culture that significantly supports building loyalty and commitment between employees and the organisation. The limited nature of western understanding which does not take account of the distinctive facets of life among the Chinese may be counterproductive for implementing TM programmes.

Hofstede's second dimension - *power distance* - reflects the extent to which the less powerful members of organisations accept an unequal distribution of power (Hofstede,

1980, 2001). Societies with small power distance are less comfortable with power differences such as class distinction or organisational ranking than a large power distance culture. For example, in Denmark which is a small power distance country, there is often a disregard for hierarchy and employees are involved to a large extent in decision making. In large power distance countries, delegation of decision making is a sign of incompetence (Frascesco and Gold, 2005). From the perspective of the power distant dimension, it may be expected that countries with a large power distance may have highly structured hierarchical talent pools.

The third dimension - *uncertainty avoidance* - reveals the extent to which people in a society feel threatened by ambiguity and therefore try to avoid ambiguous situations by trying to provide greater certainty and predictability (Adler, 2008; Hofstede, 1980). Cultures with a high uncertainty avoidance prefer more structure resulting in explicit rules of behaviour, either written or unwritten. Countries with strong uncertainty avoidance such as Germany, Argentina, Greece, Japan, and Belgium to mention but a few, place considerable concern on strict laws with severe penalties for offenders, a high degree of security, and great respect for experts (Adler, 2001; Hofstede, 2001). For example, Greek managers are risk-averse and as a result are likely to stay longer in the same company in pursuit of job security. In Japan, employment contracts are usually permanent, which clearly reflects the need for greater security through lifetime jobs.

However, in countries with low uncertainty avoidance such as Denmark and Singapore, job mobility occurs more frequently (Adler and Gundersen, 2008) and they favour unstructured situations (Francesco and Gold, 2005; Hofstede, 2001). In countries that score low on uncertainty avoidance such as the USA, individuals have strong feelings of personal competency and entrepreneurial behaviour is common and highly valued (Francesco and Gold, 2005). Given the examples above, it is likely that uncertainty avoidance may impact on TM practices and the behaviour of high-potential individuals within organisations.

The fourth dimension proposed by Hofstede is *Masculinity versus Femininity*. According to Hofstede (2001), different societies often have significant differences between men and women's roles. In masculine societies, the tough values such as success, wealth, assertiveness and competition are almost universally associated with men's roles (Francesco and Gold, 2005; Hofstede, 2001). For example, in Germany and Austria were

they have a high rank on the masculinity index, considerable value is placed on earnings, recognition, advancement and challenge (Francesco and Gold, 2005; Hofstede, 2001). Feminine cultures on the other hand place considerable value on tender values such as personal relationship, care for others, the quality of life and service (Francesco and Gold, 2005; Hofstede, 2001). For example, people in Finland which ranks high in femininity value cooperation, a friendly atmosphere, employment security, and group decision making (Francesco and Gold, 2005).

The two dimensions contrasts societies focused more narrowly on career success (masculinity) with those more broadly emphasising quality of life (femininity). On the one hand, feminine cultures focus more on equality (egalitarianism), women may drive trucks or practice law and men may become preschool teachers, nurses or house husbands (Adler and Gundersen, 2008). Women are expected to work outside the home, for example, the Scandinavian countries such as Sweden, and parents are expected to take maternity or paternity leave at their discretion (Hampden-Turner, 1991). On the other hand, countries with a strong focus on career success such as Japan and Austria do not expect women to have a career outside the home; women have to care for children (Adler and Gundersen, 2008). The USA emphasises career success more than quality of life, however as much as they encourage women to work, they offer them limited company support for maternity leave and childcare (Adler and Gundersen, 2008).

The fifth dimension of culture is *Confucian dynamism* which was a result of the first global management survey involving Chinese managers and employees. The survey was conducted by Hofstede and his Hong Kong-based colleague Michael Bond. *Confucian dynamism* measures employees' devotion to work ethic and their respect for tradition (Chinese Culture Connection, 1987). Confucian beliefs are said to be the key explanation of the extremely strong work ethic and commitment among employees in Hong Kong, Singapore, South Korea and Taiwan (Adler and Gundersen, 2008).

Undeniably, there is evidence to show that culture influences organisational behaviour and managerial practice. Firstly, firms view managerial success through their own cultural blinders (Derr, 1986; Derr and Laurent, 1989; Laurent, 1986). As observed by Adler (2002), although North American firms compete with British, Chinese, French, German, Korean and Scandinavian organisations for global executives to manage their worldwide operations, what it takes to reach the top differs from one country to another.

Although North American firms compete for the same pool of executives, the characteristics of what different countries define as talent and success differ considerably depending on the national culture. For example, Swiss and German firms place substantial significance on creativity and competence, whilst French and British companies often consider managers with such qualities as mere technicians (Derr, 1986). Undeniably, these examples have great significance in understanding TM as an international practice.

Secondly, there are also differences in the understanding of the concept of talent in business operations, which can be explained by national cultures. For example, the concept of talent in Germany is strongly related to specialised job knowledge (Ganter and Walgenbach, 2002), whilst in France, managers are expected to deploy French (that is, the national language) with grammatical and lexical precision to persuade, cajole and win arguments (Holden and Tansley, 2007). A talented French manager must exhibit eloquence and persuasion in French. These various examples reveal that the context of the understanding of talent is different among European countries and that national culture may partially explain some variations.

Indeed, a key argument of the culturalist approach is that globalisation as a unifying influence can never be realised as such, because of the deep and multi-layered influence of national culture on the organisation and behaviour of companies (Adler, 1991). Given these examples of how national cultures influence management practices and the behaviour of individuals in organisations, it remains to be seen in this project how culture may impact on TM.

The *institutionalist perspective* is the second approach under the divergence school of thought. The main argument of the institutionalist perspective is that national institutional contexts (for example, government systems, training and development systems) play a major role in determining structures and strategies of organisations (Morgan, 2001). Institutionalists emphasise the pressures on companies to acquire and maintain legitimacy in relation to the environment and the way that interlocking practices can bring benefits in particular systemic contexts.

This perspective presents itself as a more comprehensive framework for the comparative study of different national systems (Girgin, 2005). For example, despite the knowledge

of the influence of culture on organisational behaviour, HR practitioners cannot simply measure cultural values across their operations and predict behaviour, due cognisance must be given to various institutional contexts. Girgin (2005) notes that the main strength of the institutional approach that renders it suitable for comparative studies is the contention that business organisations are 'embedded' in their own national systems and as such the framework allows for the comparison of the organisational behaviour of companies from different national environments. Indeed the country of origin of the multinational firm is said to have a long history of transferring home practices to their foreign operations because of their embeddedness in their home institutional environment.

According to Brewster *et al.* (2007), the development and success of any specific managerial structures and practice such as HRM can only be explained by giving considerable recognition to institutional contexts. In this context Brewster *et al.* (2007) contend that even though values have converged, not all management practices are transferable, therefore, local responsiveness is an important consideration in the conceptualisation of HRM.

As noted by Hollinshead (2010), there have been considerable debates concerning the status and viability of existing institutional arrangements in the era of globalisation. Hollinshead cites an example of Giddens (2002, p.19), who argues that 'many institutions have become 'shell' like, and have become inadequate to the tasks they are called upon to perform'. However, 'a common set of institutions can be found in most societies, including public and private enterprises, public utilities, financial establishments, educational institutions, trade unions and governments/quasi government agencies' (Hollinshead, 2010, p.24).

Apart from culture and institutional factors, there are also other factors that might impact on the way TM practices are structured and how talented individuals are managed, namely: industrial sector and size of the organisation. Industrial sector may impact on the decision for management to either adopt or not to adopt TM practices (McDonnell, 2009). In this context, *The Economist* (2006a, p.2) suggests that 'the war for talent is fiercest in high-tech industries'. In addition, *The Economist* (2006a) also indicates that the growth of professional service firms in recent decades has made TM a critical issue in this industry.

The size of the firm is also likely to influence the extent to which MNCs have formal systems in place to manage their human talent (McDonnell, 2009). The study of Tregaskis *et al*. (2005) and others in the area of training and development as well as HR practices have found that the larger the organisation, the more likely there will be formalised systems in place. Based on this evidence in the literature, it may also be expected that larger firms may have well developed TM systems in place.

2.3.2 TM in international operations: challenges and issues

According to Brewster *et al.* (2005), until recently not much interest was shown in the issues of managing people in international organisations. The interest in issues regarding people management at an international level stemmed from a growing literature on international business (see, for example, Barlett and Ghoshal, 1989; Porter, 1986; Prahalad and Doz, 1987). As suggested by Schuler and Jackson (2009), the global TM challenge is not only significant and growing, but also appears to be a concern across countries and/or organisations.

Indeed, as was mentioned earlier, this search for talented employees has been described as a 'war' (Michaels *et al*., 2001). Consequently, the shortage of employees with the necessary competences and motivation has been described as one of the greatest barriers to success for firms around the world today (Schuler and Jackson, 2009). Yet highly skilled individuals' competences and motivation are crucial for achieving organisational goals and in particular achieving success in international operations.

The current literature on international TM seems to focus more on developing leadership competences (see Collings, McDonnell and Scullion, 2008; McDonnell *et al*., 2010; Tansley *et al*., 2007). To date, there is no research which adequately addresses the issue of a lack of motivation among the talented and high-potential employees. This lack of motivation may be a key indicator of some missing elements in the management of the talented. There are factors that might explain why motivation among the talented and high-potential employees appears to be a problem. These are discussed below.

Firstly, the management in organisations focuses more on the process of TM (Berger and Berger, 2004; Boudreau and Ramstad, 2005, 2007; Tansley *et al*., 2007; Towers-Perrin, 2004) than the talented individuals themselves. More recently, substantial research has

been conducted in the area of global TM (including Collings and Mellahi, 2009; Farndale *et al*., 2010; McDonnell *et al*., 2010; Mellahi and Collings, 2010; Tarique and Schuler, 2010). Currently, there is limited knowledge of how to achieve a balance between the needs of employees and those of the organisation in the TM process. This poses challenges for the engagement and retention of talented professionals.

Secondly, because international engagements are used as a means of developing high-potential employees, there are some reported challenges regarding repatriation. The extant literature shows that while the majority of repatriates are satisfied with the career-related outcomes of their expatriate experiences, many report a number of work-related challenges upon repatriation (Suutari and Brewster, 2003; Westwood and Leung, 1994). One of the major challenges experienced is the lack of understanding of their new international experience and knowledge by their colleagues in the home organisation (Szkudlarek, 2008). To this end, a study conducted by Black *et al*. (1992) indicates a poor match between the new jobs provided to repatriates and their newly acquired experiences, knowledge and skills. Further evidence in Black *et al*.'s (1992) study shows that as little as 25% of Finnish and about 10% of Japanese and US repatriates received a promotion upon return and many were downgraded to lower positions than those which they had held abroad.

In the light of these experiences, international managers are indeed likely to be less motivated to take up international assignments for extended periods of time. This can be attributed to the fact that highly skilled employees' careers may not advance on their return from international engagements. These employees may not be given challenging work and responsibilities especially if they are given a much lower position than the one they held abroad. There is no opportunity for utilising the new knowledge. Although organisations need the commitment of their employees to innovate, take risks and go the extra mile for the customer (Organ, 1990), they are faced with challenges of keeping costs down. According to Scullion (1994), the repatriation problem became acute for many European MNCs because internationalisation often took place at the same time as the downsizing of the domestic business, leading to a reduction in opportunities for expatriate managers on their return home.

Another significant development within the international labour market is the emergence of international itinerants. A study by Shaydulova, Banai and Harry (2007) identifies

international itinerants, who are referred to as a new breed of expatriate managers, who upon completion of their expatriate assignment leave their employer and assume a job in another organisation, either in the same or another country. The international itinerant approach can be described as a means by which highly skilled employees with transferable skills decide to manage their own careers. It would appear that this trend is a result of a failure on the part of international organisations to leverage on the skills and experience gained from international assignments and possibly also a failure to manage the expectations of these employees on their return home.

Thirdly, organisational restructuring and downsizing have created a situation where job insecurity is common-place and individuals are now required to manage their careers (Garavan *et al*., 2001; Herriot and Strickland, 1996). Job insecurity has led to employees losing their trust that organisations will fulfil their side of the deal (Herriot and Strickland, 1996). These authors note that employees question why they should give more of themselves to their firms, when they are giving less to them. As a consequence, the career minded employees are becoming highly transactional in their dealings with their employers (Rousseau, 1990), while conforming to the firm's demands because, for most of them, the labour market power is with the employer. Thus, organisations are faced with conforming employees rather than committed and motivated employees.

Finally, in some organisations, those considered to be talented are not aware of this fact, as long as their employers use an opaque approach. The employers feel that if only a small group of people are considered to be talented, it may not be beneficial to tell them for fear of discouraging others (Blass *et al*., 2006). In this case, it would seem that the 'talented' appear to be treated as commodities (Blass *et al*., 2006; Brannen, 2007; *The Economist*, 2006a), that is, for 'CEO succession' and not as individuals with a vested interest in developing their careers. Blass and her colleagues consider this approach to TM as subversive, as it implies crafting a person's career and future without considering their individual response. In this vein, Gratton *et al*. (1999) argue that the trust in management can remain high if employees can make sense of what is happening in the organisation. Gratton (2000) notes that human beings have hopes and fears, unlike machines which are programmed to deliver in a rational and predetermined manner; they will keep their knowledge and creativity to themselves if there is no trust. Therefore, it would seem prudent to discuss TM initiatives with employees classed as talented, as this will enhance their commitment to the organisation and motivation to work.

2.4 Identified gaps in the literature

The literature review highlights several issues regarding the management of talented employees in the modern business world. Firstly, it is evident that TM as currently conceptualised suffers from theoretical problems. There is no agreement as to the definition of talent nor as to what an organisation might do to manage this most valuable of its assets (*The Economist,* 2006a; Lewis and Heckerman, 2006; McDonnell, 2009; McDonnell *et al*., 2010). Lack of consistency in definitions can be explained in part by differences in industries and organisational characteristics. For example, in a study conducted by Tansley *et al.* (2007) the major factors influencing the definition of talent were the type of industry and the nature of work dynamics.

Secondly, the literature remains silent about how organisations create a shared understanding of talent among management and the employees involved in TM activities. The extant literature on TM appears to be based on managerial views of TM, that is, how management conceptualise and operationalise TM. The emphasis is on designing and implementing TM activities for the purpose of achieving organisational goals and gaining competitive advantage. Individual aspects of development are not given much attention.

Thirdly, another problem inherent in the literature on TM, both at domestic and international level, is limited empirical evidence. The existing research on GTM is based on anecdotal information and has a number of theoretical deficiencies (Collings and Mellahi, 2009; McDonnell *et al*., 2010; Tarique and Schuler, 2010). This is a remarkable situation. Considering the attention TM has attracted, there is relatively little empirical evidence of TM in practice. To redress these problems, an empirical investigation of TM practices in internationally operating businesses is at the core of this thesis.

Fourthly, unlike the entertainment and sport sector, the focus of TM is overwhelmingly on the process. As was stated earlier, there is a gap in the knowledge concerning balancing the needs of the employees with those of the organisation within the TM process. There is no study in the TM literature that comprehensively covers the management of the expectations of those being talent-managed. This makes for a key starting point for Phase Two of this project.

In the field of sport and education, talent is an individual possession and is nurtured mainly for an individual's success. But in business, talent is to a certain extent regarded as an organisational resource as opposed to an individual's possession. Thus in the corporate world TM can be seen as a means of securing the compliance of the high-performing and high-potential employees, so that their talent may be utilised within the organisation. The aim of utilising individuals' talents in the business world is to create value for the firm and raise productivity.

From the literature review, it is also clear that talent is unmistakably an individual's property. Therefore, individuals, who own the talent and have invested in developing it through education, training and experience, do have expectations of what they can get out of their jobs and other engagements within their workplace. If individuals' needs are not taken care of, it is likely that they will be demotivated and thus not realise their potential.

The literature also highlights the shortage of employees with the needed competences and motivation as being one of the greatest barriers to the success of firms around the world today (Schuler and Jackson, 2009). Highly skilled individuals' competences and motivation are crucial for achieving organisational success. The way organisations conceptualise and implement TM practices is likely to motivate or demotivate the employees involved in TM activities both at domestic and international levels. In addition, the way an organisation defines and translates aspects of TM in practice can make TM either inclusive or exclusive. For example, the use of non-transparent approaches to identifying and developing high-potential employees makes TM susceptible to raising unintended expectations among the employees involved in TM initiatives. If the perceived expectations are not met, talented and high-potential employees are likely to be demotivated.

The extant literature shows that most of the research into TM does not take national differences into account although there is extensive recognition that the management of talent represents a major source of competitive advantage. By analysing TM practices in internationally operating organisations, the present research endeavours to take into consideration the differences in the TM practices among different informant companies.

Lastly, as evident from the literature review, TM lacks a strong conceptual base (Lewis and Heckerman, 2006; Garavan et al., 2008). In a recent study conducted by McDonnell

(2009), he contends that the concept of TM may be soundly grounded in the resource-based view of the firm (RBV) and human capital theory (HCT). A critical review by Lewis and Heckerman (2006) also suggests that in order to make TM more relevant to business strategy, it would be important to draw on strategy fields developed outside human resources. Thus McDonnell (2009), in agreement with Lewis and Heckerman (2006), notes that utilising both RBV and HCT credibility is provided to TM as a distinct and, potentially, useful management system through differentiating the field of TM as a significant strategic approach to the management of the firm's key talented individuals.

McDonnell's (2009) application of HCT to the understanding of TM focuses on developing specific competences among senior managerial talented individuals for the purpose of successful implementation of global strategies. However, as noted earlier in this chapter, it is difficult to separate career development from an individual's development initiatives within an organisation (Blass, 2008). Thus, TM as currently conceptualised and practised appears to ignore the personal development needs of the individuals being talent managed.

Building on McDonnell's conceptualisation of TM, the present study not only focuses on the managerial ends of human capital investment, but also the individual talented employees' interests. Thus the next chapter will explain the adoption of a dual conceptual framework which will be employed in the present research in order to develop a more inclusive approach to the understanding of TM.

CHAPTER 3
THEORETICAL FRAMEWORK

3.0 Introduction

The main objective of this chapter is to explain and justify the dual theoretical framework adopted to critically analyse TM combining: human capital theory (HCT) and expectancy theory (ET). By revisiting the foundation of HCT and ET, the framework offers a re-conceptualisation of the nature of investment in the development of talented employees based on how both the talented individuals and the management view their engagement in TM initiatives, in terms of investment and consumption. The rationale for adopting a dual theoretical framework is given first in Section 3.1. This will then lead to the discussion of each theory: HCT is discussed in Section 3.2 in order to clarify its adoption in understanding TM practices in internationally operating businesses. ET will then be examined in Section 3.3, explaining the premise of the theory and linking it to the study of TM. A summary of the chapter is then given in Section 3.4.

3.1 Rationale for adopting a dual theoretical framework

Organisations are defined as 'complex combinations of activities, purpose and meanings' (March, 1981, p.574). For example, management have their own reasons for engaging in TM activities whilst individuals being talent managed may also have their own interpretations of being part of a talent pool. In this sense, a single theoretical lens is insufficient to capture the complexities involved in international TM. As argued by Beech *et al.* (2005, p.17) 'to adopt one perspective alone implies that the situation has a singular nature, it can be viewed from one single position alone'. The situation at hand - TM in internationally operating businesses - is by no means of a singular nature, it is complex. Right from the definition of the two interrelated concepts talent and TM to the implementation of the practices, there is no one best way of either defining or implementing the initiatives.

In addition, TM has two key stakeholders (employers and employees) with different interests; this aspect makes it a complex system that requires a multi-perspective approach. Therefore the complexities involved in talent management include dealing with people from different nationalities and cultural backgrounds. As observed by Glegg *et al.*, (2008, p.xxi), 'when people come to work they do not leave their non-work

identities behind…every one of us has a more or less complex individual and shared cultural life…' In other words, TM as a people management process is a complex organisational practice that requires a multi-perspective analysis. Analysing a complex people management practice calls for reading the situation from various scenarios. Undoubtedly, the two theoretical lenses will enable a clearer understanding of the TM process from the employer-employee perspectives.

The current research draws on HCT because it can be linked to the factors that have led to the adoption of TM programmes, that is, training and development of high-potential employees with expected returns of high productivity and profits for the organisation. Although previous research has suggested linking TM to HCT (see Tarique and Schuler, 2010) and using the framework as a conceptual underpinning of TM (see McDonnell, 2009), the theory seems not to have been used as an interpretive framework for TM practices in international organisations, which is precisely what this project does.

It has been argued that TM as a practice focusing on the long-term development of human resources could be theoretically explained by HCT (see Brewster *et al*., 2008; McDonnell, 2009; Tarique and Schuler, 2010). Tarique and Schuler (2010, p.129) note that 'HCT can be used to explain the choices the multinational enterprise (MNE) makes in managing international HRM activities to meet the challenges of GTM'. Indeed, given the high expected returns of investing in human capital, firms and academic writers tend to focus substantially on managerial views and business returns on investment rather than individual gains when considering HCT (Clark *et al*., 1998).

As noted in Chapter 1, the choices firms make include investing in and developing the necessary skill-set among high-potential employees in order for MNEs to be equipped in dealing with issues of operating in different national contexts and markets. Employing HCT entails viewing talent in terms of capital and thus costs related to attracting, retaining and developing talent can be viewed as investments in the human capital of the firm (Tarique and Schuler, 2010). However, this presents only a partial picture of TM because even high-potential individuals invest their time, skills and experiences in the practices, as such, they have expected returns of career development and other needs which to this group of employees is their consumption.

Placing considerable attention on the organisational gains and return on the investment firms make in human capital has led to silencing the individual aspect of HCT. Indeed, existing literature on TM focuses on how a firm can leverage the existing competences of high-potential employees (see for example, Boudreau and Ramstad, 2005, 2007; McDonnell *et al.*, 2010) and having the right people in the right positions (Cappelli, 2008; Duttagupta, 2005; Heinen and O'Neill, 2004; Kesler, 2002; Pascal, 2004; Piansoongnern *et al.*, 2008) without much consideration for the individuals. Little attention is paid to developing human capital at the individual level (Gratton and Ghoshal, 2003). The organisational focus provides a useful but limited perspective of TM. In effect focusing on managerial views reveals a unitarist perspective to understanding TM only. However, this is not where HCT was originally positioned and if we go back to the foundation of the theory rather than its application, an alternative conceptualisation emerges.

HCT in its original conception was developed to explain the investments people make in themselves through education and training to improve their productivity and earnings potential over time (see Becker, 1993; Schultz, 1971). The premise of HCT is that ordinary people make decisions about investment in the expectation of greater 'output' and 'profits' just like businesses (Becker, 1962, 1975). Unlike businesses, people invest in themselves through undergoing education and training. Therefore, the underlying belief of HCT is that education creates assets in the form of knowledge and skills, which in turn increases the productivity of *educated and highly skilled workers* (Becker, 1984). Thus the initial focus was on the individual and how he/she creates value for his/her consumption in later life through education. However, as evident in the extant literature on HCT, this focus on the individual has been largely lost in the TM literature and has become distorted by the managerial focus on competitive advantage which leads to extracting value from labour.

In order to accentuate the individual perspective of TM, this project draws on a second theoretical framework - expectancy theory. ET is employed to strengthen the perspective of individuals as proactive agents in the human capital development process. HCT appears to be extremely static because it assumes that individuals will invest and wait for the pay-off without actively pursuing their interests. HCT does not address changes in individuals' views, motivations and expectations over time. In this context, adopting ET

introduces dynamism in the investment process and helps to explain why individual commitment changes over time.

ET is indeed a theory of work motivation but in this project, it is used as a framework for understanding the dynamic nature of TM and the effective use of the practice as a means of fostering employees' commitment to TM activities and the firm. Significantly, ET as a process theory of motivation provides a framework for understanding the cognitive rational decision-making process by concentrating on the psychological and behavioural processes that motivate an individual. Indeed ET as a process theory has the ability to illustrate how people's needs influence and drive their behaviour at work (Beech *et al*., 2005). As a result, Chen and Lou (2002) contend that ET provides a general framework for assessing, interpreting, and evaluating employee behaviour in learning, decision-making, attitude formation, and motivation.

TM as a subject embedded in strategic HRM is likely to have the influence of unitarists. HRM theory reflects a company's shared vision from the unitarist perspective of having common goals between management and employees, who are in a mutual relationship where management takes care of employees' interests while employees satisfy the company's needs. However, Mullins (2010) states that there are often conflicting goals within an organisation since employees may have different personal goals that they wish to attain by participating in organisational activities such as earning high wages, developing their careers and achieving status. Whereas, when they invest in HC, an employer may pay more attention to organisational goals.

Özbilgin (2005, p.161) argues that:

> *HRM's explicit promise to individual workers to offer an alternative mechanism of voice through accommodation of their expectations ... has been very instrumental in concealing its broader promise to employers, that is, competitive advantage and increased productivity through effective management of people.*

The focus on the process reveals an assumption of harmony of interests among the stakeholders involved in TM activities. However, evidence from literature shows that employers and talented employees have different interests (see Gratton and Ghoshal, 2003; Holland *et al*., 2007). For the employers, the key driving force of engaging in talent management is to maintain the competitiveness of the firm. Several studies show

that the importance of a flexible workforce and talented labour as a central factor of production is the ability to maintain competitiveness of firms and places in the digital age of contemporary globalisation (DTI, 1998; Florida, 2002; UNCTAD, 2004). In particular, staffing key positions is an important means for multinational enterprises (MNE) in developing and sustaining a competitive advantage (Tarique, Schuler and Gong, 2006).

As regards individual talented employees with transferable skills, their main focus is not employment but employability (Hiltrop, 1995; Sparrow, 2000). According to Drucker (1998), talented employees, also known as 'gold-collar' workers because of their status in the labour market, are characterised as having high level specialist skills to resolve issues and problems critical to organisational sustained advantage. 'The fundamental characteristic with these workers is that they own the means of production in the form of knowledge and have the ability with these specialist skills to attract large rewards' (Holland *et al*., 2007, p.250). Securing the commitment of these employees through TM practices therefore, becomes even more important because these employees are not just mobile but also career-minded. Considering the disparate interests of management and talented employees, employing HCT and ET appears a more promising route to capturing the complexities involved.

3.2 Human capital theory

HCT was originally developed as a contribution to theories on economic growth. The theory has been extensively developed by American economists Gary Becker building on the work of Theodore Schultz (1902-1998). The focus of Shultz's work was on education as a key to raising productivity which led to the modern emphasis on human capital as a factor in production. In this regard, Shultz (1971, p.54), argued that 'education is one of the major sources for economic growth after adjusting for differences in innate abilities and associated characteristics that affect individual earnings'. Shultz's work laid the foundation for Becker's work. Although there have been many contributors to the theory of human capital, Gary Becker is credited with completing extensive work and formulating the theory (Becker, 1964).

HCT states that *the knowledge and skills that people acquire through education and training is a form of capital, and this capital is a product of deliberate investment that yields returns* (Shultz, 1971; Becker, 1984). In this context, HCT contains both aspects of

investment and consumption. To differentiate between investment and consumption, HCT states that investment implies the acquisition of assets that bring forth benefits over a long period of time, while consumption implies the procurement and utilisation of the final goods and services that bring about instant aid: short-lived benefits (Schultz, 1993). This distinction shows how education and training could be used as an investment, consumption or indeed both. Education and training from the perspective of HCT can be viewed as an investment for an individual and consumption for an organisation; or as an investment for an organisation and consumption for an individual, or both an investment and consumption for the individual and/or the organisation.

Of central importance in HCT is the concept of human capital. The next section takes a significant step towards developing an understanding of HCT in the context of this project. From the perspective of HCT it is not clear how value is created in the utilisation and investment in human capital. From a constructionist perspective, Baron and Armstrong's (2007) model is used to elaborate the social process through which HC is developed and deployed. Baron and Armstrong's (2007) model helps facilitate the construction of the abstract idea of investment to an actual process which takes place.

3.2.1 A framework for understanding human capital investment

According to Baron and Armstrong, HC is one of the three main elements of intellectual capital. This reasoning is consistent with Gratton and Ghoshal's (2003) and Scarbrough and Elias' (2002) views of HC. The other two elements are social capital and organisational capital (Baron and Armstrong, 2007). The model below explains the relationships between these three elements. Of particular relevance to this study is the utilisation of Baron and Armstrong's framework (see Figure 3.0) which helps in illustrating the actual process through which human capital is created and converted into value for the organisation and the individuals.
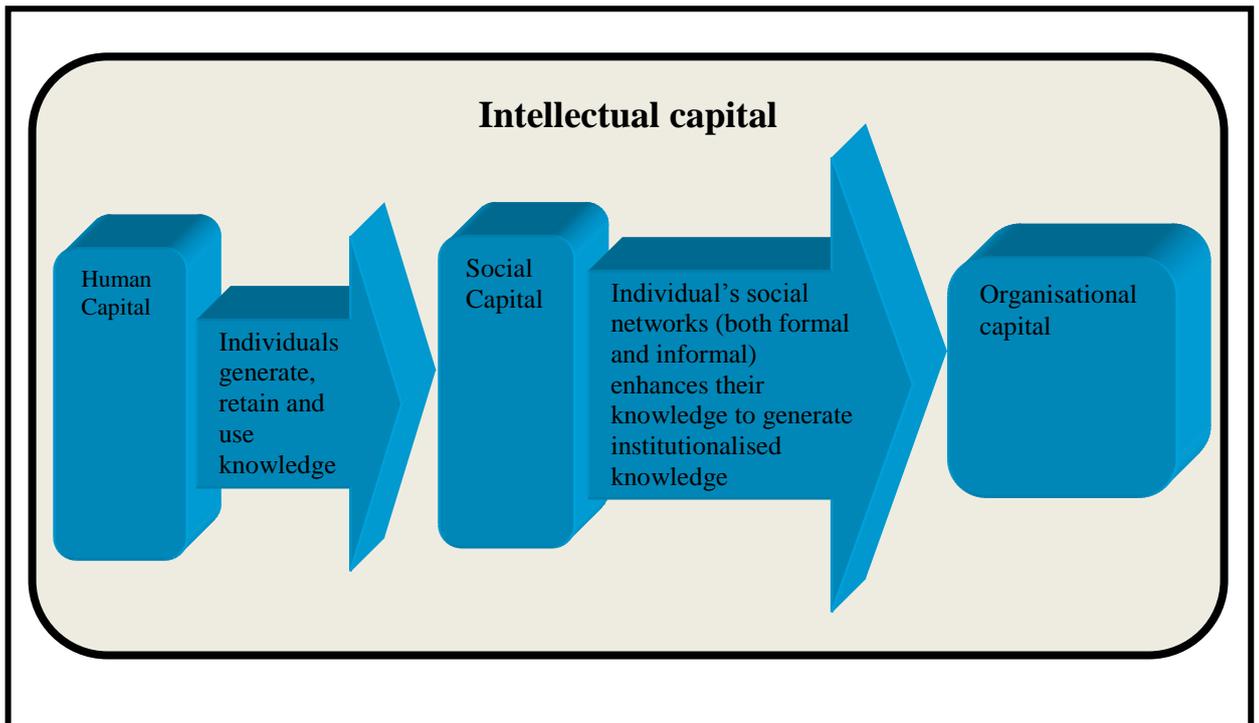
Figure 3.0: Baron and Armstrong's (2007) framework of HC and complementary capitals (diagram construction based on Baron and Armstrong's conceptualisation of HC and the related capitals)

Figure 3.0 depicts a social process through which an organisation endeavours to develop and enhance its intellectual capital by utilising individuals' knowledge, skills and capabilities. Baron and Armstrong (2007, p.6) note that 'while it is individuals who generate, retain and use knowledge (human capital), this knowledge is enhanced by interactions between them (social capital) to generate the institutionalised knowledge possessed by an organisation (organisational capital)'.

There is a causal relationship between HC and social capital in that the information and knowledge individuals own will be positively related to the positions they occupy in social networks and will increase the social capital due to their influence on other members (Lin and Haung, 2005). Through this social process, intelligence is created as organisational members share and exchange knowledge (Nahapiet and Ghoshal, 1998). The knowledge created through this social process is then expected to be utilised in creative and innovative work processes in order to enhance the productivity and competitiveness of the firm.

Intellectual capital consists of the stocks and flows of knowledge available to an organisation (Baron and Armstrong, 2007). In addition, Knight (1993, p.23) defines intellectual capital as 'the sum of the company's intangible assets'. This definition has been expanded to incorporate HC, social capital and organisational capital into the description of intellectual capital (Baron and Armstrong, 2007). Intellectual capital can be summarised as:

Intellectual Capital = Human Capital + Social Capital + Organisational Capital

An organisation's employees possess HC and social capital which can be classed as intangible resources necessary for creating organisational capital and in turn gaining a sustainable competitive advantage. Intangible resources are described as factors other than financial and physical assets that contribute to the value-generating process of a firm and are under its control (Bontis, 1998). Indeed employees' HC is under an organisation's control through the employment relationship.

According to Schoemaker and Jonker (2005), the organisation and the talented individuals become inter-dependent because firms need talented people and their social capital to create the much needed value, while individuals need organisations to develop and use their talents. From an organisational perspective the essence is to increase investment in human talent and leverage employees' skills and competences in order that organisations can create the added value they need. For that reason, HC is an important element in the accumulation of the intellectual capital in an organisation. Scarbrough and Elias (2002, p.11), note that 'the concept of HC rests upon an understanding of employees as assets that contribute to the value-creating capacity of the firm'. Thus, TM organisations are especially interested in employees with demonstrable exceptional abilities and the potential to add value to the business through increased productivity.

Relating TM to Baron and Armstrong's (2007) framework of intellectual capital, it can be argued that the identification or even accumulation of exceptionally talented individuals is no longer enough for an organisation to be successful. As noted by Abhayawansa and Abeysekera (2008), a firm's value is only partially associated with the stock of knowledge embodied in its human assets. A general assumption underpinning the strategic HRM literature is that employees per se are not sources of sustainable competitive advantage (Abhayawansa and Abeysekera, 2008, p.57). In this respect, Coff

(1997) notes that effective HRM practices need to be in place to transform the human resources in a firm to HC that can generate long-lasting value for it. As a result, Abhayawansa and Abeysekera (2008) argue that both the management and motivation of employees and an enabling organisational and social infrastructure are necessary in order to reap the benefits of a capable workforce.

The first element, *human capital* (HC), essentially refers to the education, skills, abilities and knowledge of individuals (Garavan *et al.*, 2001; Youndt *et al.*, 2004). As noted by Davenport (1999), people possess innate abilities, behaviours and personal energy and these elements make up the HC they bring to their jobs. Similarly, Scarbrough and Elias (2002, p.3) note that '…human capital is viewed as something that employees bring to the organisation, but which is also developed through training and experience within organisations'. Thus HC is an individual employee's property but can also be developed further by an employer.

According to Dess and Picken (1999, p.8):

> ...*human capital is generally understood to consist of the individual capabilities, knowledge, skills and experience of the company's employees and managers, as they are relevant to the task at hand, as well as the capacity to add to this reservoir of knowledge, skills and experience through individual learning.*

This definition reveals that HC not only concerns the skills, knowledge and abilities of individuals but also the relevance of these attributes to the task and organisational goals. As a result, an individual's abilities, skills and knowledge can be considered HC for a particular firm only if they are relevant to the achievement of the organisational objectives. HC is best summarised by Scarbrough and Elias (2002) as being 'non-standardised, tacit, dynamic, context dependant and embodied in people'. The fact that businesses differ in terms of the industry characteristics and markets in which they operate implies that the HC required will depend on the context of the business.

The employer's expected returns on investment in HC include improvements in performance, productivity, flexibility and the capacity to innovate, which should result from enlarging the skill base and increasing levels of knowledge and competence (Baron and Armstrong, 2007). The managerial view of HC is to increase the economic value that highly skilled employees can add to the business (Mayo, 2001; Pfeffer, 1994). Much of the emphasis in the strategic HRM literature focuses on increasing HC within the firm as

well as attracting and retaining individuals with sought-after skills and knowledge (Boxall and Purcell, 2003; Truss and Gratton, 1994; Youndt *et al.*, 2004).

Academic researchers have for several years stressed the importance of HC and managing it effectively for organisational success (Baron and Armstrong, 2007; Bartlett and Ghoshal, 2001; Black *et al.*, 1999; Evans *et al.*, 2002; Scarbrough and Elias, 2003). Dowling *et al.* (1999) and Scullion (2001) argue that it is even more important to manage HC effectively in international business. TM activities are considered important as a means of attracting, identifying, developing and retaining the HC necessary to meet the strategic needs of the firm.

As was mentioned earlier, for the employee, the expected returns from HC are higher earnings, greater job satisfaction, better career prospects and, at one time, better employment security (Baron and Armstrong, 2007). These returns take the form of both financial and non-financial rewards. For example, Holland *et al.* (2007), note that employees with a high level of performance and high potential are career-focused. There is, therefore, an expectation that an organisation will help them to upgrade their knowledge, skills and ability in order that they will remain employable in the wider employment market (Holland *et al.*, 2007).

In addition, talented employees seem to have the opportunity to choose between employers based on factors such as diversity policy, work-life balance and the extent to which they will have a voice (Blass *et al.*, 2006). In this regard, Gratton and Ghoshal (2003) note that a highly skilled employee is a less malleable resource for an organisation as well as a mobile investor in his or her own intellectual, social and emotional capital. Therefore, if the labour market permits it, talented employees can ideally choose where they want to invest their HC, based on where they can obtain greater returns. Otherwise, in a tight labour market, employees will have to comply with the demands of their employers.

However, as observed by Fevre (1992), internal labour markets provide one way in which these workers can be tied to their current employer by offering training which is specific to that employer and thus they ensure that the benefits of training investments pay off. The rationale is that employers do not want to invest in workers by developing skills at some cost which will make them attractive to other employers (Fevre, 1992).

Thus, trained employees will stay, choosing to invest and utilise their HC, because of the prospects of promotion and other rewards with their current employer.

The second element is *social capital* which Baron and Armstrong (2007), citing Putman (1996), define as 'the features of social life - networks, norms and trust - that enable participants to act together more effectively to pursue shared objectives'. Nahapiet and Ghoshal (1998, p.243) define social capital as 'the sum of the actual and potential resources embedded within, available through, and derived for the network of relationships possessed by an individual or social unit'. Thus social capital is not just possessed by an individual but a social unit, that is, an organisation. As will be discussed later in this section, participants in a social network may have different objectives. While management may invest in social capital for the purpose of creating organisational capital, the objectives may be different for individuals.

Social capital exists in the relationships between and among persons and increases as the position one occupies in the social network constitutes a more valuable resource (Friedman and Krackhardt, 1997). Talented individuals' social networks become capital because 'they provide access to the resources members of the network possess or have access to' (Gratton and Ghoshal, 2003, p.3). This attribute of social capital explains:

> *why those who have studied at Tokyo University, Oxford, Ecole Polytechnic or MIT tend to have an advantage over others – irrespective of whether they are smarter than others or not, they tend to have friends in influential positions in other organisations to access new business opportunities and to solve problems. This is why Silicon Valley and other global 'hot spots' yield such enormous value for individual members of these communities.*
>
> (Gratton and Ghoshal, 2003, p.3)

This shows that social capital is undoubtedly capable of delivering added value to the organisation over time (Powell, 1990). The added value is in the form of access to new business opportunities and resolving challenging situations in their daily encounters at work.

It is argued that the social capital generated from the network positions occupied by individuals might be influenced by their HC (Lin and Huang, 2005). As a result, individuals play a central role in creating social capital as it is the employees who own the HC. Baron and Armstrong (2007) recommend capturing individual knowledge

through knowledge management processes as well as taking into account how knowledge is developed through the interactions between people. The sharing of knowledge through the collective network of individual talented employees also presents an opportunity to develop the knowledge base of a company. According to Adler and Kwon (2002, p.21):

> *Through investment in building the network of external relations, both individual and collective actors can augment their social capital and thereby gain benefits in the form of superior access to information, power and solidarity; and by investing in the development of their internal relations, collective actors can strengthen their collective identity and augment their capacity for collective action.*

Ultimately, in TM the creation of social capital is aimed at creating value for the organisation by building new knowledge which then becomes the property of the firm. However, individuals might be tempted to protect their knowledge rather than share it. From Adler and Kwon's (2002) quotation, it can be seen that individuals too can derive some benefits from investment in social capital. However, it remains to be seen in the sample of this project whether individuals' social capital is really recognised in TM programmes.

An individual's HC and social capital can combine to influence career mobility (Lin and Huang, 2005). From a network perspective, Lin and Huang note that the amount of social capital possessed is determined by whether the individuals occupy an advantageous network position in which they are tied to others who possess desired resources such as the information and financial support needed to achieve positive work-related and career outcomes. There are two end results of social capital: first, positive work-related outcomes and second, career outcomes.

As noted by Gratton and Ghoshal (2003), for individuals the democratisation of work life requires each person to take responsibility for his or her own development, instead of passively relying on others to inactively manage it for them. Thus, whilst talented individuals are ready to conform to the TM initiatives within their organisations, they still have to make a commitment to develop their careers. Hence, TM practices such as social activities may play dual roles: creating organisational capital and building networks for career development.

The third element is *organisational capital* which is another form of capital related to HC and is also referred to as structural capital. It comprises the knowledge owned by the organisation rather than by individual employees (Baron and Armstrong, 2007). HC resides with people, whilst social capital is embedded in the relationships between them (Hüppi and Seemann, 2001). Social capital translates HC into organisational capital. In other words, social capital acts as a channel for accelerating the creation of organisational capital.

Indeed, individuals play a key role in creating organisational capital. For example, people generate, retain and share knowledge through their networks and social interactions, thereby creating knowledge for the organisation. The knowledge created is then institutionalised and becomes embedded in the organisational system. Individuals can create knowledge which then becomes the property of the organisation and is institutionalised over time. Organisational capital therefore plays a key role in linking individual HC to the firm's competitive advantage. As observed by Dess and Picken (1999), the concept of organisational capital plays a crucial role in bridging the gap between the firm's bundle of resources and the systematic process within the organisation which facilitates the creation of value for the customers and the firm's competitive advantage.

Theoretically, when the knowledge becomes embedded in the organisational system, it is independent of the individuals who developed it (Davenport and Prusak, 1998). In this regard, an individual expert can leave an organisation without bringing the process to a standstill or reducing the company's stock of embedded knowledge (Baron and Armstrong, 2007). Surely, the company's stock of knowledge could be reduced in certain circumstances, depending on the expert and the context of the knowledge.

Although Baron and Armstrong's (2007) model does not emphasise the individual dimension of human capital investment, deconstructing the elements of the framework reveals that it is a social process with both individual and organisational gains. When employees invest their skills, capabilities and experience in organisations, they will have certain *expectations* which, in the light of HCT, can be termed a return on their investment. As noted by Ehrenberg and Smith (1994) HCT conceptualises employees as embodying a set of skills which can be 'rented out' to employers. For individual talented employees there is an expectation of returns on their investments.

3.2.2 Rationale for using HCT as a framework for understanding TM

In the context of TM, using HCT as a framework in the present study is relevant for three reasons. Firstly, HCT as advanced by Becker (1976) helps in identifying the conditions under which investment in the development of human resources makes economic sense for the individual and the business enterprise. Becker's (1976) HCT includes both schooling and on-the-job training which enhances workers' natural abilities and increases their productive capacity over time. On the one hand, the individuals invest in education in order to develop their knowledge and skills which make them attractive to firms. Shultz (1971, p.36) notes that 'while any capability produced by human investment becomes a part of the human agent and hence cannot be sold, it is nevertheless in touch with the marketplace affecting the wages and salaries the human agent can earn'. Individuals who invest in their education then become highly skilled; have the advantage of getting well-paid jobs and returns on their investment.

On the other hand, when firms decide to pursue a particular strategy, they have to determine whether they have the capability to pursue their goals. In analysing their strategic capability, firms will have to decide whether to develop their employees internally or hire those who already have the necessary skills and competences. The overarching goal in making these 'make or buy' decisions as regards talent acquisition and development is to maximise performance by minimising the transactional costs involved in either developing high potential employees or hiring experienced highly skilled employees. As was noted in Chapter 2, if all employees are regarded as talented and included in TM programmes, then TM is nothing more than reinventing the traditional stance of HRM. Therefore, by segmenting the workforce and identifying positions that differentially contribute to the organisation's sustainable competitive advantage, a firm will be better placed to make investments in their human capital (Boudreau and Ramstad, 2005).

Secondly, HCT as an economic theory has mainly been to explain why investments are made in individuals and why such investments affect their productivity and earnings. There is a realisation among organisations worldwide that the knowledge, skills and abilities of their talented employees represent a major source of competitive advantage (Collings and Mellahi, 2009; Lewis and Heckerman, 2006). As noted by Brewster *et al.* (2008, p.31), 'there is thus a growing recognition that a primary source of competitive

advantage derives from a company's human resources; also that this source of advantage may be more inimitable and enduring than a particular product is'. Brewster *et al.* (2008), note that HCT links investment in employees to increased productivity and sustained competitive advantage. Thus, there is a high propensity for firms to adopt human capital development initiatives (Mayo, 2001; Oliver, 2001; Pfeffer, 1994).

Thirdly, according to Becker (1993, p.20), firms invest in individuals because 'workers and their employers get bonded together in large part because of on-the-job learning and training'. Japan as a country has a considerably stable life-time employment; job changes are much less frequent, mainly because on-the-job investments are much greater (See Becker, 1993; Kato, 2001). Investing in employees through development is a means by which organisations can retain their most talented human resources. Thus TM can be seen as one of the high performance and high commitment HR practices aimed at retaining talented individuals while maximising their productivity to the organisation.

Fourthly, HCT claims that investment in human beings through education and training is capable of obtaining returns for the individual. People who have undergone education and training not only have a high level of productivity, but are also likely to have higher earnings. In Becker's (1976) view, investments in education and training are realised in the form of higher income later on, because a greater level of human capital makes people more productive as they take up more demanding jobs. For example, if an individual leaves school without acquiring the ability to read and write, that person will not have added to their human capital in the same way as someone who has qualified as a physician, or someone with an MBA (Fevre, 1992). More human capital leads to more productive workers with the ability to improve firm productivity resulting in increased outputs and profits. Therefore, employers will have the means to pay more for their investment in that individual (Fevre, 1992).

3.3 Expectancy theory

The concept of expectations which is at the core of Phase Two of this project is vague. According to Porter *et al.* (1975), expectations are the beliefs individuals hold about what leads to what in the environment and serves as a visual map of the organisation. Expectations are said to be contingent and constantly modifying in the light of the environment, communications and employee interactions within the workplace (Hubbard and Purcell, 2001). Thus expectations may be referred to as the subjective possibility of

an individual which changes over a period of time based on experiences within the workplace.

Employees' expectations for current positions can be deeply influenced by previous work experiences or beliefs of what work would be like (Porter *et al*., 1975). As noted by Davy *et al*. (1988), when an individual's expectations are not met, dissatisfaction is likely to occur and this may manifest in lower levels of commitment, productivity, trust, higher intentions to leave as well as absenteeism. Indeed, a study conducted by Robinson (1996) shows that unmet expectations lead to strong employee reactions when promises were unfulfilled. In addition, Robinson (1996) notes that unfulfilled promises led to a decline in employee performance, civic virtue behaviour and intentions to remain in the organisation. Significantly for the present study, Robinson shows that the likelihood of disengagement of high-potential individuals can be mediated if there is a high probability that high-potential employees can actually progress and attain senior management positions. Further still, organisational membership behaviour and commitment to TM activities can be enhanced if there is clarity of what the management wants and 'what is in it' for high-potential employees.

Given this background on unmet expectations, expectancy theory (ET) - the second theoretical lens adopted in this study - can help in explaining the rational processes which high potential employees are likely to engage in. The essence of ET is that people are influenced by the expected results of their actions. For example, a London University survey revealed that 90% of graduates expected their employer to contribute to their development (Prickett, 1998). This study reveals that employees have certain expectations of engaging in work activities. If these expectations are unmet, these individuals are highly likely to lose their commitment to the firm and organisational activities.

ET was developed as a process theory of motivation and is based on the idea that work effort is directed towards behaviours that people believe will lead to desired outcomes (Ahlstrom and Bruton, 2010; Mullins, 2010). ET as a process theory plays an important role in understanding what drives people's behaviour at work and what may in effect lead to commitment to organisational activities such as TM.

There are several expectancy theories about work behaviour (see for example, Vroom, 1964; Atkinson, 1964; Lawler, 1971, 1973; Nadler and Lawler, 1983). However, most of the thinking underlying ET was proposed by Vroom (1964). Vroom's ET was founded on the idea that people prefer certain outcomes from their behaviour over others. Vroom's work focuses on formulating a rationale as to why individuals choose to follow a certain series of actions in organisations, particularly in decision-making and leadership. Vroom's (1964) concept of ET has three key variables, namely: valence, instrumentality and expectancy, hence the short form - VIE theory. According to Vroom (1964) motivation is a function of the relationship between:

ET = Valence x Instrumentality x Expectancy

Valence refers to the attractiveness of a preference for a particular outcome by the individual (Vroom, 1964). According to Vroom, valence is the anticipated satisfaction from an outcome. Valence thus differs substantially from value which refers to the actual satisfaction provided by an outcome. Value refers to the actual accumulation of wealth (Vroom, 1964). Because valences result from individual needs and perceptions, their anticipated outcome from engaging in work activities are diverse. Anticipated satisfaction can be derived from different outcomes such as financial and non-financial rewards.

Instrumentality refers to the extent to which first level outcomes lead to second level outcomes (Vroom, 1964). According to Vroom, first level outcomes are performance related and refer to the quantity of output or the comparative level of performance. Some people may perform well for performance's own sake without any thought to the expected consequences of their actions. However, performance outcomes usually acquire valence because of the expectation that they will lead to other outcomes as an anticipated source of satisfaction (Vroom, 1964).

In addition, Vroom refers to second level outcomes which are need-related and derived through the achievement of first level outcomes attained by achieving a high performance level. For example, an individual's high level of performance is a first level outcome: an individual's high level of performance acquires valence as this may lead to second level outcomes such as praise, promotion and a network of colleagues and friends, as well as an increase in pay or a bonus. Many need-related outcomes are dependent upon actual performance rather than the effort expended. People generally

receive rewards for what they have achieved, rather than for effort alone (Mullins, 2010; Vroom, 1964). Therefore, the valence of outcomes derives from instrumentality.

Expectancy, according to Vroom (1964), is the relationship between a chosen course of action and its predicted outcome. Expectancy relates effort expended to the achievement of first level outcomes. When a person chooses between alternate behaviours which have uncertain outcomes, the choice is affected by not only the preference for a particular outcome, but also the probability that such an outcome will be achieved (Vroom, 1964). People develop a perception of the likelihood of a particular action actually leading to the desired outcome. If they perceive that the likelihood of getting a particular outcome is low, they are not likely to expend effort.

The figure below illustrates Vroom's expectancy model.
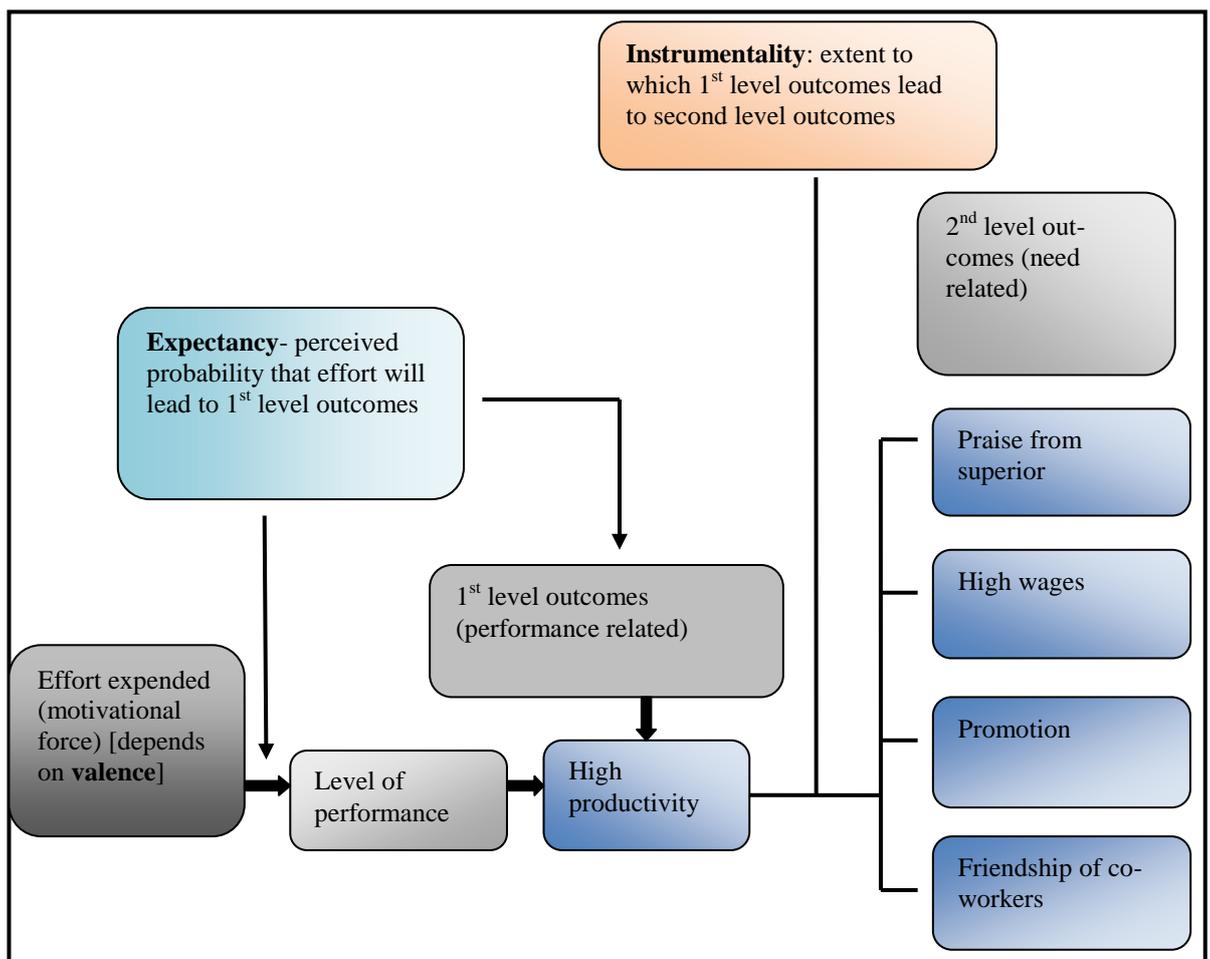
Figure 3.1: Basic model of expectancy theory (adapted from Mullins, 2010, p.270)

Although there are several contributors to ET there is agreement on the three variables (Beech *et al*., 2005). While Vroom (1964) focuses on the work environment, he explicitly rejects individual accounts of personal experiences or clinical insights (Beech *et al*., 2005). Rejecting individual accounts of personal experiences implies viewing individual expectations as having an objective reality outside the minds of these people. Expectations are formed by individual experiences and thus are reliant on personal experiences. Adopting Vroom's version of ET implies silencing the voices of employees who are involved in TM. This research project takes an interpretivist epistemological approach and hence individual employees' accounts of their experiences of TM initiatives are very important. Vroom's approach is thus not suited to a study that draws on employee narratives of their experiences of TM. Rather than using a positivist theory of expectations, Nadler and Lawler's (1983) formulation of ET will be employed because it recognises individual experiences.

3.3.1 Nadler and Lawler's (1983) expectancy theory

In developing and explaining the utility of their theory, Nadler and Lawler confine their work to the development and explanation of employee expectations within the working environment. Because the present research is concerned with analysing and understanding employer-employee experiences of TM initiatives in the work environment, it makes sense to adopt a theoretical framework that takes into consideration the nature of that environment. Nadler and Lawler's (1983) theoretical framework attempts to be more inclusive than earlier formulations of ET (Beech *et al*., 2005; Leavitt, Pondy and Boje, 1989; Nord, 1972). This makes a strong point for employing the Nadler-Lawler approach in the present research.

Of greater significance in Nadler and Lawler's (1983) theory are the following four assumptions which form the foundation of ET (Beech *et al*., 2005; Francesco and Gold, 2005). As noted earlier, Vroom did not recognise individuals' views; he used a positivist approach to understanding behaviour in the workplace. However, Nadler and Lawler recognised individuals as active agents in understanding the behaviour of individuals in the workplace. Hence, Nadler and Lawler based their version of ET on the following assumptions.

Assumption 1 states that *behaviour is a result of both personal and environmental factors*. In Nadler and Lawler's (1983, p.4) view, individuals come into organisations

with what they refer to as 'psychological baggage'. In this regard, Nadler and Lawler note that individual employees have past experiences and a developmental history which has given them a unique set of needs, ways of looking at the world, and expectations about how organisations will treat them. This mental construction of needs and expectations and how these employees are treated influences how employees respond to the work environment (Beech *et al*., 2005; Nadler and Lawler, 1983). As a result, even though the organisation provides the same structure, for example pay and supervisors, for all employees, it will elicit different behaviours from different employees.

Assumption 2 is about *people's decisions about whether to belong to an organisation and how much effort to put into performing influence their behaviour in organisations.* Most observed behaviour is a result of conscious decisions (Nadler and Lawler, 1983). For example, individuals will choose the companies they work for, and, depending on their experiences in an organisation, they will choose whether to stay or not. Nadler and Lawler refer to this as 'membership behaviour', such as going to work and participating in work-related activities. Another type of decision individuals are likely to make is how much of a contribution they make in their roles (Nadler and Lawler, 1983). This implies that individuals decide how much effort they will exert on work-related activities and how well they will do their job.

Assumption 3 states that *because of different needs, people seek different rewards from the organisation.* According to Nadler and Lawler (1983), earlier approaches to motivation, that is the human relations approach, scientific management, job-enrichment and self-actualisation, were unitarist in their prescriptions, since they assumed all employees to be alike. For example, while scientific management assumes that everyone is motivated by rational, economic incentives (for example: money), several studies show that pay does not necessarily have a strong effect on employee attraction or retention (Hiltrop, 1999). Some employees prefer autonomy in their job to financial rewards, whilst others prefer career advancement and social identity (Gratton and Ghoshal, 2003; Hiltrop, 1999). Hence, individuals differ from one another regarding the outcomes or rewards they consider desirable.

Assumption 4 notes that *people decide how to behave based on beliefs about what leads to the most desirable outcomes.* According to Nadler and Lawler (1983), people make decisions between alternative plans of behaviour based upon their expectations of the

degree to which a given behaviour will lead to their desired outcomes. People choose courses of action leading to desired outcomes and avoid those leading to undesirable ones.

Similar to Vroom's approach, Nadler and Lawler's version of ET has three variables, although they are given different names as follows:

1. performance-outcome expectancy (equivalent to Vroom's instrumentality)
2. valence (valence)
3. effort performance expectancy (Vroom's expectancy)

Notably, Nadler and Lawler's ET suggests that in deciding on the attractiveness of alternative behaviours, there are two types of expectancies: effort-performance expectancies (E-P) and performance-outcome expectancies (P-O). Effort-performance outcomes are a result of an individual's ability and self confidence, past experiences and the difficulty of the task (Mullins, 2010). Mullins notes that performance-outcome expectancies are informed by the attractiveness of the outcomes and the belief about who controls the outcomes. There is therefore a strong connection between the attractiveness of an outcome to an individual and his/her performance. There is thus an expectation that if an individual performs in a certain way, he/she will get certain outcomes (Nadler and Lawler, 1983).

Valence refers to an individual's perceived relationship between two types of outcomes - the level of performance achieved and the resulting possible outcomes derived from its successful completion. According to Nadler and Lawler (1983) each work-related outcome has a 'valence' (value, worth, attractiveness) to a specific individual as a result of variations in individual needs and perceptions. In Nadler and Lawler's conceptualisation of valence, reference is made to the actual worth of anticipated outcomes rather than just the anticipated satisfaction from the outcome. High-potential nominations acquire valence because there is a promise of career advancement which is a valued outcome by most individuals.

In Nadler and Lawler's view, individual need and perceptions differ because they reflect different factors in the individual's life such as the need for achievement, career progression, social relations (need for affiliation) or work-life balance. The cause for

differences in individual's valences is captured in Nadler and Lawler's *Assumption 1* which recognises the fact that *behaviour is a result of both personal and environmental factors.*

Performance-outcome expectancy refers to the fact that every behaviour has associated with it, in an individual's mind, certain outcomes, that is, rewards or punishment (Nadler and Lawler, 1983). This conceptualisation of instrumentality differs from that of Vroom who sees it as the extent to which first level outcomes lead to second level outcomes. For example, how recognition of high performance may lead to promotion. Performance-outcomes are need-related, in that employees generally receive rewards for what they have achieved rather than for the effort alone, or through trying hard (Leavitt *et al.*, 1989; Nadler and Lawler, 1983). In the context of TM, an individual may not only get recognition for high-performance but may have enhanced financial and non-financial rewards.

In this case, performance-outcome expectancy is associated with the extent to which a high-potential employee associates performance with promotion, development activities and career development. Performance outcomes usually acquire valence because they are expected to lead to other outcomes (Beech *et al.*, 2005; Nadler and Lawler, 1983), that is, to an anticipated source of satisfaction. For example, in respect of TM, when an employee is identified by the management as 'talented' he or she feels recognised and appreciated. Therefore, the valence of an outcome derives from the 'performance-outcome expectancy'.

Effort-performance expectancy refers to the perceived expectation that effort expended by individuals will lead to successful performance. According to Nadler and Lawler (1983) expectancy relates the effort expended to the probability that a desired outcome will occur. So, when someone chooses between alternate behaviours that have uncertain outcomes, the choice is affected not only by his or her preference for a particular outcome, but also by the probability that such an outcome will be achieved.

High-potential nomination reinforces an individual's perception that effort is positively correlated with performance because managers show recognition. Thus the willingness to act is influenced by the aggregate of all considered valued outcomes (Van Eerde and Thierry, 1996). When individuals are nominated as high-potentials, the management

raises an expectation of progression to a senior management position. High-potential employees realise that there would be more to come for them in terms of climbing the organisational ladder and financial gains and therefore these individuals are likely to exert more effort and show commitment in pursuit for second level outcomes.

People develop a perception of the probability that the choice of a particular action will actually *lead* to the desired outcome (Beech *et al*., 2005; Mullins, 2010; Nadler and Lawler, 1983). Nadler and Lawler (1983) note that performance depends on the perceived expectation regarding effort expended versus achieving the desired outcome. This implies that the key driver to organisational commitment is the achievement of a desired outcome, whatever it may be. When a person chooses between alternate behaviours which have uncertain outcomes, the choice is affected by not only the preference for a particular outcome, but also the probability that such an outcome will be achieved (Nadler and Lawler, 1983). People develop a perception of the likelihood of a particular action actually leading to the desired outcome. If they perceive that the likelihood of getting a particular outcome is low, they are not likely to expend effort.

In relation to TM, identifying and involving talented individuals in TM initiatives can be a form of recognition (first level outcome) for above-average performance and an individual's potential to do better and progress to a position of higher responsibility. Therefore, 'talent managed' employees are usually given opportunities to participate in development training, which is designed to enhance their performance and prepare them for senior positions (for details, see Blass, 2009; Cappelli, 2008b; McDonnell, 2009; Michaels *et al*., 2001; Tansley *et al*., 2007). High-potentials may also be given specific projects and opportunities for secondments, where their special capabilities can be exploited (Tansley, *et al*., 2007).

Having received first level outcomes, individuals develop mental maps of other rewards such as career advancement which can be referred to as second level outcomes. Therefore in order for people to get committed to organisational activities, they need to see 'what is in it for them' and to sense that 'fair play' is being exercised to all concerned. Plainly, the basic understanding of this psychological and behavioural process underpins the success of talent management activities.

3.3.2 Rationale for using ET as a framework for understanding TM

There are four main reasons for adopting ET as a framework for understanding TM in the present research. Firstly, taking into account the dynamic nature of TM, ET seems to offer a promising research route. ET is progressive in the sense that it is a process theory concerned more with how behaviour is initiated, directed and sustained (Mullins, 2010). ET recognises that at different stages and depending on the likelihood of attaining the valued outcomes, individuals' commitment to a particular work activity may diminish.

TM initiatives are equally progressive as they are activities aimed at recognising, developing and sustaining the growth of the identified potential. TM as a process initiates performance-outcomes, that is, the recognition of high potential and high performance which acquires the valence owing to the promise of progression to senior management positions. Therefore, the promise of promotion or career advancement actually directs individual's behaviour to work extra hard and get more committed. Clearly, high-potentials' positive behaviour and commitment to TM activities can only be sustained if the management are able to deliver on the promise of promotion or career advancement.

Significantly, process theories of motivation provide a framework for understanding the cognitive rational decision-making process by concentrating on the psychological and behavioural processes that motivate an individual. Indeed, ET as a process theory has the ability to illustrate how people's needs influence and drive their behaviour at work. As a result, Chen and Lou (2002) contend that expectancy theory provides a general framework for assessing, interpreting, and evaluating employee behaviour in learning, decision-making, attitude formation, and motivation.

Secondly, ET has a conceptual advantage of evoking the positive realisation that employees expect recognition from their employers for their work. The essence of ET is that people are influenced by the expected results of their actions. For example, a study conducted by Holbeche (1998) showed that one-third of high-flyers in the sample would leave their employment if they could not broaden their skills there. Collings and Mellahi (2009, p.4) note that 'those employees who are likely to compose the talent pool are high achievers and may easily become disillusioned if they are appointed to roles with limited scope for the application of their skills or development of their talent'. This aspect indicates that talented employees not only have expectations of gaining recognition but also of being engaged in a challenging role and having the opportunity to develop their

skills and competences, an absence of any of which could lead to talented employees losing their commitment and motivation.

Thirdly, ET introduces employees as proactive agents in the employment relationship, thereby challenging the implicit perception of employees as mere recipients of management's motivational strategies (Carter and Jackson, 1993). As was revealed in the literature review, the talented appear to be treated as commodities for CEO succession and not as individuals with vested interests in developing their careers (Blass *et al.*, 2006; Brannen, 2007; *The Economist*, 2006a). This implies that in many instances the talented do not seem to have a say over their career path regarding TM initiatives. Careers may be crafted according to the business operational needs.

Fourthly, the adoption of ET introduces a political aspect into TM which should lead to the recognition of the diverse interests among stakeholders and in particular, high-potential employees. In this respect ET introduces subjectivity and plurality of interests into the employer-employee relationship. Carter and Jackson (1993, p.93) suggest that 'to fit in with the modernist model of management, employees would have to desire outcomes which managers can provide, and to believe that they were achievable by doing whatever management required them to do'. However, employers and employees do not always share the same goals.

3.4 Summary of the chapter

This chapter has described the theoretical lenses adopted in this study, HCT and ET. HCT has been utilised because both the organisation and the individual place value on HC investment. The concept of HC has been discussed in relation to intellectual, social and organisational capital. HC investment is one of the most important contributions to an organisation's social capital and knowledge. In short, therefore, HC is owned by individuals but is secured by organisations through the employee-employer relationship.

HC was elaborated with the help of Baron and Armstrong's (2007) framework which depicts a homogeneous process of firms' intentions and the end results of investing in HC without much regard for individuals. However, the origins of HCT as an economic theory in the context of education were based on understanding the value creating process carried out by individuals through their investment in their HC. Much of the literature on HCT in the context of education focuses on the individual (see for example,

Becker, 1964, 1976, 1993; Chuang, 1999; Fevre, 1992; Garavan *et al.*, 2001; Green and Montgomery, 1998; Nerdrum and Erikson, 2001; Nordhaug, 1993; Shultz, 1971) as compared to HCT in the corporate world which focuses on investing in HC for the benefit of the firm (see for example, Baron and Armstrong, 2007; Mayo, 2001; Nonaka *et al.*, 2000; Rastogi, 2000; Scarbrough and Elias, 2002). As observed by Kulvisaechana (2006) in his study of HC development within an international context, those on the receiving end of HC practices have received little attention in the literature. This is also evident in the literature on TM as a practice for developing HC. There are limited empirical studies which capture those on the receiving end - employees involved in TM.

The second theoretical framework, ET, although it may be one-sided in that it captures only the expectations of employees, does importantly recognise the diversity of interests among employees. ET used in combination with HCT amplifies the individual dimensions of HC investment. Regarding the use of the dual framework for contextualising TM, a balance between the managerial and individual dimensions is certain to be achieved in the present research, as opposed to glossing over the inherent contradictions within TM initiatives. Hence ET provides a useful complementary theoretical framework for examining TM activities. The limitations of both the theories have been fully discussed in this chapter.

In the light of the literature referenced in this chapter, this study draws on HCT to contextualise TM. Thereafter, attention is shifted from the currently dominant focus on the managerial perspective of TM to employer-employee issues through the adoption of a second theoretical lens, namely ET. Arguably, the critical approach to TM introduces the voices of employees who are involved in TM activities as opposed to focusing on managerial views. As noted by Delbridge and Keenoy (2010, p.802), 'by introducing pluralism and retaining the analytical touchstone of "structured antagonism" as a fundamental feature of the capitalist mode of organisation, critical management studies makes another key contribution to a "critical" HRM'. To this end, these authors also note that (2010, p.802):

> *Structured antagonism arises out of competitive market relations: employers compete for employees while - echoing those individualist orientations – employees seek to maximise their opportunities and rewards from employers. But simultaneously, employers are competing with others in product and service*

markets, and are under pressure to minimise labour costs in order to sustain and improve profits or other benefits.

As a result, the structured antagonism provokes conflicts of interests between the employer and the employee. With regards to TM, there are indeed conflicts of interests between the management and the employees involved in the programmes. However, at present, the employment relationship is treated very much as a given (Boselie *et al.*, 2009; Delbridge and Keenoy, 2010). Employees are there to serve the interests of management in exchange for financial rewards and can be disposed of when their services are no longer needed. As observed by Boselie *et al.* (2009) and Delbridge and Keenoy (2010), part of the background context and its complex impact on managerial practice is of marginal concern. There seems to be no attention paid to the reasons employees engage in paid employment.

The two theories discussed in this chapter will be used as an interpretive framework in order to analyse the case study findings and this is just one important aspect of the methodological and research design adopted in this research. A step by step research approach that discusses and rationalises the strategies used for the entire research will be presented in the next chapter.

4.0 Introduction

This chapter seeks to explain the research design and process used to achieve the objectives of the present study. It begins by contextualising the research methods employed through an examination of the philosophical positions of social science research in Section 4.1. In particular, it discusses the nature of knowledge, that is, ontological and epistemological approaches and how these influence research design. The philosophical underpinnings of the qualitative methods are also clarified. Section 4.2 describes the research design and process, giving details and justification for the various stages by which the objectives of the study were met. Section 4.3 deals with issues of research reliability and validity, whilst Section 4.4 presents the ethical considerations in conducting the research. Finally, a summary of the chapter is given.

4.1 Philosophical underpinning

According to Saunders *et al*. (2007) research philosophy relates to the development of knowledge and the nature of that knowledge. There are two philosophical positions which explain the nature of knowledge: ontological and epistemological. It is important to explain these philosophical positions because they inform the methods adopted for collecting and analysing data.

Blaikie (1993, p.6), notes that the 'root definition of ontology is the science of being', which necessitates asking questions about the nature of existence. In social science, the main focus in the ontological philosophical positioning is the question of whether social entities can and should be considered as objective entities that have a reality external to social actors, or social constructions built up from the perceptions and actions of social actors referred to as objectivism and constructionism respectively (Bryman and Bell, 2003). Objectivism asserts that social phenomena and their meanings have an existence that is independent of social actors' (Bryman and Bell, 2003).

The researcher chooses not to study TM objectively, for two main reasons. Firstly, the phenomenon of TM has different interpretations among firms in the corporate world. Consequently the meaning resides in the minds and contrasting experiences of

management and employees. This places the research in the social world of international companies, where TM practices occur naturally. Therefore, it is necessary to question the social, rather than the physical phenomenon.

Secondly, the concept of TM is socially constructed by the senior management, mainly for the purpose of enhancing individual performance with the expected end being improved productivity of the business. In this context, several authors note that talent has an indisputable value as a competitive weapon (Lewis and Heckerman, 2006; Mellahi and Collings, 2009; Tarique and Schuler, 2010). Given this background, it is undoubtedly clear that TM is a concept which cannot be regarded as being independent of the involved social actors.

As TM is a human activity, the researcher argues for a more constructionist ontology. Organisational practices such as TM are held not to exist independently of the social actors. The key stakeholders make sense of TM through their experience of this organisational practice. Thus, taking a constructionist perspective, this research project views TM as a construct that is dependent on human experiences, perceptions and interpretations. Subsequently, an understanding of TM in international practices in the present research has been constructed through the experiences of the management and talented employees.

Accordingly, Miles and Huberman (1994, p.4) note, 'we think that social phenomena exist not only in the mind but also in the objective world and that some lawful and reasonably stable relationships are to be found among them'. Therefore, TM as a practice in the corporate world has an existence not only in the minds of the employees involved in TM, but also as a negotiated order which is subject to managerial influence. TM is, therefore, a socially constructed phenomenon which has a reality to a collective group of social actors within the corporate world.

Epistemology refers to ideas about what counts as knowledge: the known and set criteria, rather than beliefs (Blaikie, 2001). There are two main epistemologies of what counts as knowledge within the social sciences: positivism and interpretivism. According to Bryman and Bell (2003), in positivism knowledge is associated with observable facts that exist independently from the mind; that is theoretical terms that are not directly open to observation are not considered legitimately scientific. The researcher acts as a 'natural

scientist' (Saunders *et al*., 2000, p.85), interpreting data that have been collected in a value-free manner. Positivism places emphasis on a highly structured methodology to facilitate further replication (Gill and Johnson, 1997; Saunders *et al*., 2007) and is characterised by quantitative, objectivist, or experimentalist methods. The main focus of the positivist paradigm is, therefore, to produce generally accepted universal laws based on observable facts independent of the mind.

For the purpose of this research, the positivist paradigm is deemed unsuitable, because the researcher is of the view that the phenomena under investigation may not be considered legitimately scientific. TM as an organisational practice deals with innate abilities, which may not be directly observable and replicated, since talent is specific to individuals and is said to be a changeable thing. In addition, as already mentioned, the concept cannot be separated from the mind, but is a product of managerial thinking in pursuit of higher productivity and competitive advantage.

Although conceptualisation of TM may not be open to observation per se, knowledge about it can be constructed from company documents, the statements of the management involved in planning and implementing activities and the employees who have gone through the process. Thus, the application of natural science methods may not yield an especially meaningful understanding of TM activities, because an in-depth exploration of the concept in practice is required.

The second epistemological positioning is interpretivism which takes the view that people and their institutions as the subject matter of social sciences are fundamentally different from those in the natural sciences (Bryman and Bell, 2003, p.15). This is because the meanings of the concepts or the phenomena under investigation are derived from the lived experiences of individuals interpreted by the researcher. Thus the researcher constructs the world view, based on an understanding of the investigated individuals' perceptions and experiences.

Whereas in positivism the focus is on establishing universally accepted laws, the interpretivist approach aims at understanding a *concept* within its context. The present study aims to develop the understanding of TM within international organisations by reconstructing and reinterpreting management and talented individuals. The researcher in this approach is regarded as an insider, because data in this study have been collected

through semi-structured interviews with relevant managers and employees. Most writers on research methodology acknowledge that neither of the two approaches is better. Consequently the choice depends on the nature of the research (Blaikie, 2001; Hussey and Hussey, 1997; Saunders *et al*., 2007). Given the nature of the phenomena under investigation, the interpretivist approach has been adopted in this project.

Interpretivism has been deemed appropriate for five reasons. Firstly, the concept of TM has several meanings in the corporate world. There is a considerable ambiguity regarding the definition, scope and overall goals of TM (Lewis and Heckerman, 2006). Saunders *et al*. (2007, p.119) note that the interpretivist approach focuses on describing subjective meanings and social phenomena and drawing attention to (a) the details of the situation, (b) the reality behind the situation and (c) the subjective meanings that motivate actions. Given this background, the lack of clarity surrounding the concept of TM demands a research approach that allows for an in-depth exploration of the subjective aspects of the phenomena under investigation.

Secondly, given that there is a scarcity of empirical studies of TM practices, particularly in the international context (McDonnell, 2009; McDonnell *et al*., 2010), interpretivism allows the researcher to explore the lived experiences of those individuals involved in TM in considerable depth. According to Bryman (1998), interpretivism facilitates the researcher's commitment to the natural environment, it enables the generation of an understanding grounded in the perspective of the research participants. Therefore, engaging in in-depth conversations with research informants implies that the researcher can also enter into the social world in which he/she is interested in order to gain an understanding of the participants' experiences of the phenomena under investigation (Shaw, 1999). Thus, the interpretivist approach will be of considerable importance in establishing what transpires in TM practices within international organisations, as it will enable exploration of an individual's experiences.

Thirdly, because the researcher using the interpretivist approach tries to establish the meanings of individual experiences, the results are subject to an element of interpretation (Creswell 2007). This study does not simply describe TM, but it critically analyses TM practices within international firms. As a consequence, interpretation is a very significant aspect of the present research.

Lastly, as the interpretivist paradigm is qualitative in nature, it is suitable for reviewing other empirical and conceptual studies in order to gain an insight into recent advances in TM. It may also cast light on processes of change and help to assimilate emerging ideas that contribute to the evolution of new theories (Easterby-Smith *et al.*, 2001). Thus, the interpretivist approach will not only identify current practices in the area of international TM, but also reveal implications for the expectations of talent managed employees. Since the approach is qualitative, the understanding of TM is sought through semi-structured interviews and secondary sources of information, such as company documentation and websites, which will facilitate the study of people, events and settings that are not directly observable (Bogdan and Taylor, 1975).

The above reasons justify the interpretivist approach taken. We now turn to the justification for choosing a qualitative approach for this research. The two types of methods used to collect data are quantitative and qualitative. According to Bryman and Bell (2003, p.25) 'for many writers, quantitative and qualitative research differ with respect to their epistemological foundations'. In this respect, quantitative research is associated with the positivist philosophy, whereas qualitative employs constructionist ontology and epistemology (Jankowicz, 2000, p.126). According to Bryman and Bell (2003), quantitative methods are aimed at testing theory whereas the purpose of qualitative methods is generation of theory. On the one hand, quantitative research strategies embody a view of social reality as an external objective reality. On the other hand, qualitative methods exemplify a view of social reality as a constantly shifting emergent property of an individual's creation.

The qualitative approach has been adopted in the present research for three main reasons. Firstly, the principle purpose of the qualitative method is the generation of theory. Given that TM has a weak theoretical underpinning (see McDonnell, 2009; McDonnell *et al.*, 2010), the chosen epistemological orientation is interpretive in nature and more suited to the exploration of TM as a human activity. As noted by Tarique and Schuler (2010), because the field of TM (and indeed global TM) is in its infancy, more qualitative methodologies should be used to facilitate grounded theory building, including participant observation, interviews and content analysis of archival documentation.

Secondly, there is often a presumption among researchers that choosing qualitative research enhances the potential for participants' own voices and values to inform the research process and thus provide a grounded approach to the evaluation of a project or policy (McKie cited in May 2002, p.261). Undeniably, utilising this approach will facilitate capturing the meaning and context of the statements from senior management and TM employees involved in the practice, thereby enabling an in-depth exploration of the issues as they emerge.

Thirdly, the qualitative approach facilitates an understanding of the phenomena under investigation grounded in the perspective of the research participants (Bryman, 1998). In qualitative research, 'the researcher seeks to understand naturally occurring phenomena in their naturally occurring state' (Tucker *et al.*, 1995, p.386). Although an interview is not strictly 'natural', it recreates people's lived experiences through their story telling and reflections on present and past natural occurrences in corporate life. The next section deals with the practical aspect of this research - the research design and a step-by-step process of how it was undertaken.

4.2   Research design and process

This section outlines the steps taken in conducting the research design and the process underpinning the present project. It describes and defends the logic of the steps taken. According to Yin (2009), a research design that is aimed at building an understanding of the phenomenon under investigation is vital to the process of social science inquiry. As there are limited empirical academic studies on the subject of international TM, an exploratory approach was taken in the first instance as a prelude to multiple case studies. The methodology itself forms part of the original contribution to the body of knowledge and, in particular, enhances the understanding of international TM. Below is Figure 4.0 which shows a graphic summary of the research design and process.
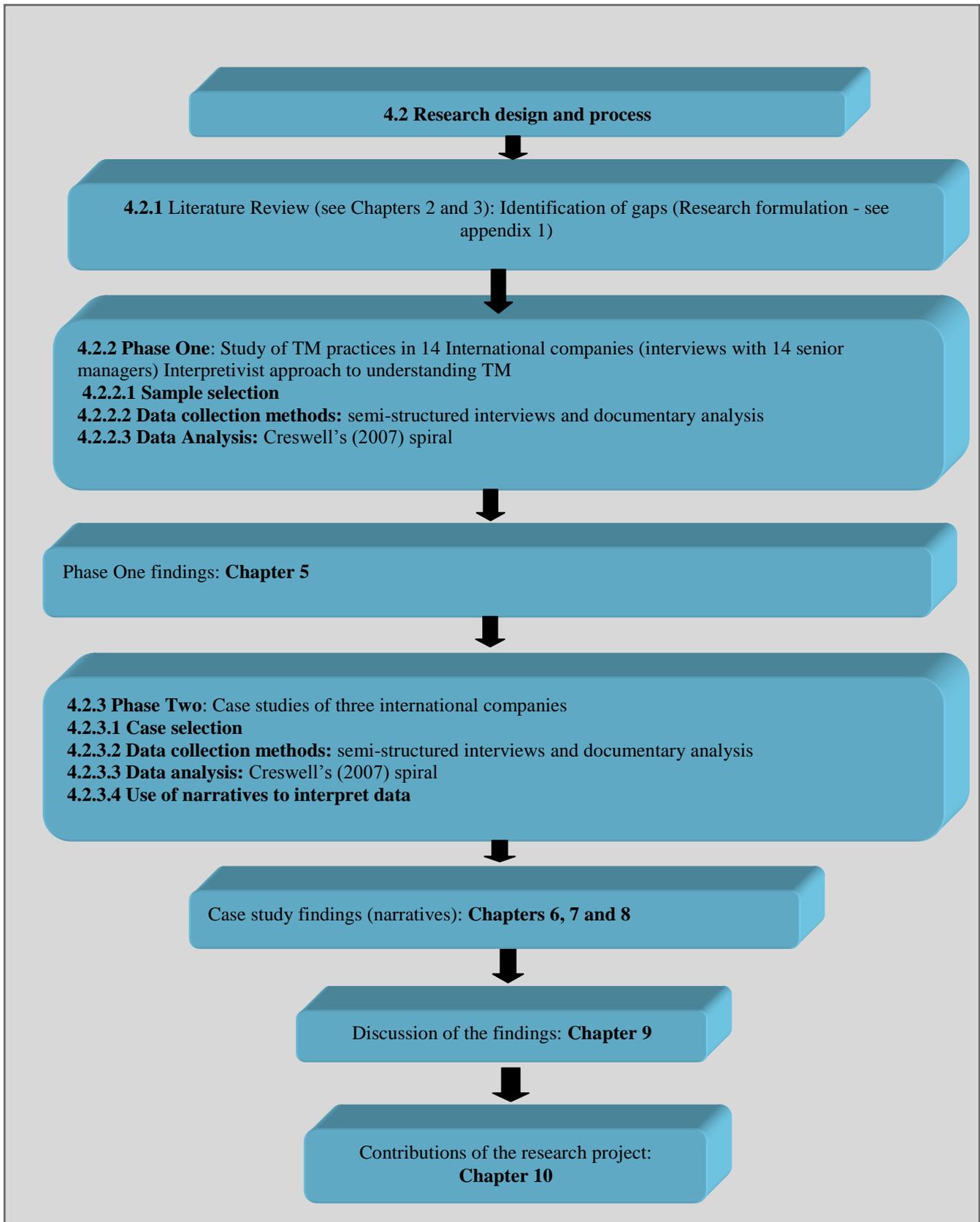
Figure 4.0: Graphic summary of the research design and process

4.2.1 Literature review and research formulation

The first stage was the research formulation guided by a rigorous literature review. According to Yin (2009), a thorough methodological path begins with a thorough literature review and the careful and thoughtful posing of research questions or objectives. To achieve a comprehensive understanding of TM, the literature review was conducted in a systematic way. Initially, articles reviewed were mainly from academic journals such as *Journal of World Business, Journal of HRM, Journal of IHRM,* as well as training and development and international business. The search was later extended to literature from professional bodies such as the CIPD in the UK and consultancy literature in order to capture the major issues surrounding TM in practice. Key search terms were composed of but not limited to: TM, talent, international TM, global TM, high-potential, and high-flyer. Other major sources of information were identified by going through Lewis and Heckerman's (2006) reference list as it was one of the most comprehensive critical reviews on TM at that time.

Because TM is a people management process embedded in human resource management (HRM), it was deemed necessary to contextualise the literature review within this body of knowledge. Such an approach is appropriate because one of the major challenges to have arisen in international HRM in recent years is the significance of maximising the talent of individual employees as a unique source of competitive advantage (Scullion and Collings, 2006). Accordingly, it was considered advantageous to examine closely the empirical and conceptual studies on TM (see Chapters 2 and 3) in order to identify the most effective research design alongside current developments in international TM. As a result, the key themes explored were identified through the review of the literature and are summarised in Appendix 1. The context of Appendix 1 became the key starting point for the present research.

4.2.2 Phase One: exploratory study of TM practices in European international firms

Phase One encompassed an exploration of TM practices in 14 international organisations. The essence of this approach to studying international TM was to establish the essential elements of the practice and some key facets of the structures in place within different business sectors.

The qualitative method of research was considered to be appropriate in collecting data from informants. Using semi-structured telephone interviews were employed due to the

geographical location of informants as well as financial and time constraints. Saunders *et al*. (2007, p.177) note that 'your choice of sampling techniques is dependent on the feasibility and sensibility of collecting data to answer your research question(s) and to address your objectives from the entire population'. In this respect, purposive sampling was adopted. This is a 'non-probability sampling method where the researcher has a clear idea of what sample units are needed and then approaches potential sample members to assess whether they meet eligibility criteria' (Easterby-Smith, Thorpe and Jackson, 2008, p.218).

4.2.2.1 Sample selection

The researcher identified senior managers in charge of human resource development and learning and development functions as being key informants in the first instance. Given that the thesis is concerned with international TM, interviewees were drawn from international companies who had established mature TM programmes. The informants were identified mainly through the researcher's attendance at HRM practitioner conferences such as the CIPD annual HRD conference in conjunction with the World HR congress held in London (UK) from the 16th to the 18th of April 2008. As a result of contact-making at these conferences and subsequent networking, the researcher made initial investigations as regards TM activities in their organisations.

A total of 20 companies were selected between January and June 2008. However, due to other commitments, six senior managers withdrew from the study, leaving a total of 14 informant companies. These companies came from different geographies in Europe according to headquarter (HQ) locations: for example Spain, Denmark, Switzerland, Germany, Finland, Italy and the United Kingdom. This geographical distribution of the sample is significant for understanding TM practices in international firms because headquarters tend to influence corporate culture and styles of formal communication across language and cultural barriers (see Vance and Paik, 2006; Hirst and Thompson, 1999). It is worth noting here that although some firms had mature, well-established functional programmes, they did not explicitly use the terminology of TM. For example, as will be made clear later, the managers of the Finnish firms in both Phase One and Phase Two noted that it was more important for the company to develop the competences of their high-potential employees rather than introducing new terminologies among employees. Therefore some firms included in the sample do not use the terminology of talent and TM. This is covered in more detail in Chapters 5 and 6.

The informants represented companies from eight different industry sectors: energy, pharmaceuticals, paper manufacturing, financial services, construction, engineering, beverage and motor manufacturing. Not only are there eight distinct business sectors, but there is also variety in terms of size of the organisations based on the number of employees. The biggest company employs 200,000 people, whilst the smallest has 800. Furthermore, the titles of the informants were varied including HR Vice-Presidents, HR Directors, Development Consultants, Talent Development Managers and HR Business Partners. The differences in the titles and the relative position of the informants in their companies' hierarchies are significant for this study. Notably, some informants even have the word 'talent' in the titles. Indeed the very distinctions in the job titles suggest that the sample has enormous potential to uncover key facets of TM from, admittedly, a managerial perspective. Table 4.0 shows a summary of the Phase One informants.

	Informants	Sector/Industry	HQ/Base of interviewee	Number of employees
1	HR Director	Oil/energy industry	UK - London	102,000, operating in over 100 countries
2	Vice-President HR	Pharmaceutical	Spain	40,000 with a presence in 50 countries
3	HR Director	Paper manufacturing	Finland	24,983, operating in over 10 countries
4	Director Talent Development	Financial services	UK - London	65,000 operating in over 50 countries
5	Group Organisational Development Consultant	Financial services – insurance	UK - London	57,000
6	Senior Business Partner Global Talent Development	Pharmaceutical	Denmark	26,575
7	Director Communications and HR	Financial services – insurance	Switzerland - Zurich	11,560
8	Vice-President People Development	Financial services	Sweden	6,000
9	Marketing and HR Director	Construction technology	UK - London	800
10	Corporate Executive Development	Financial services - investment banking	Sweden - Stockholm	23,000
11	Vice-President Organisation Development	Motor – manufacturing	Italy	200,701
12	Vice-President HRD	Engineering	USA	3,939
13	Director Learning and Development	Beverage	Germany	3,000
14	Talent Development Director	Engineering consultancy	UK - London	9,000

Table 4.0: Phase One - Primary Research Informants

Having met at conferences earlier, informants were chosen on the basis of their experience and knowledge of TM and management development. From the initial contact, informants expressed willingness to participate in the study. This aspect laid a firm foundation for exploring TM within Europe, as the organisations were not only keen to participate in the study but had also been practising TM for at least five years. Other contacts were made through the 'snow-ball technique', specifically through referrals by the initial sample of talent managers. Interestingly, the senior managers' passion to

participate in the study was even reflected in the emails they sent to their colleagues and subordinates. For example one of the email subjects was 'Let us help develop talent management'.

4.2.2.2 Phase One data collection methods

Two principal methods of data collection were used throughout the first phase, namely semi-structured telephone interviews and documentary analysis. Using semi-structured interviews enabled the researcher to capture the main issues and dimensions of TM practices in international organisations. The interview was chosen as the most effective data collection tool. This method has an advantage over methods such as questionnaires, in that it is better suited for gaining a deeper insight into different perspectives of an occurrence, since clarification and depth can be achieved through the use of probing and open-ended questions (Saunders *et al.*, 2007). Semi-structured telephone interviews were used specifically to gather information from senior managers involved in the planning, delivery and evaluation of TM initiatives between June and August 2008.

Brewerton and Millward (2001) describe the interview as an extremely flexible research tool. These authors further note that semi-structured interviews are generally easy to analyse, quantify and compare and provide a chance of supplying an in-depth understanding of a situation. As noted by Tucker *et al.* (1995, p.386), 'one of the primary advantages of qualitative research is that it is more open to the adjusting and refining of ideas as an inquiry proceeds'. Therefore, it was considered that in-depth semi-structured interviews would be advantageous, especially since interviews can be used at any stage of the process and because information collected in this way is immediate. In this respect, supplementary questions were asked to seek elucidation and gain a more in-depth understanding of the emerging themes from the interviews.

It was not possible to conduct face-to-face interviews owing to financial and time constraints, because the informants were dispersed across several European countries. Thus, telephone interviews were considered more appropriate. The average duration of the telephone interviews was 40 minutes, with interview times ranging from 30 to 80 minutes, usually determined by the interviewees' schedules and interest and knowledge on TM practices. Indeed, telephone interviews provided a considerable amount of flexibility to both the interviewer and the interviewees, because interviews were planned to fit in with the schedules of both parties as convenient. Notwithstanding these

advantages, there are also some disadvantages of telephone interviews. According to Rubin and Rubin (1995), the need to build a relationship and the importance of visible cues in conversations is undermined. This is because there is a lack of visual cues which may cause problems in interpretation; this aspect may also weaken the quality of interviewing. However, 'this problem can be overcome by communicative validation during the course of the interview, or reinforcing the key point of discussions to verify the meaning of the interviewee's remarks' (Kulvisaechana, 2005, p.55).

The researcher took time to establish rapport by giving a brief description of the study and the purpose of the interview. The interviewees were also asked to describe briefly their role in the company, especially in relation to TM. Even though 10 out of the 14 interviewees were not native speakers, they were all very competent speakers of English. In addition, their work experience in learning and development enabled a meaningful exploration of the emerging themes. All interviews were recorded digitally and notes were also taken. At the end of the interview, all interviewees expressed their willingness to be contacted either by phone or email for follow-up questions. This helped in subsequent clarification and elaboration of key issues. A content analysis technique was used for the interview transcriptions.

During the interviews the respondents offered to send copies of their documents in order to allow the researcher to have a better understanding of TM practices in informant organisations. In some cases the researcher asked for copies of any documents relating to TM practices. As a result, analysis of documentary information, such as the relevant literature, company annual reports, websites, HR talent plans, talent assessment tools, and training and development manuals, was also used. These sources of information were evaluated for the purpose of understanding how TM is conceptualised and how it operates.

4.2.2.3 Phase One data analysis

As observed by Robson (2002, p.387), data analysis is necessary because 'the data … do not speak for themselves, the messages stay hidden and need careful teasing out'. According to Herman and Miles (1994), data analysis is not off the shelf; rather, it is custom-built, revised and 'choreographed'. Thus analysis was undertaken by adapting Creswell's (2007) data analysis spiral, in which, as the name suggests, the researcher moves in analytical circles, rather than linearly. However, in this study, instead of

proceeding in circles, data analysis was obtained by a series of steps in a loop. This is presented in the form of an 'iceberg', as depicted in Figure 4.1.

Data Analysis

(xi) Account of the study

(x) Representing; visualising

(ix) Trees; propositions

(viii) Describing, classifying, interpreting

(vii) Context; categories; comparisons

(vi) Reading and coding data; reducing data; paying attention to words and phrases; using metaphors; data management (Use NVIVO)

Seek further clarifications from the informants if need be to verify information

(v) Data managing (organising field notes in files)

(iv) Reading, reflecting and writing notes

(ii) General Review of the information collected

(iii) Creating summaries of field notes; files units; organising data

(i)   Data Collection; interview transcription; field notes and documents

Figure 4.1: An adaptation of Creswell's Data Analysis Spiral

The iceberg depicts that what is observed by those not involved in the present research is the account of the study (Chapters 5, 6, 7, 8, 9, and 10); this is the explanation of the findings after the data have been categorised, classified and interpreted. Figure 4.1 illustrates the steps taken by the researcher in order to make sense of the data.

Interview transcription and field notes: At the very bottom of the iceberg is the data collection and transcription of the recorded interviews (see Figure 4.1). The sources of data were mainly interviews with senior managers complimented by company documents

and websites. Given these various sources, field notes and interview transcripts yielded a very large database. For example, each interview transcript was at least 3000 words. Because understanding this data would be crucial in achieving the study's objectives, the next stage was to read through the information.

General review of the information collected: The information was read several times in order to gain an in-depth understanding, then summarised and organised into files. Therefore, creating summaries of the field notes and file units was an important step in managing the data. At this stage it was also vital to seek further clarification from the informants to verify information and to close gaps in the information. This aim was achieved via subsequent e-mail exchanges and telephone calls. An iterative process of reading through the data and seeking clarification from informants was pursued during this stage of the process.

Creating summaries of field notes – files, units and organising data: According to Creswell (2007), in qualitative research, data analysis consists of preparing and organising the data. In this study, summaries of field notes were created under operational themes in the light of (a) the initial literature review (see Appendix 1), (b) the transcribed notes of the recorded interviews, (c) the notes taken at the time of interviews, and (d) those written during the documentary review. It was then necessary to identify issues pertinent to the aim of the research. Thus the next stage was to reflect on the information collected and write notes.

Reading, reflecting and writing notes: As recommended by Creswell (2007), the field notes and transcripts were read again in order to tease out any hidden meanings, an example being that, in responding to the interview questions, most respondents had reflected on their experiences. This brought TM practices to life and opened new doors of exploration. The textbox below illustrates how the researcher made use of the 'reading, reflecting and note writing' step from Creswell's spiral of data analysis.

Textbox 4.0: Example of researcher's reflection in the data analysis process

It can be seen from the above that the 'reading and reflecting' stage led to making sense of the informants' statements. This led to some ideas for the categorisation of the data. For example, the researcher's notes above led to the "Role of TM" category or "Significance of TM". The process of re-reading and reflecting on the interview transcripts and field notes necessitated writing notes of key information arising from the stories told by informants, which became significant in uncovering crucial messages. Indeed, this step helped to confirm a number of themes reflected in the literature as well as to identify other emerging themes.

Data managing (organising field notes in files): According to Huberman and Miles (1994), coding is considered as a process of data analysis that has the potential to give direction to the ongoing data collection. Accordingly, data coding started at the literature review stage, after which the themes, presented in Table 4.1, were identified. Data analysis involves guiding principles that assist the researcher (Creswell, 2007). By organising field notes in files and coding them, the researcher was able to cope with a vast amount of information. In addition, the iterative process of reading and categorising the data enabled the participants' voices and messages to be heard, thereby enabling interpretation of their experiences.

Initial themes explored	Emerging themes from the data analysis
Understanding the meaning of TM Definitions	1. Terminological ambiguity (broad definitions leaving employees frustrated, narrow definitions not delivering) 2. No shared understanding of the use of terminology between management and talented employees 3. Factors that determine who is considered to be talented across different industries and countries
The role/significance of TM in international operations	TM as a means of identifying future leaders
The process of managing talent	Lack of clarity in the talent identification process The role of HR The role of line managers TM as every manager's job
Understanding TM as a (potential) way of developing human capital	TM as a means of creating human capital for the organisations
	TM and employee expectations

Table 4.1: Initial themes explored, and emerging themes

Reducing and coding data (use of NVIVO): Because semi-structured interviews were used, the result was an accumulation of a significant amount of data that fell into several themes. As noted by Creswell (2007, pp.150-151), 'following the organisation of the data, researchers continue analysis by getting a sense of the whole data base'. Consequently, Creswell's (2007, p.151) spiral was adapted in order to include the computer-based data analysis package − NVIVO. Since NVIVO allowed all the necessary field notes, transcripts and documents created in Microsoft Word to be uploaded, it enabled the researcher to read through the interview transcripts. This provided another opportunity to search for hidden meanings.

It was necessary at this stage to pay close attention to metaphors, words and key phrases; for example, senior managers expressed important factors in their use of the term talent and the concept of TM such as: "Talent is the ability to make profits for the business" and "The talent is not for sport but for business". These phrases suggest that talent is domain-specific; in this case the talent sought after is that of business excellence. Therefore, in the context of international TM, this would enable the corporate world to see talent as equating to the demonstrable ability of individual high-potential employees to increase productivity and generate profits for the business.

The use of NVIVO allowed the data to be revisited in order to generate and confirm the categories. The next step, therefore, entailed the categorisation and coding of the emerging themes and sub-themes, which entailed the organisation and further filing of field notes. Analysis is a way of generating explanations, since it allows for 'searching through the data, generating categories which account for the interpretations and repeatedly reviewing the data, seeking both confirmatory and contradictory evidence' (Simpson and Tuson, 1995, p.80). This process was very time-consuming, since NVIVO is only a computer-aided means of categorising and coding. Consequently much of the work was done by the researcher. Indeed, as noted by Robson (2002, p.389), in qualitative analysis, the technical help is more limited and the researcher often spends a considerable amount of time breaking down the information.

Context, categories, comparison: NVIVO helped in reducing the categories and matching them to supporting evidence. Regarding the context of research, Remenyi *et al.* (1998), note that the epistemological position in qualitative data is described as interpretive. Thus emphasis is placed on an understanding of the social world through an examination of the interpretation of that world by its participants. Accordingly, for this research, contextualising data in the social world of the participants was very important.

Because people construct their own worlds and give meanings to their own realities (Remenyi *et al.*, 1998), the data analysis stage was used to capture yet more insightful stories, words or statements to form part of the analysis, synthesis and interpretation. Therefore, after completing the NVIVO coding and categorising, the next step was to review the various definitions of 'talent' and the context in which the information had been given, such as the national culture and language of the company headquarters, the business sector and the markets in which the company operates.

Comparisons were made; differences and similarities identified. This step in the data analysis was necessary, particularly in the field of TM, about which there is no collective understanding. During this stage, a review of the extracts and quotations from the interviews allowed the messages the informants conveyed, and also how they described their culture, to be understood, specifically in relation to how TM practices were operationalised in their organisations. The researcher then read through the field notes and interview transcripts once more in order to be sure of the context and to make relevant comparisons. In this way, the researcher was able to explain how the TM

process was viewed by the sample population, thereby acquiring valuable insights into their overall perceptions and experiences.

Describing, classifying, interpreting: According to Creswell (2007, p.151), 'code or category formation lies at the heart of qualitative data analysis'. Since this study is qualitative, the collection of results is non-standardised. However, the results do need to be classified into categories (Saunders *et al*., 2007). Therefore, after categorisation and contextualisation, the next stage was to describe, classify and interpret the results in the context of the literature, which led to a critical analysis of the findings in order to bring to light less obvious aspects of TM. In the course of doing so, the theme of expectations emerged as a highly significant non-talent factor that is very significant in advancing the influence of TM practices in international operations.

Matrices, trees and propositions: There are many ways of expressing the data after they have been categorised. Tables have been used to present the different definitions of talent and concepts of TM (see Chapter 5). From the informant statements below, a tree diagram can be used to simplify and express the data in meaningful categories.
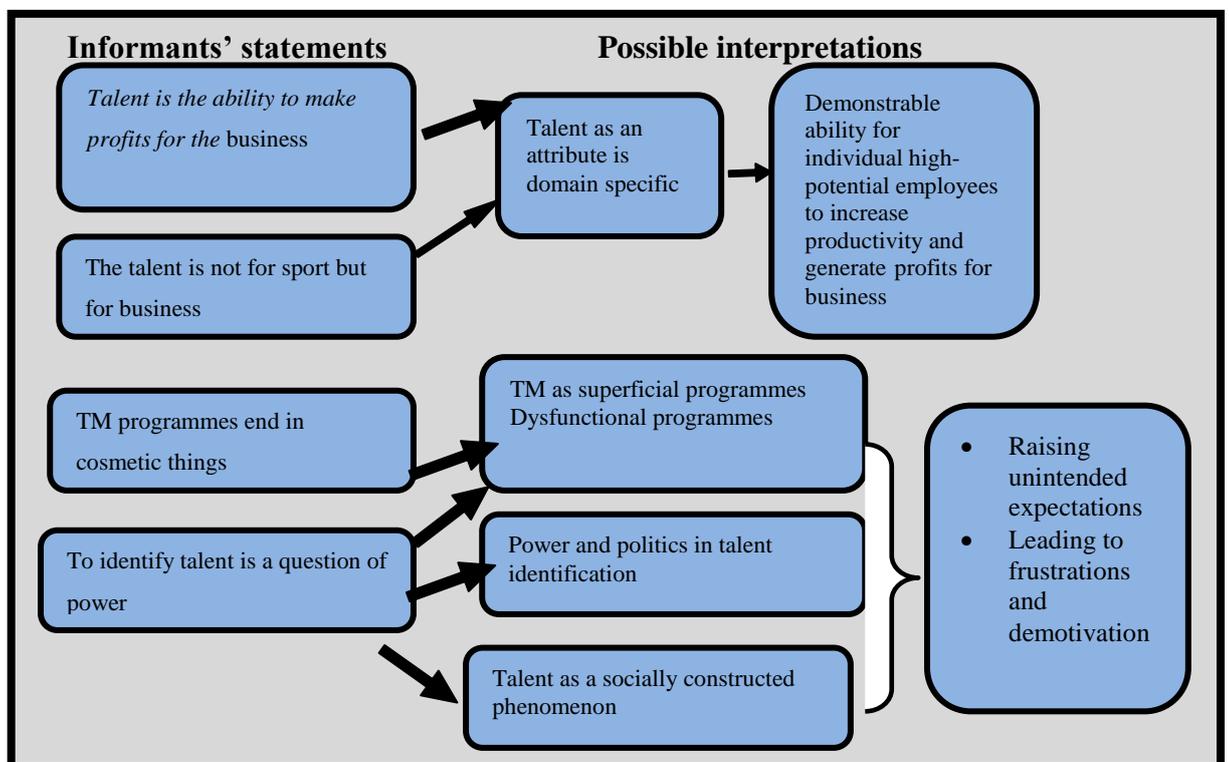
Figure 4.2: Tree diagram illustrating the development of meaningful categories

Representing, visualising: After the description, classification and interpretation of the data, findings can be presented in different ways. Creswell (2007) states that researchers present the data in text, tabular or figure form. In this study, therefore, several figures have been used, for example, (i) the nine grid box used as a talent assessment tool and (ii) an 'iceberg', to present the key themes in Chapter 5 of which employee expectations will be explored further in Phase Two of the study. The next section will explain and justify the steps taken to conduct Phase Two.

4.2.3 Phase Two: case studies of three international companies

The second phase set out to explore in-depth the issues identified in Phase One. This section presents the research design and process employed in the second phase of the study. In the first instance, an explanation of how the sample was selected is given followed by the introduction of informants and a rationale for using a multiple case study approach is given. Thereafter, data collection and analysis are also explained. As a consequence of the findings in Phase One, the second phase examined two perspectives: employer-employee.

It is evident that the literature on TM is largely prescriptive and strongly preoccupied with managerial intentions. For example, in defining talent and TM, the literature describes ideal models of 'identifying, developing and utilising talent' (for example, CIPD, 2006a; Boudreau and Ramstad, 2005, 2007; Tansley *et al.*, 2007). Yet in reality, TM may not be such a straightforward process because Phase One suggested that high-potential employees also have a vested interest. Thus the main purpose of Phase Two of the primary research was to capture not only managerial understandings and interpretation of TM, but those of employees as well. As Tarique and Schuler (2010) observe, unlike IHRM, the most immediate and significant impact of global TM is on the employees and the organisation itself. Therefore, it was significant to explore experiences of other stakeholders in TM, other than the senior management as was the case in Phase One. A multiple case study approach was employed in Phase Two. Three main reasons can be advanced for using a multiple case study approach.

First, according to Bryman and Bell (2003), the main argument in favour of the multiple case study approach is that it improves theory building, due to the fact that two or more cases can be compared. A case study is defined as 'an exploration of a "bounded system" or a case (or multiple cases) over time through detailed, in-depth data collection

involving multiple sources of information rich in context' (Creswell, 1998, p.61). Creswell defines a bounded system as 'a study done within a specific period of time and place'. Therefore, a case study has defined parameters within which the research is conducted. For example, in the present study, the concept of TM has been investigated from inside three international organisations from the perspective of management and employees involved in the practices between January 2009 and January 2010. If the same study had been conducted over an earlier or later period, the results may not be the same owing to the variations that must have been obtained over that particular period. Hence, the approach adopted in this study was to establish the current practices of TM within international organisations.

In addition, as Saunders *et al.* (2000) note, a case should not be studied primarily to understand other cases, because the findings of a case study cannot be generalised, owing to the small number of the sample population. Arguably, findings of multiple case studies can be generalised with respect to theoretical propositions and not to populations or universes (Yin, 2009, p.15). Therefore, although the findings of the three case studies may not be generalised in terms of the population, it can be argued that they nevertheless make a notable contribution to the theory of TM. Indeed it is the purpose of this PhD thesis to demonstrate precisely that.

Second, Yin (2009) contends that the case study approach is relevant for studies that require an extensive and in-depth description of a particular social phenomenon. Yin (2009, p.15) further states that case studies allow retention of the holistic and meaningful characteristics of real life events – such as individual life cycle, small group behaviour, organisational and managerial processes, neighbourhood change, school performance, international relations. Indeed, the present research requires an understanding of TM in its natural setting in order to retain important characteristics of the phenomena under investigation.

Third, the case study approach is useful in answering "why" or "how" questions as a means of gaining an understanding of the prevailing situation (Saunders *et al.*, 2000; Yin, 2009). The present research explores TM practices from the perspective of the employers (management) and employees across three different organisations in order to investigate and compare TM programmes in practice. For that reason by conducting semi-structured

interviews, the researcher gathered the fertile accounts needed to achieve the objectives of this study.

4.2.3.1 Case selection

For the second phase of the primary research, three companies among the 14 in Phase One were to be researched as case studies. An employer-employee perspective was to be used in gathering data through in-depth semi-structured interviews. By design, Phase Two was going to involve more people from a particular organisation, for example, senior HR managers, line managers and at least five employees being talent managed. However, because of the knock-on effects from the financial instability and uncertainty of the business environment caused by the 2007-2008 global financial crisis, most informant companies were unable to release their high-potential and high-performing employees to share their experiences of TM. It was to prove much easier for senior managers to find time to participate in the research than it was to get access to employees involved in TM activities. In many cases, there were issues of time schedule constraints and language barriers. For example, in the German case study, it was difficult to get hold of talented employees who were competent speakers of the English language. By the end of the first quarter of 2009, none of the initial 14 informant companies were able to continue in the study.

After the withdrawal of the initial informants, new contacts had to be established between March and November 2009. Through the researcher's networks, access was granted by six international firms who are market leaders in their industries. Some companies were contacted through attendance at the Lancashire Business School networking events which drew CEOs and senior managers from international companies whilst others were contacted through referrals from the researcher's networks. However, by October 2009 only three highly reputable companies remained in the sample. Industry sectors comprise metal extractions, professional services and energy utilities. In order to ensure continuity of the research programme, the initial Phase One interview schedule was used (see Appendices 1 and 2), followed by Phase Two questions (Appendices 3-6).

The three informant organisations in Phase Two have identified TM as a strategic imperative and have been running TM initiatives for at least five years. They also have mature TM structures and systems, providing fertile material around which to conduct

research. As regards sampling of respondents, it was very important to select the most relevant informants from the chosen organisations who could share meaningful information regarding the research objectives. As in Phase One, purposive sampling (non-probability sampling) was used. Following the structure of talent pools within the case study firms, the management responsible for designing and implementing TM initiatives and employees involved in the practices in each case study organisation were identified. The HR departments in conjunction with line managers played an important role in identifying informants. For purposes of anonymity, fictional company and individual informants' names have been used in all cases. The following table gives a summary of the informants.

Case 1 Inter-Lime	Informant's position	Number of participants
	HR Vice-President	One
	Talent Review Committee member	One
	Line Managers	Two
	Employees involved in TM initiatives	Thirteen
Case 2 GPS		
	HR Senior Manager	One
	Talent Coach	Two
	Line Managers	Two
	Employees involved in TM initiatives	Five
Case 3 EEI		
	Vice-President Employer Branding	One
	HR Senior Manager	One
	Line Managers	Two
	High-potentials	Three

Table 4.2: Case Study companies and informants

Case study one is a Finnish international firm within the extractive industry (see Chapter 6). Case study two is a global professional services company, which has a presence on all five continents (see Chapter 7). Informants were drawn from the UK subsidiary which

has over 10,000 employees. Case study three is an international German energy company with operations in over 30 countries (see Chapter 8). Informants were drawn from Germany and the UK.

In order to collect information and establish the appropriate data collection method, it was necessary to go back to the literature. This was a way of establishing gaps and identifying areas for further exploration in the case studies. This led to the aim behind the motivation for Phase Two:

> *To empirically explore how the managerial conceptualisation and operationalisation of TM in internationally operating organisations influences the expectations of the employees being talent managed.*

4.2.3.2 Phase Two data collection methods

The main methods used to collect data were in-depth semi-structured interviews and investigation of company documents, both electronic and on paper. For Case Study One, the researcher travelled to Finland and spent a week interviewing informants. In addition, there were also a total of five telephone interviews of informants based in other subsidiaries of the company including those based in Sweden, Germany and Poland. For Case Studies Two and Three, telephone interviews were used to collect data because (a) the researcher was not allowed to conduct face-to-face interviews, since management felt that interviewees may be distracted from their duties for longer than necessary and (b) the informants were geographically dispersed. Interview duration varied between 30 and 120 minutes.

4.2.3.3 Phase Two data analysis

As in Phase One, an adapted version of Creswell's Spiral was used to analyse data. In addition, narratives were employed and HCT and ET as interpretive lenses were also utilised. Each of the three case studies were analysed separately by following the steps listed and as described in Section 4.2.2.3.

During the data collection process, a researcher is thrown into the deep end of a company system. Consequently, the data collection process leaves little time for meaningful reflection. Thus the data analysis stage offered an opportunity to reflect and engage with each different situation represented in the narratives from the case studies. Reading, reflecting and writing notes was thus an important step to understanding the prevailing

TM situation in each organisation. Reflection was vital in order to construct the experiences of the management and talented employees. Another important stage in the data analysis process was contextualising, categorising and comparing the information from different sources, which involved studying talented employees' experiences of TM practices, which necessitated exploring their histories by way of their narratives. The next section, therefore, will explore the use of such narratives in case studies.

4.2.3.4 Use of narratives to interpret TM in the case study organisations

As was stated earlier in Chapter 3, individual employees have experiences and a developmental history which has given them a unique set of needs, ways of looking at the world, and expectations about how organisations will treat them (Nadler and Lawler, 1983). According to Karten (1994, p.1), factors that influence expectations include 'lifelong beliefs, past experiences, common sense, wishful thinking, false assumptions, external pressures, the wisdom of those we trust and the slickness of those who mislead us'. In addition, Karten suggests that 'expectations are further influenced by departmental and organisational priorities, management styles, and modes of operations' (1994, p.1). Given the variable nature of expectations, that is, they change over time and are influenced by individuals' perceptions and experiences within organisations, it was considered appropriate to use the narrative approach in understanding TM. Indeed, using narratives in a study of expectations was considered appropriate as they preserve meaning and convey individuals' experiences and expectations within a given context. In effect, using narratives presents a novel approach to researching TM.

According to Elliott (2005, p.3), 'a narrative can be understood to organise a sequence of events into a whole so that the significance of each event can be understood through its relation to that whole'. In the light of an analytical study of expectations that are influenced by past experiences and organisational contexts, it is important to focus on the stories told by the informants in order to gain an understanding of how they make sense of their experiences.

On the other hand, as this study takes an employer-employee approach, it was necessary to use the stories of both parties in order for the researcher to convey the meaning of events embedded in the experiences of the actors. At this point, a definition of a narrative is important:

Narratives (stories) in the human sciences should be defined provisionally as discourses with a clear sequential order that connect events in a meaningful way for a definite audience and thus offer insights about the world and/or people's experiences of it. (Hinchman and Hinchman, 1997, p.xvi)

As observed by Elliott (2005), the definition above brings out three key aspects of narratives:

1. They are chronological and hence form a representation of a sequence of events
2. They are meaningful, in that they help to make sense of a social phenomenon [*within its social context*]
3. They are inherently social, in that they are produced for a specific audience

The notion of chronology is significant for narratives as it defines the beginning, the middle and the end of the story (Elliott, 2005). It gives a definite order that in turn leads to connecting events in order to establish their meaning. Elliott notes that the ordering of the events in a sequence is regarded as the defining feature of narrative. An important point mentioned by Elliott is that rearranging events within a narrative typically results in change of meaning. Given this understanding of narratives, the sequence of the stories from each informant (for example see Chapter 6, Textbox 6.1) has been preserved in this thesis. However, as the vast majority of informants were not native speakers of the English language, the author had to edit the grammar in some cases in such a way as to preserve the essential meaning of statements.

A narrative is further described, by Labov and Waletzky (1997, p.13), as having six separate elements:

1. A summary of the subject of the narrative
2. The orientation (time, place, situation, participants)
3. What actually happened (the complicating action)
4. The evaluation (the meaning and significance of the action)
5. The resolution (what finally happened)
6. The coda that returns the perspective to the present

However, not every narrative includes all the above elements. Therefore, Elliott notes that at a minimum a narrative must include what actually happened and, more importantly, establish the meaning of the story. In this regard, the three case studies (see

Chapters 6, 7 and 8) start by giving the background of the informants' company, then move on to describe TM activities with particular reference to how TM is conceptualised and operated. Evaluation of the meaning of events is conducted throughout the narrative and a summary of key findings is given at the end of each chapter.

Evaluating the meaning of events has been carried out in the light of two conceptual frameworks: (1) human capital theory and (2) expectancy theory (see Chapter 3 for details). These theoretical lenses have been used to make sense of the data collected from the interviews and documentary analyses.

4.3 Reliability and Validity

According to Bryman and Bell (2003, p.33), reliability is determined by the extent to which the results of a study are repeatable. For a qualitative study, reliability is concerned with the degree to which the features of the study's design are congruent with the research inquiries. From the research formulation stage (see Section 4.1 above) there was need for an exploratory study that required an in-depth exploration of TM practices in Phase One. In Phase Two, a multiple case study approach with narratives was considered appropriate for collecting data that would draw on several sources of information (that is, from vice-presidents, senior managers, line managers, coaches and employees being talent managed). In order to ensure that the results are reliable, the same sets of questions were asked to members of a sub-group (for example, senior managers, and high-potential employees) of the sample. Therefore, since all informants were interviewed separately, subject bias was controlled to a large extent.

As regards validity, Bryman and Bell (2003) note that any research should be concerned with the integrity of the conclusions it generates. In qualitative research, validity concerns the use of the right conceptual questions. Therefore, the researcher considered construct validity to be of great importance. According to Yin (2009, p.42), to meet the test of construct validity, an investigator must be sure to cover two steps; (a) to define the phenomenon in terms of specific concepts, thereby relating them to the objectives of the study, and (b) to identify operational measures that match the concepts with the academic literature and other publications. The definition of the main concepts formed the first part of the literature review. The interview questions were not only grounded in the literature, but were also piloted and checked by the researcher's supervisors in order to enhance

their reliability. As a consequence, all questions were supported and analysed by the TM and HRM literature.

4.4 Ethical considerations

Anonymity and confidentiality were guaranteed to all participants both at the beginning and the end of the interview. According to Saunders *et al*. (2000), employees are more likely to say what they know their managers would like to hear if they are present. Therefore, managers' presence can inhibit the flow of information or even invalidate it. Finally, bias was avoided by being as objective as possible in the collection of data and their analysis by bringing out all the important themes and not being selective. Soobrayan (2003), notes that the ethics, truth and politics of a research project are 'contextually driven' and, at the same time, 'contextually bound'. According to Remenyi *et al*. (1998, p.96), 'in business and management studies it is essential to understand the context within which the research is being conducted by considering social or cultural factors that impinge on the research problem'.

The contextual and subjective nature of the qualitative approach can be a concern for a researcher who seeks to generalise the findings of a study. Regarding this study, what appears to have been true in one context may not have been true in another. For example, the perceptions and experiences of the senior management of one organisation regarding the TM process may not have been the same for the senior management of other firms.

4.5 Chapter Summary

This chapter has covered a variety of issues that influenced the methodological approach and design of this study. The philosophical position regarding the researcher's ontological and epistemological standpoints have been presented. As a consequence, an idealist ontology, which reflects belief in the existence of an independent reality, has been adopted. To complement this, the adoption of a social constructionist epistemology was seen to be the most appropriate, since it facilitates the interpretation of the reality expressed by the informants.

The combination of a phenomenological approach (Phase One) and a multiple case study approach (Phase Two) allowed for the strengthened validity and reliability of the findings. Also, in order to capture the richness of the information collected from the respondents, a narrative approach was used. Finally, the employer-employee perspective

made a further significant contribution to the methodology. In conclusion, therefore, this study was based on the qualitative approach and on multiple stages of data collection, both of which are complemented by the methodical procedures used to analyse the data.

There is little doubt that the choice of methodology has been an important contribution to the study of TM in an international context. Indeed, TM is a complicated phenomenon which needs an usual research methodology. In accomplishing the objectives of this research project, a unique combination, consisting of a dual theoretical framework, multiple case studies and a narrative approach, was utilised in Phase Two. A version of Creswell's (2007) Data Analysis Spiral, adapted to include narratives and two theoretical lenses – Human Capital Theory and Expectancy Theory – in Phase Two. To date, no comparable empirical research has to the best of the researcher's knowledge utilised such a distinctive and exceptional approach to obtain knowledge about international TM.

After reviewing the literature (Chapter 2), explaining and justifying the theoretical framework (Chapter 3) and the methodology adopted to accomplish the aim of this study, the researcher is now in a position to move forward to the application stage. Chapter 5 presents the Phase One primary research findings, which are discussed in the context of the literature described in Chapter 2. The theoretical framework, described in Chapter 3, will be applied to the interpretation of data in Chapters 6, 7 and 8.

5.0 Introduction

This chapter examines the findings of Phase One of this project drawn from telephone interviews conducted with 14 senior HR managers, HR directors and global talent development managers. Nine countries and eight industries are represented. Industries represented include pharmaceuticals, engineering, energy, financial services, beverages and paper manufacturing. A key contribution of this chapter is the construction of the iceberg model which presents a departure from the current mainstream TM discourse because it illustrates the observable elements of TM in the domain of practice and subliminal influences.

The first part (Section 5.1) explores detailed descriptive empirical evidence and examines the contrasting use of the terminologies talent and TM within the informant companies. This aspect attends to the first two objectives of the Phase One empirical research. The section also attempts to draw together strands of common themes through an analysis of the various definitions from informants' firms. Section 5.2 presents an iceberg model constructed as a means of illustrating the status of TM practices. A discussion of the emerging issues is presented with the aim of focusing on one specific but rather important theme for the advancement of TM practices in internationally operating firms.

5.1 Use of the terminology talent and TM in international organisations

This section provides evidence on how sample organisations define the term talent and the concept of TM. The section is arranged as follows:

- How do international organisations define the term talent?
- How do international organisations define the concept of TM?
- How does the management create a shared understanding of what they mean by talent and TM among the employees involved in the practices?
- What factors influence the use of the terms talent and TM?

5.1.1 How do international organisations define the term talent?

The findings show that there is a variety of definitions of the term talent among the informants as presented in Table 5.0.

	Definition	Sector	Theme
1	*Talent is a term used to describe individuals with the potential for making a very real contribution and can add value to the business process, whether that's engineering or finance and so forth.*	Construction Technology	Potential to add value to the business
2	*Talent is people who have the potential to step up the ladder, not only in the same function, but also in other functions... people who have the potential for two moves, the hierarchical level, but not only finance, but for other functions.*	Pharmaceutical	People with potential for promotion and functional expertise
3	*We define global talent by job structures, employees who are able to develop a professional career like engineers, senior managers.*	Energy Sector	Job structures and careers
4	*'People who can manage the organisation in the future'... e.g. the next future president or the next whatever.*	Beverage Sector	Leadership
5	*Everyone in the organisation, so every employee is seen as talent and is defined as talent.*	Financial Services	Not specific - everyone
6	*It's [talent] clearly defined as leadership capabilities or specific intellectual or other capabilities like project management... technical expertise or marketing expertise on a very, very high level.*	Pharmaceutical	Leadership and functional expertise
7	*Everyone has talent, although you do recognise that some have high potential while others have low potential.*	Financial Services	Not specific - everyone
8	*Talent, in general, is anybody that has the potential to deliver more value to the company. It's not a question of being smart it's a question of ability to deliver value.*	Car Manufacturing	Delivering value to the company
9	*Talent is the use of individual potential to help the company to get more profit and make more business.*	Engineering Consultancy	Profit and business focus
10	*No formal definition - everyone has talent*	Financial Services	Leadership focus
11	*No formal definition - everyone has talent*	Financial Services	Leadership focus
12	*No formal definition - everyone has talent*	Financial Services	Leadership focus
13	*No formal definition - everyone has talent*	Financial Services	Leadership focus
14	*No formal definition - everyone has talent*	Paper Manufacturing	Everyone

Table 5.0 Definitions of talent from the sample organisations

Although there are a variety of definitions, four main recurring themes stand out. Firstly, three firms define talent as being related to adding value to the business. The three firms are from different business sectors, signifying that in this instance the industry characteristic has no influence on the definition of talent. From a managerial point of view, talent is defined as the potential to add value to the business and the ability to generate profits within the company's international operations. This approach to defining talent can be described as a value extracting strategy which excludes individual employees' values and interests, such as career development. Identifying talent as a profit generating mechanism can also be a way of controlling talented employees' behaviours and streamlining them to comply with the needs of the organisation.

Secondly, seven out of the 14 organisations acknowledged that all employees were considered to be talented. Among these six were financial services companies which suggest that industry characteristics may have an influence on how organisations define whom they consider to be talented. The seven organisations that have an inclusive approach to defining talent do recognise that although everyone is talented, their level of performance differs. In addition, they recognise that only a few individuals have the talent needed for the survival of the company. As a result, their TM activities are targeted at developing high-potential individuals for leadership, technical and functional expertise at a high level, an aspect which differentiates TM from the traditional HRM which focuses on the welfare of all employees (see Boudreau and Ramstad, 2005, 2007; Iles *et al*., 2010).

Thirdly, three organisations (energy, financial services and pharmaceutical) define talent by job structures and ability to develop a professional career. In this category, employees in jobs that are not classed as professional careers are not considered to be talented. In particular, the energy sector company explicitly defines those who hold job roles such as engineering, senior management and project management that are crucial to the existence of the business as the firm's talent. These examples indicate that job roles and structures are significant in defining talent within these international businesses among the sample.

Lastly, talent is also defined by the capability to learn faster and be promoted faster at both domestic and international levels. This was reflected in four out of the 14 organisations. In fact these organisations in the sample who define individual employee's talent by their ability to learn much faster than the rest use a system called Lominger, a

competency framework initially developed by Korn/Ferry International[2], a US-based consultancy company (http://www.lominger.com/) which specialises in designing a range of competency-based leadership development resources. The system is essentially a nine-grid box, also called a talent map, which assesses employees' potential and performance. The grids vary as organisations adapt this tool to suit their needs. The grid box allows organisations not only to assess potential against performance, but also to define and segment their talent into stratified groups depending on their ability to learn. An example of the nine-grid box is given in Figure 5.0 below.
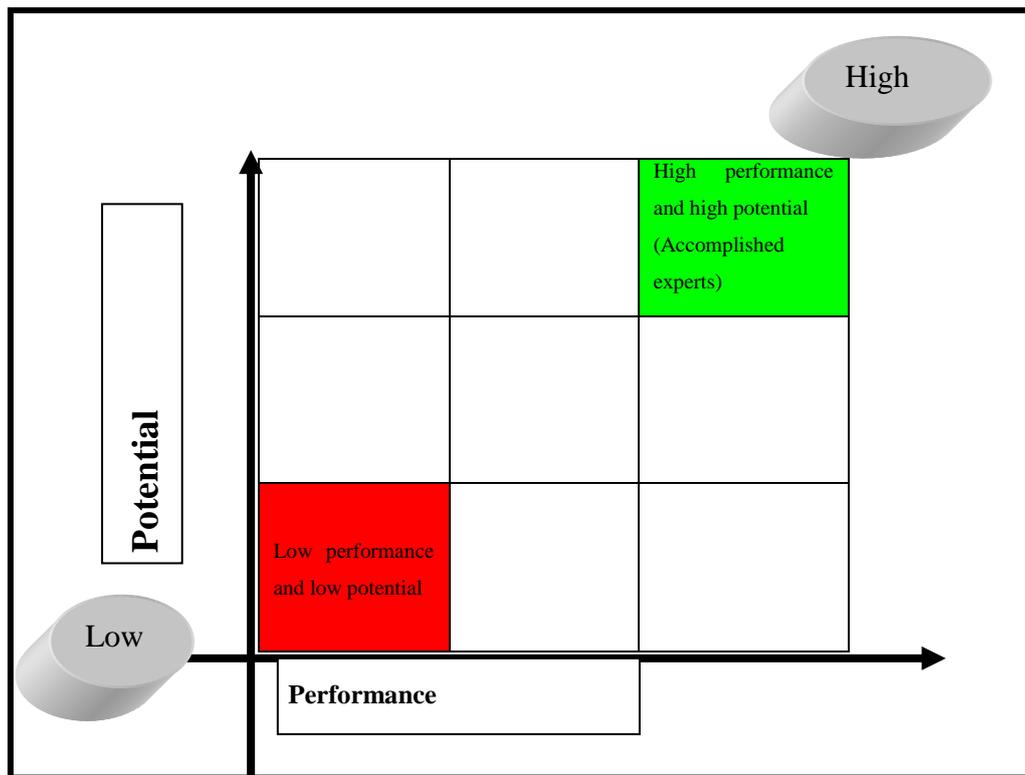
Figure 5.0: Nine-grid talent assessment model

Indeed, implementing the talent assessment model above requires an explanation of the language used. Even though there is an emphasis on people choosing employees who learn faster, it is not clear how they measure this 'ability to learn faster'. Without a shared understanding of the assessment tool, using this type of a grid in assessing and managing employees may be a means of boxing talented employees. The use of this assessment tool may imply treating talented employees as malleable resources who are

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[2] Lominger International has built a global business of research-based, experience-tested leadership development resources for individuals, teams and organisations.

accommodating of management's view of their performance and potential to achieve better results.

From the four themes identified above, it is apparent that considerable emphasis is placed on identifying the demonstrable ability of employees to perform better in a more senior leadership or expert functional position and adding to the profitability of the firm. Findings indicate that identifying talent is a means of ensuring that the firm has the necessary capability and competences to achieve business goals. As a result, after identifying the high potential employees, the organisations endeavour to develop these individuals further through TM activities.

5.1.2 How do international organisations define the concept of TM?

This section explores the informant companies' working definitions of the concept of TM. A variety of definitions were given and they have been compiled in Table 5.1:

	Definition	Sector	Main themes
1	*TM is what we do with our talent, how we develop it, how we deploy people and how we help people reach their maximum potential within our organisation*	Financial Services	Process of developing people (Leadership focus)
2	*It's bringing people with exceptional abilities into the organisation... process of development of the individual, and that's keeping them and creating the talent pipeline.*	Engineering Sector	Process of acquisition, engagement and development of people with exceptional abilities (Key functions)
3	*TM is defined as having a process which allows you to have the right people with the right skills at the right moment.*	Financial Services	Supply and demand of the right people (Leadership focus)
4	*TM is everything that is needed to detect those people who could be the future directors, presidents or just key people who run the company.*	Pharmaceutical	Leadership development (Key people who run the company)
5	*TM is the management of our people and the development of their skills and experience and strengths and maximising that for business growth.*	Financial Services	Developing people for business growth
6	*TM is a structured and actively managed process to identify, select, develop and deploy superior performers.*	Beverage Sector	Development of people with high potential
7	*TM is like risk management, it's about making sure that we have the right people in the right positions for the future.*	Financial Services	Risk management - supply and demand
8	*TM is the process of helping talented people develop themselves and helping the company to take profit from the talent the people have.*	Car Manufacturing	Developing people for business growth
9	*TM is the overall term for everything we do to further develop people and their potential.*	Financial Services	Process of developing people
10	*TM refers to the training and development support given to those capable of developing a professional career.*	Energy Sector	Development opportunities for those capable of developing a professional career
11	*TM is defined as a process of linking business and organisational strategy in order to check whether they have the right structure, right organisation and right people.*	Pharmaceutical	Strategic management tool, meeting demand of labour
12	*TM is making sure that we as a company have the right people at the right spot at the right time, for all those functions that are absolutely critical for the company's development and success.*	Engineering sector	Recruitment, selection and development of employees in key positions / functions
13	*No formal definition but it is seen as being synonymous with competence development.*	Paper Manufacturing	Competence development (Leadership focus)
14	*TM is the acquisition, engagement and integration into the organisation of people with exceptional abilities. It involves performance management and development.*	Construction Technology	Performance management, employee development (key functions)

Table 5.1: Definitions of TM in sample organisations

Given the diversity of assumptions about the nature of talent, it is then not surprising that there is so much variation in the definitions of TM. However, further examination of the

definitions reveals four recurring themes. Firstly, 11 out of the 14 companies define TM as a development process for those employees who have the potential to take up leadership positions and those with technical expertise in a particular key area for the purpose of growing their businesses. Within this theme, organisations identify key competences and strategic positions for which they need to develop high-potential employees. They then map career paths for individual employees according to their strategic needs.

On the one hand, this practice can be seen as a way of promoting the organisational engagement of high-potential employees. Consequently, TM is seen as a means of identifying and developing employees, as well as integrating employees into the organisation. On the other hand, it can be seen as a subversive way of crafting individuals' careers without much consideration of their actual aspirations. Therefore, mapping out career paths for individual employees according to strategic needs may have positive as well as negative aspects. It can lead to engagement or demotivation if not actual loss of talented employees if their career needs are not met.

Secondly, in three out of the 14 organisations, TM was described as a means of meeting the supply of and demand for the right people with the right skills needed to execute the strategy. Emphasis is placed on meeting the demand for employees with high potential within critical positions that are difficult to fill, for example, those jobs that would provide an organisation with important skills to facilitate the firm's operations. For the organisations embracing this approach, developing ready successors for their identified critical positions is an important aspect of TM activities. For example, in the pharmaceutical company critical skills were identified as exceptional knowledge of pharmaceutical sciences, project management and research and development. Embracing the supply and demand approach involves making choices or strategies about managing human capital. Thus meeting the supply and demand of these crucial positions within the pharmaceutical company is regarded as a priority in order to maintain productivity and sustainability of the industry.

Under this theme there were also aspects of the recruitment and selection process. Accordingly, TM was portrayed as a process of acquiring the right people with exceptional abilities for the right positions at the right time. The aspect of time is significant in filling key positions because recruiting or developing too many high-

potential employees for just a few targeted key positions may potentially create problems such as frustrating and de-motivating these employees. When employees are selected or identified as having high potential, they expect to take up key positions within a specific period of time. However, if there are too many talented employees for the posts available, the expectations of this group may not be realised.

Third, TM is also interpreted as a tool for meeting the strategic objectives of the business in eight of the sample organisations. Findings indicate that TM programmes are a means of building up and leveraging the competences of employees to develop the strategic capability of the firm. For example, the energy sector company in the sample undertakes a substantial number of international joint venture projects owing to the availability of competent employees within the company. Indeed, of considerable value to organisations operating internationally is the necessity to build core competences among their high-potential employees.

Facilitating a fit between TM practices and strategic plans has an advantage of delivering precisely what the business requires. In this light, further evidence of the use of TM as a strategic management tool is that eight of the sample organisations noted that developing skills to enable international expansion was an important consideration in the TM process. Linked to this is an aspect of spotting skills gaps early on and finding means of filling these gaps in order to support the organisation's strategy. Accordingly, talented individuals constitute one of the most important organisational capabilities and this asset needs to be developed to match the changes taking place in the internal as well as the external environment. Therefore, TM as a strategic management tool presents an important dimension in developing an international firm's strategic capability.

Lastly, TM is seen as a means of developing human capital for the company. In all cases, there was a strong conviction among respondents that, if TM was not seen as a means of developing human capital, the senior managers would not be doing the job of developing competences among high-potential employees. Provision of the right experiences for employees and the development of specialist skills in different businesses within their firms were seen as a key element of TM activities. This aspect of TM will be discussed in detail at a later point under Section 5.2. The next section attends to the question: 'Is there a shared understanding of the terminologies talent and TM?'

5.1.3 How does the management create a shared understanding?

As is evident in the findings, definitions of talent and TM differ considerably across organisations and industries. However, despite having some form of definition of talent, and in particular TM, very few organisations seem to care about establishing a shared understanding between management and the employees being talent managed. This was apparent in 10 out of 14 of the organisations studied. Below are some of their responses:

> *I would say that most of our employees haven't even heard of talent management; we talk more about leadership development, corporate development...* (HR Director, paper manufacturing company, Finland)

> *This is a good question and difficult question at the same time ... in many ways the understanding of talent reflects the management's perspective. However, employees are involved in the audit...* (HR Director, financial services company, Germany)

The last quotation sums the situation up well. Indeed in many ways, informant responses indicated that the understanding of talent and TM clearly reflects the managerial perspective. This state of affairs can be attributed to the fact that TM programmes are mainly utilised for the purpose of enhancing the business and achieving organisational goals rather than taking into consideration individual needs. High-potential development and in particular employee career development appears to be a by-product of the process of achieving strategic goals.

The lack of a shared understanding leaves TM susceptible to raising unintended expectations among the employees involved in the activities. As there is no shared understanding, talented employees are highly likely to make their own sense of TM and construct their own meaning and goals out of the practices. When employees are nominated as high-potentials, they become more aware of their worth in the company and what they can offer. Therefore, high-potential employees are likely to develop high expectations of what the company can do for them through TM programmes. For example, one of the interviewees stated that:

> *...the most interesting thing in our company is somebody that called you and they say: 'okay, you're a high potential', then you start being crazy and think, 'I'm going to be the CEO of the company in two years. [Laughs] They're going to*

send me to the Harvard Business School'... (Global Talent Development Manager, car manufacturing industry).

This example of what happens in a global car manufacturing firm demonstrates that there are situations when high-potential employees, upon being selected to be part of a particular talent pool, may begin to develop extremely high expectations. These expectations are rooted in the TM programme of the company and in particular, the managerial focus on leadership development. In addition, the firm's talent pools are stratified with vice-presidents at the top of the pyramid. Hence, by failing to provide the right development opportunities, management is actually not delivering on the promise, while the talented individuals may be experiencing only the illusion of an opportunity.

5.1.4 Factors that seem to shape the way organisations define and manage their talent

As made clear at the beginning of this section, a notable feature of TM was definitional ambiguity. The section has uncovered and examined empirical evidence in relation to the definitional uncertainty surrounding the terminology of talent and TM. The variety of definitions can be explained by four factors: (i) industry characteristics; (ii) the markets in which the firms operate; (iii) the kinds of business operations; and (iv) national cultures. Firstly, evidence in seven out of the 14 organisations in the sample indicate that industry characteristics play a crucial role in defining the key attributes of those employees regarded as talented. The data show that energy, engineering, beverage and pharmaceutical firms tend to seek out people with high potential in the skills that define their business, such as engineering, project management, and research and development. These functional TM activities run in parallel with those relating to leadership skills, as can be deduced from the quotation below:

> *Every human being has a talent. But in this organisation, talent is clearly defined from what it is that we need in terms of leadership capabilities or specific intellectual or technical expertise on a very, very high level* (Director, Learning and Development, beverage industry, Germany)

In addition, evidence from the definitions also indicates that six financial services companies regard every employee as being talented. Thus, the type of industry and competences required will to a greater extent determine how an organisation defines

whom they regard as talented. Certainly, it is only fitting that an organisation seeks out individuals who have the right skills to sustain their businesses.

Secondly, the markets in which the firms operate appear to strongly influence the attributes of talented employees sought after. For example, a major multinational European subsidiary of a global energy company has a mobility categorisation of its talents, including whether they are fully mobile, have restricted mobility or are not mobile. This helps the company to assess how many of their talented employees are readily available for international assignments both in the long-term and the short-term. The HR Director for the UK stated that:

> *Our organisation runs global projects which require working with other agencies/organisations... One most important thing that attracts these organisations to our company is the very fact that it has skilled and experienced partners. However their mobility is important for us to meet the demands for our overseas business.*

This categorisation of mobility is necessary because employees have to be sent on assignments which result from joint ventures. Apart from mobility, knowledge of more than one foreign language is regarded as a necessity for an individual to be considered as talented, as this person will have a broader area of coverage in terms of international assignments and working in the company's subsidiaries. The requirement for broader language skills is evident in eight out of the 14 organisations researched. This can deduced from the quotation below.

> *...you need a specific kind of talent, as you need people that can have a global mindset and have the capability of working in different environments, and have the capability of moving, international mobility, language skills...* (Director, Learning and Development, beverage company, Germany)

In all cases, informants acknowledged that broader language skills enable employees to communicate and better serve customers in different markets. Therefore, the evidence suggests that the markets in which international firms operate also determine the characteristics and competences that the organisations look for in their talented employees. Thus it can be concluded that the context in which the business operates determines the criteria it uses to identify talented employees who can work abroad in joint ventures.

Thirdly, the kind of business operations also influences how an organisation defines and identifies their talent. The findings also reveal that international expansion, joint ventures, entering new markets and getting new business (extending the business portfolio) are some of the kinds of business operations that may determine the categories of talented employees firms need. For example, as the market for paper has been shrinking in some parts of the world, the Finnish paper manufacturing company from the sample needs people who can drive change. The firm has a great need for new capabilities and competences such as business development and innovativeness, as can be deduced from the statement of their HR Director:

> *So, our business strategy at the moment consists of three races:*
> - *The first one is the race for European profitability.*
> - *The second one is the race for new growth markets.*
> - *And the third one is the race for new businesses.*

The firm needs talented individuals who can run their European business with a focus on maximising financial revenue by expanding into new markets and business sectors (for example, Brazil, Russia, India and China) as well as grasping the growth opportunities in those markets. In addition, these sought after employees must have a demonstrable ability not only to be innovative, but also to turn new business ideas into practical profitable businesses.

In addition, it was also apparent that TM was used as an important tool in developing the firms' international operations. For example, the HR Director from the energy sector company noted that identifying the right skills through their talent audit enables them to expand and strengthen their international assignments. As a consequence, the operational needs of the business play a crucial role in the management's definition of who is classed as talent in the organisation.

Fourthly, the evidence also suggests that national culture has a strong influence on how firms use the term talent. For example, the Finnish paper manufacturer as a case in point places considerable effort on developing its people even though they do not use the terms talent and TM. The Finnish culture has a strong ethic of treating everyone equal socially, economically and physically. Therefore, the national culture of this Finnish organisation seems to explain its TM culture of classifying everyone as talent and actually focusing

more on the development of its people than on labelling them. Both the paper manufacturing company quoted in this chapter and the Finnish company to be discussed at length in Chapter 6 make it clear that this egalitarian culture permeates all concepts of their staff development within and outside Finland. The term talent is thus avoided in order to uphold the ethos of equality among all employees.

The German company from the beverage sector (a European subsidiary of a US-based global beverage company) is another firm worth referring to in this context. It has a stratified talent structure, very focused on seniority, and their performance review process is also somewhat stratified. For example,

> *...in their annual review of performance and potential every level of management sits together and assesses the below level of management, so level M2 assesses level M3, level M1 assesses level M2, etc, and assessments are made across functions as well* (Director, Learning and Development, beverage sector company, Germany)

It is apparent in the TM practices of this firm that there is no concept of a short-cut in the German culture. TM practices are process driven, as is also evident in the more in-depth case study of the German headquartered energy company described in Chapter 7.

Another example worth citing is the Danish headquartered pharmaceutical company which is one of Denmark's best known companies, commended for its excellent management systems. Although individuals within the acceleration pools are selected by management, getting their consent is considered vital in this firm. Although there is a criterion as regards who is considered to be talented (for example, pharmacists, R&D specialists), conditions for being in a pool are open. Employees are consulted; they are not blindly led into succession programmes. Employees normally have a discussion with their line managers as regards their readiness to take a given position or as having the potential to be developed in that position. There is discussion as to whether the employee wants to develop himself/herself along the career line of the identified position. This aspect of consulting employees reveals the non-directive management systems typical of the Scandinavian countries. These attested examples suggest that TM is influenced by the cultural context in which the firm operates and thus supports the culturalist perspective to understanding management practices in the international context (see Adler, 1991; 2008; Girgin, 2005; Hofstede, 1980, 2001).

5.2 The emerging model of TM practices in international organisations

Phase One of the present study has explored the way in which senior managers use the terms talent and TM and translate them into practice within European international organisations. Analysis of the findings has led to the construction of an iceberg model which is presented at the end of this section. Through the iceberg model, this study makes a distinction between visible (observable elements within the domain of practice) and invisible (subliminal influence, not directly observable) elements of TM which have been identified through analysis of the data collected in comparison with the extant literature. Section 5.2.1 discusses visible elements whilst Section 5.2.2 presents the subliminal elements.

5.2.1 Visible elements

As discussed in section 5.1.4, the observable elements of TM are mainly influenced by industry characteristics, the markets in which firms operate, the kinds of operations and the national culture. The visible elements represent aspects of TM which are currently evident in the extant literature and the domain of practice, namely: (a) definitional ambiguity, (b) diverse approaches to TM and (c) TM as a means of developing future leaders.

Firstly, definitional ambiguity is evident both in the literature on TM (see Chapter 2, Section 2.1) and Phase One findings which also confirm that there is a variety of definitions of talent and TM among the informant companies (see Sections 5.1.1 and 5.1.2). Empirical evidence thus confirms that there is no consensus on the definition of talent and TM. As observed by Gagné (1996) when there is no clear and agreed meaning, concepts become open to a plethora of individual viewpoints. This is precisely the case in the use of the terminologies of talent and TM in the corporate world as evidenced in the findings of this study.

In addition, there was no effort by management to establish a shared awareness of what their understanding of whom they consider to be talented and what is meant by TM among informant organisations. However, examination of definitions unambiguously revealed some recurring themes. For example, there are firms which focus on utilising individual talent as an organisational resource for generating profits. This theme lends support to Lepak and Snell's (1999) work, who assert that the value of human capital (knowledge, skills and capabilities) inherently depends upon its potential to add to the

competitive advantage of an organisation. However, as reviewed in the literature, Kermally (2004) warns that overly focusing on human capital development for competitive advantage may lead to ignoring the expectations of talented employees.

Secondly, there is evidence of diversity of TM practices that can partially be explained by the striking variety of definitions and interpretation of the terms of talent and TM among the informant companies. Although organisations in the sample have some form of definition of TM, findings indicate that there are no standard practices in the identification and utilisation of talented employees among sample organisations. This corresponds with the literature (see for example, McDonnell *et al.*, 2010; Tansley *et al.*, 2007). The practices differ depending on the industry characteristics, business strategy and growth needs. This is an aspect which is undoubtedly visible both in the literature and the findings of this study.

Thirdly, although the concept of TM is interpreted differently among informant companies, it is clear that TM practices are used to identify and develop high-performing and high-potential employees. The extant literature indicates TM as a means of developing leaders (see for example Blass *et al.*, 2006; McDonnell *et al.*, 2010; Michaels *et al.*, 2001; Tansley *et al.*, 2007). This is also evident in the findings of the present research: it is as if TM is synonymous with leadership development. Conversely, by focusing on leadership development for every high-potential employee in the organisation, there is an implied conception of mutuality of interests between the managers and the employees being talent-managed. However, as will be made clear in the case studies, employees are by no means passive participants, they engage in sense making of what they are getting from TM programmes.

As was noted earlier in Chapter 2 (section 2.1.2), identification of a key group of individuals including research and development staff, chemists, project managers and engineers (Edwards *et al.*, 2007; Gunnigle *et al.*, 2007; McDonnell, 2008) can widen opportunities for high-potential individuals. But owing to the different industries and characteristics of various businesses, several organisations attach different levels of importance to the TM roles in their firms. Hence not every organisation can provide alternative routes to leadership development. For example, the financial service companies in the sample place considerable attention on leadership potential because

exceptional skills in this area appears to make a considerable difference in ensuring that the service offered is differentiable in the market, given its intangible nature.

It is apparent that what is not immediately apparent in the TM literature (invisible elements in the iceberg model) appears to be influenced by what is visible (see Figure 5.1).
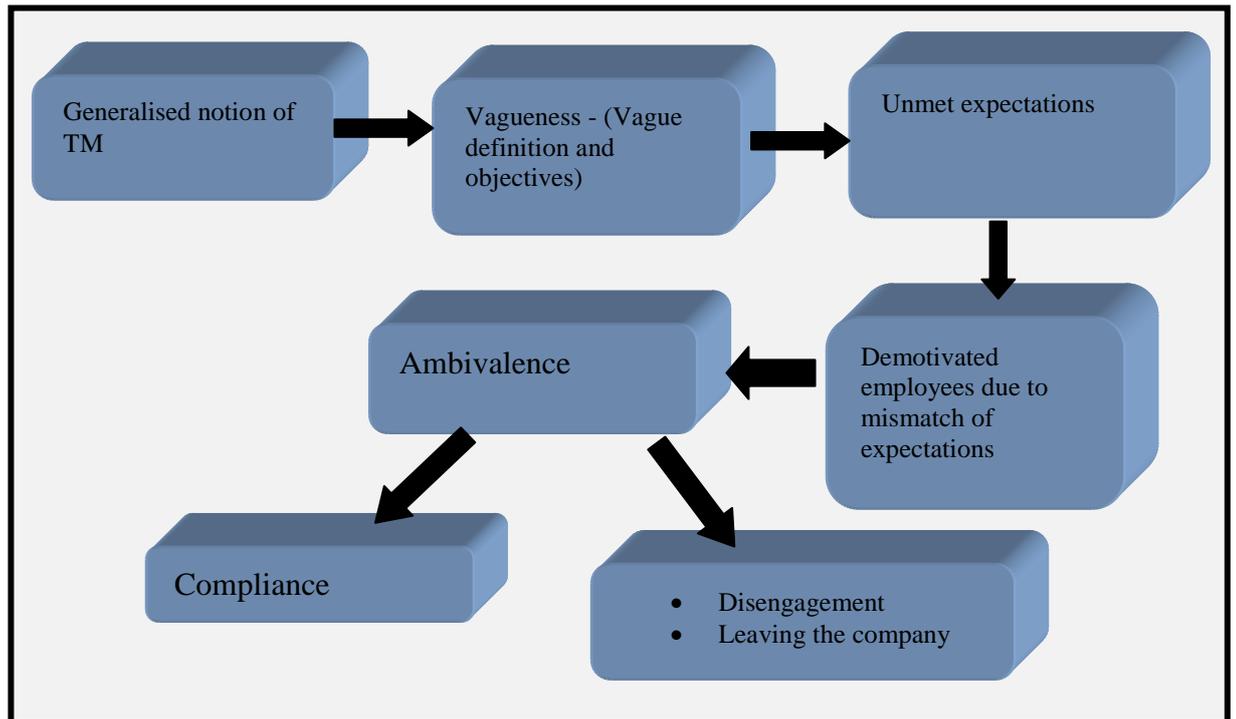
Figure 5.1: Influence of the visible on the invisible elements of TM

Examination of the findings reveals that vagueness in TM objectives (see for example, Section 5.1.3) and a lack of a shared understanding of TM leads to some employees building unintended expectations. For example, the Global Talent Development Manager (car manufacturing company) gave an illustration of how individuals become disillusioned when they are nominated as talented: *'I'm going to be the CEO of the company in two years. The company will send me to the Harvard Business School'.* This employee expectation may stem from a lack of understanding on TM objectives as intended by the management.

Furthermore, the Global Talent Manager (car manufacturing company) also noted that:

> *... so what usually happens is, you identify the talent, you give them experience, as well as developing them, and then nothing serious happens... And then the only thing you are creating is - you are wasting talent. If you don't do things with the talent, you are losing the talent because the people that have talent can do other things. One is, I leave, that happens in most of the cases, and the other question is I lose [laughs] the hope of doing anything, I retire myself. Yes, I withdraw.*

It can be implied from the statement above that even though organisations are able to identify talented employees and put them through development programmes; it is not always that these individuals are given more senior responsibilities. This can partially be explained by the avoidance of risk in replacing new individuals whose performance the management may not be completely certain of. The respondent further noted that: *'You don't want to challenge the organisation to be ready to get new people'.* This leads to unmet expectations among high-potentials. These unmet expectations may lead to employees' frustration, demotivation and actually questioning their commitment to TM activities and indeed the employer.

5.2.2 Invisible elements

The invisible elements are aspects or themes that in some respects may be non-talent factors but highly significant to advancing the understanding of TM, namely: (a) TM as a means of developing human capital, (b) vagueness in the TM process, (c) demotivated employees and (d) expectations. Arguably, the understanding of invisible elements is highly significant for the effective management of the talented employees. Understanding of invisible elements is highly significant for the effective management of the talented employees.

Firstly, the findings show that on the surface, TM programmes are clearly in line with the principles of human capital development as discussed in Chapter 3. Indeed, it is assumed that high-potential individuals can create knowledge which can be shared with other talented individuals and that this knowledge can eventually become institutionalised. According to Baron and Armstrong (2007), HC is at the heart of TM, which accords with the statement by Cheese *et al.,* (2008, p.9), to the effect that 'talent has become a precious resource fought over by competitors in a global war for talent'.

Although informants acknowledged that TM activities are a means of developing employees' human capital for the benefit of both the individuals and the organisation, there was evidence suggesting otherwise. For example:

> *...The purpose of TM is to develop the human capital; however, the other question is whether, in the real world this is happening. In the real world, I'm very sceptical about the practices of most of the companies because at the end, most of **the talent management process ends in cosmetic things** [added emphasis].* (Vice President - Organisational Development, car manufacturing, Italy)

The term cosmetic used in this statement indicates superficial TM activities that may be used to disguise deficiencies in (i) the development of talented employees and (ii) how TM programmes that appear attractive from the outside or on paper, may experientially speaking, be considerably non-functional with limited impact on the development of human capital for both the organisation and the individuals.

In this respect, four out of the 14 organisations felt that they needed simple but effective TM programmes that would deliver on their promises rather than having 'cosmetic' programmes that require the organisations to spend more while leaving talented employees frustrated. Indeed as will become clear in the case studies (Chapters 6, 7 and 8), cosmetic programmes may actually raise unintended expectations which may lead to frustration and disengagement if not fulfilled.

The extant literature clearly regards having internationally competent managers as being crucial for the implementation of international strategies (Scullion and Collings, 2006). Therefore, from a managerial perspective, the effective development of the human capital needed to implement international strategies and aid business growth is of more importance than career development. The focus of management appears to be on developing human capital for the purpose of enhancing the organisation's productivity as is evident in the statement below:

> *I would think there needs to be always a balance between what the company requires, and what the individual wants, and it's the art, I think, of management. So I preferably do not promote talent management because I want to do something good to the people; I do promote it because I want to make sure that*

we as a company have the right people at the right spot at the right time (Director, Learning and Development, beverage company, Germany).

Nevertheless, human capital development has both individual and organisational aspects (see Becker, 1964, 1985, 1994; Holland *et al.*, 2007; Schultz, 1971). The pressure to maximise business benefits appears to overshadow the development needs of the individuals involved in TM. In the interview data, 10 senior managers admitted that their aim is to develop organisational capital. In this regard, developing individual human capital is merely a secondary consideration or worse still a by-product.

Secondly, the data indicate that the lack of consensus of the meaning of TM in international operations suggests two extremely important issues about which the TM literature appears to be silent, namely; (i) power and politics in organisations and (ii) the social construction of who is talented.

On the one hand, there are issues of *Power and politics which may determine the identification of talented individuals*. Within the sample organisations, three out of 14 informants noted that there are significant issues of ownership of talent. As noted by the informant from the Germany-based beverage company, '...*the problem is that people cling to their talents and don't want to let go'*. In this regard, respondents noted that some line managers do not really identify the truly talented people as they do not want to lose their positions to the high-potential employees. In relation to this point, the HR Director of a German subsidiary of a leading US-based global beverage company stated that:

> *I know that some companies like GE or Unilever and similar companies like Procter and Gamble have a clear statement that says, 'if you as a manager wants to be promoted to the next level you must make sure that when we promote you, you have produced two to three potential successors for your position otherwise we won't promote you…' now this may be seen as a danger because some people may not really see themselves going up the ladder…however, they would never say that loudly [laughs]...*

If line managers have the responsibility of identifying the talent, it is likely that they will protect their own interests. As suggested by Mellahi and Collings (2010), line managers in subsidiaries may have little incentive to help develop their talent beyond their subsidiary. It appears that line managers do not know that giving value to the company is

not only about making profits in their departments, but also about identifying those people that the organisation needs to sustain the overall business goals.

For international organisations, the capacity to influence highly performing employees' career progress rests with subsidiary level managers because they are better placed to gauge talented individuals than headquarter managers (Mellahi and Collings, 2010). Line managers may view selecting their best employees as depriving themselves of some benefits such as bonuses. Because subsidiaries are generally rewarded (or punished) for their own performance, it may be in the subsidiary's self-serving interest to keep their best talent even when these talented individuals are being under-utilised (Mellahi and Collins, 2010).

From an organisational perspective, there is value to be gained because the performance of the firm's international operations will be enhanced by having high-potential employees in key positions. However, if talented employees are transferred to other parts of the business, the departments from which these individuals are coming from are less likely to gain added value directly. These departments' productivity is likely to suffer and consequently, line managers may not nominate what might be regarded as the real talent.

It appears there is no consistent way of ensuring that the right people are identified. Line managers are in the best position to spot the talented individuals, whereas senior managers and in particular those based at headquarters may not have direct means of identifying high performers. For example, when asked how their organisation goes about rating and identifying the potential of employees, one of the informants noted that '*identifying high performers and/or high potentials is purely guess work'*. This conviction is captured in the statement below:

> *That's very difficult, to be quite honest, it's solid guess work, and that's all you can do because other than performance which you can observe, or have observed, potential is an estimate, you make an estimation* (Director, Learning and Development, beverages company, Germany).

The second issue concerns high-potential employees as socially constructed phenomena in several of the informant companies. Owing to the power and politics inherent in the talent identification process there are grounds for claiming that employees are nominated as having the potential to perform better based on their relationship with their line managers and not necessarily on their performance. It is as if the TM practices are

enacted *only to sustain the social construction of talent.* In some cases employees with certain qualifications, for example an MBA, are perceived to be more talented than others as noted in the statement:

> *… In most cases you identify some people as having potential, but did you really identify the talent? Nobody knows. Because you go to these nice guys that are going to have an MBA, or something like that, but you are not really dealing with the real talent of the organisation (*HR Vice-President, car manufacturing company, Italy).

Alternatively, organisations may adopt TM activities because they believe that there is an existence of talented employees who deserve to be singled out and treated differently. The evidence show that some managers select only employees with qualifications such as the MBA to be part of the talent pools, as these appear to be more talented because of their credentials. Hence, the very process that is created to promote commitment among high-potential employees could demotivate individuals who feel excluded from the system. Given such situations, talented employees' expectations are likely to be neglected and over-powered by the flawed system, leading to demotivation, which is explained in the third point.

Thirdly, there is evidence to show that there is a lack of motivation among talented employees. Demotivation is not very evident from the outset, but an examination of the results brings it to the fore. Schuler and Jackson (2009) describe lack of motivation as one of the greatest barriers to the success of firms (such as increased productivity and growth of international operations) around the world today. There are several explanations for the lack of motivation among talented employees. For example, failure to identify with the goals of TM, that is, its leadership focus, may erode the enthusiasm of talented employees. This aspect is indeed echoed in the literature on international TM in that the focus is more on developing leadership competences (see Collings, McDonnell and Scullion, 2008; McDonnell *et al*., 2010; Tansley *et al*., 2007). Thus the discrepancies between the intentions of management and of the expectations of talented employees may also lead to demotivation.

When individuals are nominated as high potentials, the initial reaction to TM activities might be 'what does it mean? And how will I benefit from it?' The focus of management is how they can use the potential of talented employees to enhance the productivity of the organisation and drive it forward. The use of assessment tools such as the talent map

(Lominger) provides an impression that there is a strong technical element to managing people. This suggests a hard side to HR management (Storey, 1992); little or no attention may be given to the career needs of individuals.

Fourthly, an unmistakable theme that explicitly runs through the findings is that of employee expectations. Four significant findings arise: (i)How an organisation defines the key terms talent and TM may result in raising unintended expectations among high potential employees and consequently failure to meet these expectations; (ii)A careful examination of the responses reveals that 'cosmetic' TM activities actually leave employees frustrated; (iii)Even though TM activities are seen as a way of developing individuals' skills and ultimately their careers, there seems to be a gap between what management say and what actually happens in practice; and (iv) The variety of TM practices in effect reveals the complex nature of TM. TM is conceptually vague, difficult to define and complicated to implement.

First, from the data above, it is impossible not to conclude that how an organisation defines talent may result in raising unintended expectations. The way in which the related terms talent and TM are defined might lead to high expectations among employees. Focus is on terms such as future, potential and the company, meanwhile talent is treated like an organisational resource. One of the greatest challenges faced by the European organisations in the sample appears to be managing employees' expectations. Owing to the attention TM has attracted, programmes seem to implicitly promise more than they perhaps deliver. Therefore, definitions of talent may have an impact on the perceptions of employees of the value of TM programmes to their careers, for instance.

On the one hand, defining talent broadly raises expectations that promotions and challenging roles are available to the high-potential employees, which the organisation may not be able to offer, given the constraints of the organisational structures, and the need for efficiency in controlling operational costs, especially under the global economic climate which set in towards the end of the year 2008. Under these circumstances, organisations taking a broad approach to defining and identifying talent may not be able to offer the right competence and career development opportunities.

On the other hand, when the definition of those classed as talented is too narrow, there are also expectations among those employees chosen that they will be appointed more

quickly to higher positions than is realistic. The identified talented employees become more aware of the value that the organisation places on their contributions. They may even develop expectations of becoming the next CEO, for example, or of wanting to move quickly to a senior management position without having a reasonable grounding of experience, not to mention the required competences.

Second, examination of the responses reveals that 'cosmetic' TM activities actually leave employees frustrated, which implies that the organisation may have failed to deliver on their promises and may not have met the expectations of employees. If development programmes that are perceived to enhance high-potential employees' skills and lead to career progression do not deliver on their promises, this group of individuals experiences what might be called an illusion of opportunity. Illusory opportunities are likely to negatively impact on the motivation of the high-potential individuals. Accordingly, TM programmes may be perceived as simply a means of making HRM a more legitimate profession.

Third, even though TM activities are seen as a way of developing individuals' skills and ultimately their careers, there seems to be a gap between what management say and what actually happens in practice. Although the respondents acknowledged that there needs to be a balance between individual needs and organisational needs, in most cases TM programmes focus mostly on the firm's goals with little or no consideration for talented individual aspirations suggesting a unitary approach to managing talented employees. However, employees have of course a vested interest in developing their careers. In addition, for international operations, the management in subsidiaries may also have other interests as discussed above. Therefore, the plurality of interests among the stakeholders involved requires adopting a pluralist approach for a richer and more meaningful understanding of international TM practices.

Lastly, the variety of TM practices in effect reveals their complex nature. TM is conceptually vague, difficult to define and complicated to implement. For international organisations, added complexities are imposed on the management of talent owing to the different national contexts involved. From the point of view of management, this research project has explored the way in which 14 European internationally-operating organisations conceptualise TM and translate its main principles into practice.

Indeed the findings show that the main focus is on the process rather than the talented employees (Vaiman and Vance, 2008). The focus on the process of identifying and implementing TM activities indicates a unitarist approach to managing people. Embracing a unitarist approach implies treating high-potential employees as factors of production who are not responsive to organisational practices. As evident in the work of Blass *et al*. (2006), *The Economist* (2006a) and Brannen (2007), there is a tendency among management to treat talented employees as a commodity for CEO succession. In this case, the unitarist approach to managing talented employees assumes a harmonious process where all the stakeholders involved share similar goals. However, not all employees have the desire to become CEOs. Hence management, on the one hand, and the talented employees, on the other, may in fact have conflicting interests. Indeed, the findings indicate a striking mismatch of expectations.

From the above information, an iceberg model has been constructed in order to illustrate observable and unobservable aspects of TM. The model of TM as it is conceptualised and operationalised is presented in the form of an iceberg because findings show that what is currently known about TM is only the tip of the iceberg (Figure 5.1).
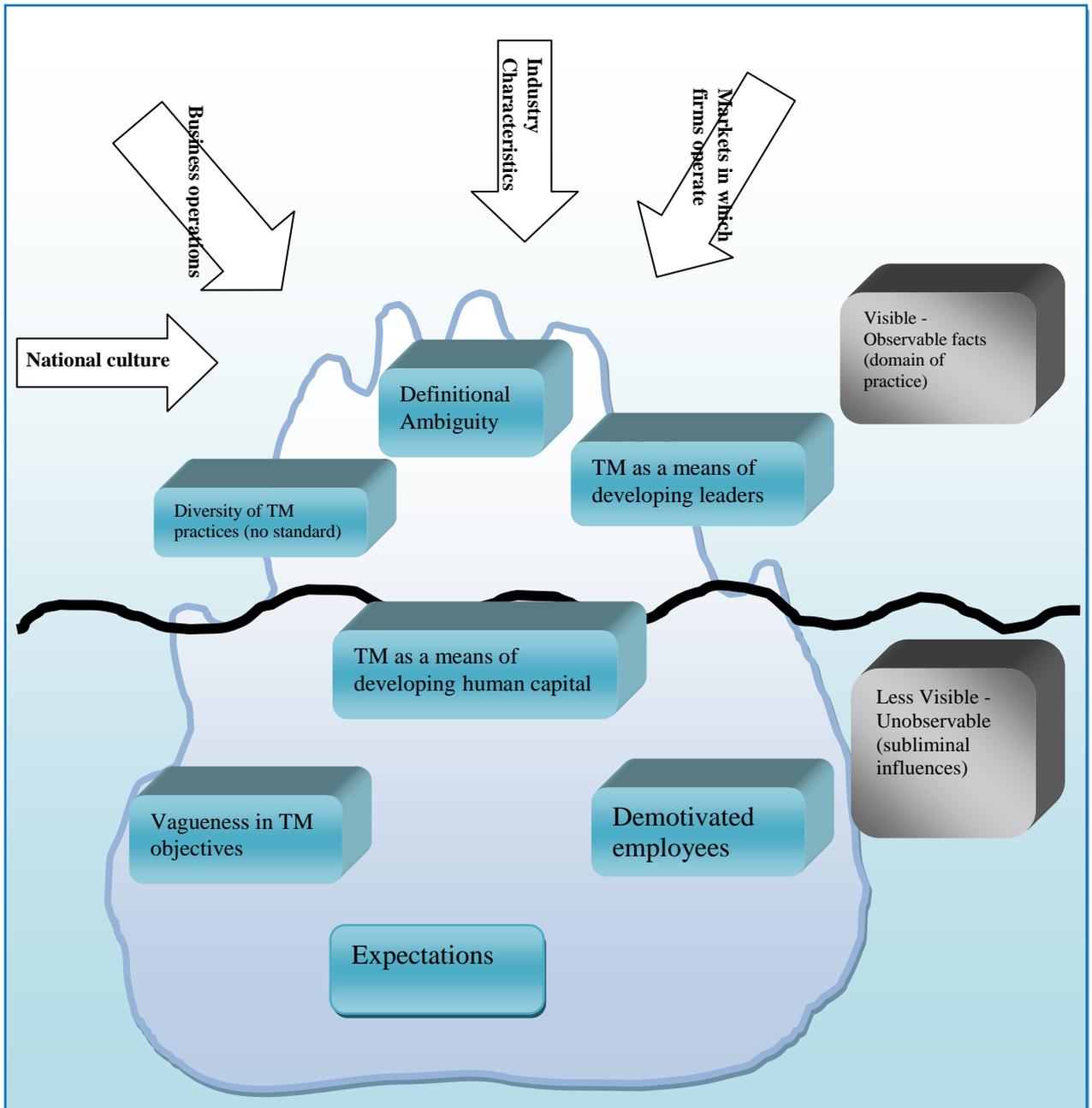
Figure 5.2: The emerging picture of TM practices in international organisations

Figure 5.2 is of considerable importance to the current research because it represents a point of departure from the current mainstream TM discourse. Admittedly, there is comparatively ample literature discussing definitional issues of TM (see for example Blass, 2009; Boudreau and Ramstad, 2005, 2007; Cappelli, 2008b; Lewis and Heckerman, 2006; Tansley *et al*., 2007) and evidence of considerable research on the process of TM (Berger and Berger, 2004; Boudreau and Ramstad, 2005, 2007; Tansley *et*

al., 2007; Towers-Perrin, 2004). While these issues are important, they present a relatively limited perspective of enhancing the development of TM as a management practice and academic field within management sciences. Thus Figure 5.1 presents several themes of considerable importance to the understanding and advancement of knowledge of TM as an international practice. The model will be tested in Phase Two of primary research.

5.3 Summary of the chapter

The chapter has explored the conceptualisation and operationalisation of TM from the perspective of European internationally-operating firms. Firstly, the findings confirm that there is no agreed definition of talent and TM among the sample organisations. However, from the data, it can be concluded that the term talent refers to high performing and high-potential employees with demonstrable ability to take up leadership and functional positions at a high level within informant companies. Even in organisations where all employees are considered to be talented, focus is on those capable of taking up a senior position rather than embracing the 'everybody counts' mantra (Warren, 2006).

Following on from the definitions of talent, findings indicate that TM is a means of developing human capital to make the organisation more productive while individual career development is a by-product of TM practices. Thus developing talent as human capital may only favour the organisation as opposed to meeting both individual and managerial expectations of having their investments paying off. Thus TM practices may offer a mechanism for frustration among high-potential and key employees if their investments in human capital do not pay off.

Significantly, findings show that notions of talent in the international organisations are influenced by industry characteristics, the markets in which the firms operate, the kinds of operations and national culture. A larger sample using an in-depth exploration may reveal more in this respect.

Secondly, a key outcome of Phase One is that what appears to be the key issue in TM, that is, terminological ambiguity, is only the tip of the iceberg. There are other issues that emerge from the vagueness in the definitions of the terminologies of talent and TM and the objectives of these practices. More significantly, the iceberg model uncovers visible and invisible but highly significant aspects of TM. In many ways, the extant literature on

TM focuses on the visible elements presented in Figure 5.0. However, the invisible elements are actually driven by the invisible elements as depicted in Figure 5.1. Thus, while understanding the visible elements of TM is useful, it presents a narrow view of TM. The model thus presents a point of departure from the mainstream discourse of TM which is relatively prescriptive and managerial in intent to a more inclusive approach that also reports the perspectives of the individuals involved in the practices.

Thirdly, even though organisations have working definitions of talent and TM, creating a shared awareness of the use of the term talent and the concept of TM is not an aspect that has been given attention within the sample organisations. Yet a shared awareness may give a firm foundation in the understanding of TM within the organisation as well as clarifying its benefits to the relationship between the employer and the talented employees. Consequently, this lack of a shared understanding has resulted in raising unintended expectations among the employees being talent managed.

Fourthly, there are considerable issues as regards the ownership of talent, especially among line managers and senior managers. The power and politics involved in identifying and managing talented employees appears to be a consequence of the vagueness in the objectives and benefits of TM. Arguably, there is a possibility that this finding might be replicated in an in-depth case study where line managers and senior managers from the headquarters and the subsidiaries might veil the real talent in order to protect their own interests. The evidence in Phase One of the current research suggests that there are potential concerns of manipulation by line managers and of some form of collusion among senior managers in general about who to elevate to the ranks of the talented.

Related to the issue of power and politics is the notion of the social construction of the idea of talented individuals. Some employees may be perceived as being talented because of their credentials, for example, individuals with MBA qualifications. As was already pointed out, TM practices are enacted only to sustain the social construction of talent. Owing to the power and politics inherent in the talent identification process there are grounds for claiming that employees are nominated as having the potential to perform better based on their relationship with their line managers and not necessarily on their performance.

Accordingly, the notion of expectations as the consequent 'non-talent' factor unexpectedly emerged as a potentially useful point of reference in the management of talent at an international level. From the definition of the important and inter-related terms 'talent' and 'talent management' through to the implementation of TM initiatives, the recognition of the expectations of both parties involved plays a crucial role. On the one hand, the theme of expectations is important as it links concepts of talent and TM both to career development and organisational development. On the other hand, the topic of expectations is imperative as it signifies reciprocity in the employment relationship as opposed to mutuality of interests.

Having identified expectations as a key factor that signifies plurality of interests among the stakeholders involved in TM initiatives, it was necessary to introduce the voice of the line managers and employees who are involved. Thus, Phase Two of the primary research takes an employer-employee approach. The following Chapters 6, 7 and 8 are therefore in-depth case narratives of three internationally-operating organisations with a focus on the expectations of the TM process. The second phase of the study will therefore focus on furthering the theory and understanding of TM through the exploration and examination of how the management and talented employees conceptualise TM and how this influences the expectations of employees involved in the practices.

Case Study Narratives: Chapters 6, 7 and 8

The preamble to the case studies

The preamble starts with a reflective account of a talented employee in order to put the case studies into the context of the PhD project.

> *I started experiencing management development programmes in this company over 20 years ago. The highlights of my education also took place then. At that time, Inter-Lime was a part of a bigger organisation... We had a very broad and comprehensive education programme for junior management, middle management and senior management. We had a three step programme... and another one called Excellence in Business which was for top management and rising stars. That was the path which all of them stepped through.*
>
> *For some reason, the organisers of that course... [Excellence in Business course] realised some potential in me. I was selected to that course as a rising star... after this three stage course period which lasted from [laughs] – 1985 to 1990 - I got this new job-dealing with Wollastinite for 15 years. And during that time to be honest, I didn't get any management courses at all, not even some minor courses.*
>
> *My boss didn't recognise it [The rising Star course] for being of some importance to me. However, from my professional background, I knew the business; I knew the applications. My career was in such a position that my head was banging the ceiling of that level. I couldn't go further anymore and I knew it also... But now when I got the opportunity to join this department, and the opportunity to get new challenges, it was quite obvious that, hey come on, I have to do something for my professional skills…*

Danny's story - extracted from the researcher's interview

From a background of chemistry, Danny has worked for Inter-Lime for over 25 years and is currently a senior manager in the sales and marketing department. In this time frame he has been a quality manager, environment manager and plant manager. There was a period of 15 years when his career reached a plateau stage and he was constantly looking for new challenges which were not readily available. Danny recounts how he was identified as a 'rising star' between 1985 and 1990, long before the introduction of the terminology of TM within the management lexicon. In the past, development programmes of this nature were commonly referred to as executive coaching, high-potential programmes; succession planning, fast-track programmes (see for example Cappelli, 2008a, 2008b).

Danny's story is significant to the present research in that it speaks about development programmes for high-potential employees (selected on merit) as having been in existence over two decades ago as is the case with the present day TM practices. The development programmes were a means of influencing career development and, more importantly, meeting high-potential employees' expectations. Indeed, Danny's expectation was to be

recognised as a high performing employee and be given further opportunities of development.

The story also brings out the issue of power and politics in the talent identification process. For example, even though Danny was an excellent worker with a good knowledge of the business, his potential was for a long time not recognised by his line manager. Meanwhile Danny was looking for new challenges which were not offered. Hence, in a broad sense, the story is an expression of employee expectations which may be ignored by organisational people management practices and in particular TM.

6.0 Introduction

This chapter presents a case study of TM practices in Inter-Lime, a Finnish internationally operating business within the metal extractive industry. The firm employs around 1300 people with operations in eight European countries. Section 6.1 is an analysis of how the organisation conceptualises TM. Section 6.2 outlines employees' experiences and in particular, expectations arising from being engaged in TM activities. Section 6.3 is an examination of how the management deal with the expectations of high-potentials. Lastly, a summary of key findings is presented in Section 6.4.

Seventeen in-depth interviews were conducted in all; 13 informants were talent managed employees and four represented the management at the company's headquarters. Interviews were conducted from February to June 2009. The employees in the sample were those identified by the management as having potential to take up senior key positions in the company and those who have already had experience of TM activities within the firm and have gained key positions in the organisation. Twelve of the interviews were face-to-face, whilst five were telephone interviews owing to the geographical location of the informants.

From the data it is clear that employees regard Inter-Lime as a *safe* employer, because they are supported and developed to realise their potential within the organisation. Ten out of 13 employees expressed a need for security and work-life balance in choosing their jobs. The findings indicate that there are two main sources of employment security: (i) the historical background (success stories among senior employees) and (ii) the company's sustainable products. Below is a success story from one of the senior managers.

> **Mika's Story**
> *...I basically have been working the whole working career for this company. I'm already the fourth generation and my father worked in the quarry here. I started working here before going to university in the 1980s...then I went to the university. However, every summer I worked here, first in the quarry and then in the geological department. And then I was really interested in computers in the '80s and started to create a 3D model programme for planning the mining in our quarries. So that was my Masters' dissertation and my contribution to the company. In fact, this was the first personal computer-based system in Europe.*
>
> *After graduating from university in '92; I worked five years as a geologist responsible for different mines and projects in Finland and Sweden. In '97 I moved to Sweden as a mining manager for a quarry on the island of Gotland. I was there three years, moved back to Finland because my children started school... then I started to work for business development. I later moved to Poland for one year when we acquired our Polish operations. After that, in 2001 and 2002, I worked in Sweden as managing director for the Swedish operations. And 2002 to 2007, I was one of the division directors. Today I am Vice-President of one of the divisions... (Senior Manager, Finland)*

Textbox 6.0: Mika's story - an extract from an interview

From Mika's story, it is apparent that he was given an enabling work environment - a chance to use his talents. In turn, Mika showed willingness to relocate and use his talents where they were needed, which helped him to take advantage of the opportunities presented to him. The development of human capital in this case created value for both the individual and the organisation, which strengthened the individual's commitment to the firm. Mika's story is symbolic of mutual gains between an employer and employee in the process of developing human capital.

Despite the current economic climate, employees still regard Inter-Lime as a safe working environment. For example, one of the high-potential employees noted that:

> *...But I must say that I feel that Inter-Lime is quite a safe employer because the demand for lime products is quite sustainable; there will always be some kind of demand for it. So as a father with two small children, it feels like a safe employer in that sense.* (High-potential employee, Finland)

Making reference to his two small children, the high-potential employee expresses expectations of having a job for life in the organisation, which will not only sustain him but his family as well. This shows that investment in a person through education and training could provide returns to the individual and his community. Evidence suggests that the firm invests considerable resources on the development of the necessary competences among employees. The next section presents the organisation's conceptualisation of TM.

6.1 Conceptualisation of TM

This section examines the findings regarding the conceptualisation of TM in Inter-Lime. An explanation of the use of the term talent is given first followed by the application of the concept of TM.

6.1.1 Use of the term talent

According to the HR senior manager, the term talent is understood from a Finnish cultural background and then passed on to the rest of the organisation in English. In the Finnish language, the term talent is translated as "*lahjakkuus*" and "*kyky*", both of which imply that a talented person has some attributes which were already present at birth. For example, a child or an individual may be said to be musically or mathematically talented. The understanding of talent shows a realisation that talent is domain-specific as well as innate.

Taking the stance that one's talents are innate, the Finns believe that it is difficult for training and practice in a particular field of human endeavour to have an effect on an individual's attributes of talent. For example, it may be possible for an individual to study geology and become a competent geologist, but may not necessarily become a good leader even if he/she gets the right training. Furthermore, the HR senior manager noted that 'if an individual has no talent to work as a leader or even as a manager, any form of competence training and development may have little or no effect at all'. Therefore, even if an individual studies and works hard, he or she can only develop himself or herself to become a competent person in a particular occupation. It is in this context that talent should be understood in this case study.

The senior HR manager noted that management is cautious about the use of the term talent owing to its cultural implications. The company operates within an egalitarian

culture which has strong philosophies of treating everyone the same economically, socially and physically. For example, in preparation for an internal management training program, it was decided that the target group would be new recruits who were perceived to be talented. However, the senior management felt that using the word talent would create an elite band of employees and exclude others. As the discriminatory result of using the label of talent is undesirable, Inter-Lime prefers the terms 'competences', 'potentials' and 'key' persons. Talented employees therefore are classed as 'high-potential' and 'key persons' who get additional opportunities to attend competence development programmes. As a consequence, even though the management tries not to use the term talent, their practices, such as sending only a selected few on competence development programmes, does send a non-verbal but clear message to employees across the entire organisation that there are indeed employees who are regarded as having more superior competences.

6.1.2 Use of the concept of talent management

The management deliberately prefers to use the terms 'competence development' and 'competence management' than the term 'TM'. Reluctance to emphasise the use of the concept of TM could partly be explained by the negative connotations of the word talent as explained in the previous section. This can be deduced from the evidence below:

> *And maybe the reason for that is that we prefer talking about competencies and competence management instead of TM and maybe it's connected to the sort of values and mental picture or image which the word talent, as we understand it, has...* (Senior HR manager, Finland)

The competence development programmes are closely linked to the business strategy. The senior HR manager explained that as a way of identifying the right competences to be developed, the company's management meet annually to discuss, among other things, the capabilities needed to execute the chosen strategy. Furthermore, he noted that apart from reaffirming the existing competences, they also define new competences. In line with this, the company has identified three areas of core competences:

i. *Logistics - which refers to the control of the whole delivery chain*
ii. *Economy - technical knowledge of geology and knowing their quarries and stone reserves, to enable them to utilise their stone reserves in the best possible way and according to their customers' needs*
iii. *Partnership with customers. This is connected with a certain kind of way of operating with the company's key customers... thus it is essential for*

our employees to have the knowledge of the customers' processes very well (Senior HR manager, Finland)

According to the HR senior managers, the organisation focuses on meeting customer needs and continuously improving its services in order to deliver on the promise - 'quality products and services'. The management identifies high performing and high-potential individuals through organisational-wide performance management 'development discussions'. Employees have a discussion with their immediate supervisors as regards their roles, organisational objectives and performance on the job. Development discussions are used to gather information for succession planning, and identifying training and development needs. In this context, managing talent for this organisation is in part perceived as a HR planning exercise. Information gathered by line managers regarding their subordinates' performance and potential is then discussed in the personnel review with HR and other senior managers.

The personnel review is carried out annually and covers the entire organisation, involving discussions between division managers, HR and the managing director. Among the major issues discussed are the organisation's target groups, with most attention appearing to be given to those classed as 'key persons' and 'high-potential persons'. In these discussions, individuals are listed, along with particular development needs and activities to mitigate weaknesses, such as: (i) participation in courses, (ii) taskforces or project teams and (iii) carrying out practical work on projects.

However, there is no formal feedback loop between the personnel review and the development discussion for the benefit of key and high-potential employees. Because the approach used is opaque, the employees are not involved. It appears that the personnel review as a tool for managing talent in this organisation can be understood as a decision management tool put in place for the efficient use of human resources. From the perspective of management, it is not necessary for employees to be aware of succession plans, owing to the time it may take for them to take up a particular position. The personnel review exists mainly to enlighten management of the capabilities inherent in their human resources, so as to help them plan the human capital needed to implement their chosen strategy. TM as conceptualised by the management appears to be largely a means of making decisions about the deployment and development of labour, primarily for the purpose of organisational gains. According to HR senior managers, Inter-Lime

has three main competence development programmes, these are summarised in Table 6.0:

Programme	Target group	Objectives
Inter-Lime Future Introduced in 2007	Junior managers	• Enhancing commitment and motivation of high-potential employees • Developing possibilities for high-potential employees • Ensuring that high-potential employees develop an understanding of general management (Inter-Lime's point of view) • Encouraging networking among high-potentials and other senior managers • Developing a positive employer image among high-potentials and recruitment power
Supervisors' Education	Middle managers with the responsibility of supervising others	• Developing better interaction and discussion skills • Developing analytical skills for use in assessing subordinates • Developing better ways of giving positive and constructive feedback • Developing the ability to motivate subordinates • Developing the ability to create a safe working atmosphere • Developing the ability to work with emotions (sorrow, anger, ...) • Developing the ability to handle development discussions
Senior Managers' programme	Senior managers with or about to take up key responsibilities such as Vice-President position	• Aimed at executives taking on new and significant leadership responsibilities; those looking to sharpen their analytical skills and strategic leadership effectiveness • Preparing senior managers for more challenging strategic roles • Boosting performance at individual, team and business-unit levels • Equipping senior managers to keep the organisation ahead in a constantly changing business environment

Table 6.0: TM programmes in Inter-Lime

There are three main TM programmes in Inter-Lime which portray the stratified grouping of talent pools. Indeed, there is a noticeable discrepancy between the stratified structure and the philosophy of not using the term talent. The stratified structure of talent pools demonstrates a realisation that there are different levels of individual performance and levels of management which is discriminatory in itself. The use of terminology in itself

may not necessarily create discrimination among employees. This shows the gap between the rhetoric and reality of the management in relation to the conceptualisation and operationalisation of TM.

From the information above, three main roles of TM initiatives are evident. Firstly, the data suggests that TM initiatives are used as a means of investing in and growing the human capital in order to ensure that they have the capabilities necessary to execute their chosen strategy. By offering competence development programmes, the management shows recognition for the significance of investing in their human capital. Accordingly, from a human capital point of view, the management may not necessarily be interested in developing people as a resource but in generating and utilising their skills in order to gain a competitive advantage, primarily raising net sales.

The focus is therefore more on the outcome of the firm's investment in human capital than on developing the human capital of individual employees, which might make them employable in other organisations. This is reflected in the management's focus on the firm's core competence areas which in effect plays a key role in crafting employees' career paths. TM is therefore conceptualised as a homogeneous process in which all parties - management and employees - involved in TM activities are working towards the same goals. Therefore, the TM programmes are not an end in themselves but a means to realising the company's vision and employee career development is a by-product of the organisation's intended strategic goals.

Secondly, TM is used as a means of developing social capital which is necessary for broadening the competences of senior managers. TM activities offer a means by which employees develop a network of relationships (within and outside the organisation) which are invaluable for solving the everyday challenges of their jobs. For example, senior managers are expected to create external networks for the purpose of developing an awareness of the key issues being discussed generally in a wider business context in different companies. This aspect appears to be a way of exploring the business environment and establishing common problems faced by organisations, as well as determining ways of resolving particular issues. The social interaction, therefore, allows senior management to bring new ideas into the company.

However, it is not only senior managers who are encouraged to create social networks, high-potential employees are also encouraged to establish social interactions with colleagues within and across country borders and between the entire organisation's departments. This is why the internal competence development programmes draw participants from all subsidiaries of the company. The management believes that this interaction is an effective way of sharing knowledge among employees, leading to an accumulation of organisational social capital.

Thirdly, as stated by the HR senior manager, the operations of the firm are guided by the company values 'Trust, Competence and Quality'. Therefore,

> *TM programmes are seen as a means of securing a shared understanding of the company values, strategies and targets* (Senior HR manager, Finland).

TM is therefore conceptualised as a homogeneous process in which all parties - management and employees - involved in TM activities are working towards the same goals. Assuming that employees will share the values and the passion of an organisation is purely a unitarist perspective taken from the human resources management (HRM) rhetoric, but not possible in practice. People may have different goals, values and expectations. For example, as will become clear in the next section, high-potential employees have different expectations, some value closing skills gaps in their current jobs while others place more value on taking on more responsibility in their jobs. This implies that even if a shared understanding of values, strategies and mission is promoted, individuals may not share these values with management.

6.2 High-potentials' experiences of talent management in Inter-Lime

This section presents an analysis of employees' experiences of TM activities with the main focus being expectations. The evidence illustrates that TM programmes act as a means of directly and indirectly raising expectations among employees regarding their career development, career prospects and other forms of rewards within the organisation. The four different expectations of the high-potential employees in this organisation are discussed in detail below.

Firstly, there was an expectation for the recognition of talents among high-potentials. On a positive note, employees expressed their gratitude for having been selected to attend both internal and external competence development programmes. Development

programmes in this case are a form of recognition for high-potential employees. In all cases, high-potential employees expressed the need for their talents to be recognised and careers developed as is evident in this statement:

> *I have always been this kind of hardworking guy... I have been leaping from job to job. And always relying on the idea that my bosses are realising how good I am and if they realise it they give me a promotion and if they don't give me any promotion I am not good enough, really [laughs], to be promoted* (Key employee, Finland).

This employee was relying on his managers to recognise his potential, and nominate him for the competence development programme. Non-recognition would imply that he is not performing at the required standard or even exceeding the expectations of the management. Apart from recognition, this employee was also considering career progression or promotion as a measure of his performance in the job. From the perspective of expectancy theory, promotion in this case is the desired outcome which indicates to the individual that his performance has been recognised. He will strive to work extra hard to get promoted. However, if this individual perceives that the probability of being promoted is low, he will not work as hard because the effort-performance link has been weakened.

Secondly, there is also an expectation of clarity in the objectives of TM programmes. TM objectives may have only been clear to the managers but it appears there were limited efforts to establish a shared awareness among employees involved in TM activities. From the perspective of high-potential employees, there was limited understanding of the objectives of the junior management programme. Owing to this limited understanding of the objectives, there are questions about the relevance of the competence development programmes to their careers and even their current roles. This can be gathered from the quotation below:

> *I'm not sure what they were aiming for with the whole thing, it wasn't maybe that clear... we were supposed to be able to make our own conclusions about the whole programme* (Junior Managers' programme participant, Finland).

In 10 out of 13 cases, participants in the two lower level competence development programmes (junior managers and middle managers) could not recall having a discussion about why they had been selected and how the programme would benefit them prior to attending the training event. One of the junior managers noted that:

Of course if the goals are set more clearly, I think it works both ways, then whoever takes part in the course knows it better and maybe then can choose and say that this is something I want to be or do. (Junior Managers' programme participant, Germany)

As suggested in the statement above, by having clear objectives and a discussion with their line managers, employees would be able to make an informed choice about opportunities which they see as being beneficial for their development and career needs. If the objectives of the development opportunities are not clarified for the participants, they will use their own interpretations of TM initiatives, asking the question 'what is in it for me?' and so forming an understanding of what it is and how it may relate to their career and well-being in the workplace.

Thirdly, there is evidence to show that there is a need for reciprocity in the TM activities, as seen in the quotations below:

Of course, the expectations after such a programme are that we will all have a huge career development… And then, when you compare that to the outcome, from the people I know, personally, my colleagues that took part in the Inter-Lime Future programme, what has happened? – Nothing (Junior Managers' programme participant, Finland).

If you ask if there have been any discrepancies I would say, yes, of course, and really big ones. Because by initialising the programme the managers are building up expectations within the organisation... (Junior Managers' programme participant, Finland).

Although most of the high-potentials interviewed in the capacity of Junior Managers' programme participant noted that their roles had remained the same, the senior HR managers indicated that there have been some positive changes in the roles of at least eight participants out of twenty. For example, the two high-potential informants above had eagerly accepted nominations for the competence development programme as a form of recognition, hoping that this would lead to a *dramatic* change in their responsibilities. For these high-potentials, the organisation has gone one step towards meeting the expectations, that is, they have recognised their performance and potential. However, management have left the two high-potential employees in suspense as regards their second level expectations, which are even more significant in the employment relationship as far as these high-potential employees are concerned.

Lastly, in 10 out of 13 cases, high-potential individuals expect some form of feedback from the senior management on their performance. Indeed, as mentioned earlier but there

is no link between development discussions and the personnel review. For example, one key employee noted that after winning the first prize in the annual water treatment fair, the management never mentioned a word to this group of people. Yet the key employees had wanted the management to say something about the team's performance. In addition, three key and three high-potential employees also noted that they would like to see a link between development discussions and the personnel review as a means of providing meaningful feedback.

There was also evidence to suggest that there is a lack of people management skills among supervisors and, in particular, giving feedback to subordinates. As evident in the statement below, giving feedback is not a Finnish cultural attribute:

> *It's not typical Finnish, to give feedback, either negative feedback [laughing] or positive feedback. You don't talk about things like that [laughing]. Giving feedback is not a Finnish cultural thing* (Key employee, Finland).

> *In the training session I attended… everyone agreed that giving feedback is a milestone in a development process. Nevertheless it rarely happens that you get feedback from your superiors... But actually in Finland we have a saying that "if nothing is heard then everything is okay." But if something is heard, then there's generally something that should be improved. The good feedback is sometimes ignored* (Key employee, Finland).

As giving feedback is not a Finnish cultural attribute, it is not surprising that this practice is not a well developed skill among line managers. The management nevertheless appears to have identified this gap in the competences of supervisors regarding meaningful conversations with subordinates and the supervisors' programme was seen as a means of developing competences in communication, with particular emphasis on giving feedback. As indicated in the quotation above, it can be argued that giving feedback is central to the development process.

6.3 How does management deal with the expectations of high-potentials?

There are three identifiable ways in which the management endeavours to deal with the expectations of high-potential employees. First, the development discussion is one of the key processes through which the company attempts to meet the expectations of their employees and in particular, high-potential individuals. The focus of the development discussions hinges heavily on clarifying employees' roles and making them realise how these roles fit in with the strategy of the company. The management also recognises the employees' needs, aspirations and even fears. However, in six out of 13 cases, high-

potentials noted that development discussions are often on a general level. The data suggests that although development discussions can be beneficial they do not seem to have any impact on the performance and expectations of high-potentials. Even in cases where there is an open discussion, there seem to be no visible results for the high-potentials. For example, one employee noted that:

> *They can be beneficial [development discussions], but the situation is that it can be the only discussion one can have... once a year, one hour, or two hours, and that's all... They can be good if we have time to discuss not only my work, and my things, but what's important for me [career direction]* (Supervisors' Education participant, Finland).

The statement above indicates that despite recognition of employees' needs, aspirations and fears, the development discussion, as a tool for managing talent, may be seen as a one sided tool which favours the employers because far less attention is paid to individuals' needs. And where employees are encouraged to talk about matters pertaining to training and skill gaps, employees are not always given the opportunity to have this training. The management is performance oriented; they have to consider the relevance of the course to the firm's operations.

Second, the firm also has adopted a shared responsibility of managing talent between HR and line managers. HR managers work in partnership with line managers to identify the talent and job-related development needs of key and high-potential employees. The HR department take an active role in facilitating and driving the different TM processes, whilst line managers are considered to be key partners who provide information about individual employees' performance and potential. However, the data indicate a disjoint between HR and line managers as regards the management of talent, especially in relation to the design, development and implementation of competence development programmes. This is evidenced in the following quotations:

> *I don't believe that my manager was representing me to go to that course. I think that can be directly from the human resource* (Junior Managers' programme participant, Finland).

> *I don't know this Junior Managers' programme that we had last year. I did not participate in any of the programmes. So, I don't really know what was told to them [high-potential employees] during this programme* (Line manager, Finland).

The design and implementation of the competence development programmes appear to be wholly owned by HR and senior management, as opposed to there being a shared

responsibility between HR and the line managers. Although line managers have a way of providing feedback to HR through their development discussions, the responses above show that, currently, they have limited understanding of what some of the programmes are including their significance to the employees, their departments and the organisation at large which will lead to a failure to manage the expectations of employees.

The approach taken to show recognition of high-potential employees appears to be frustrating as they do not seem to understand how much value TM is adding to them in terms of skills and career paths. The findings indicate a lack of foresight on the part of senior management as regards provoking unintended expectations by planning and implementing the Junior Managers' programme. There are potentially unintended outcomes that are associated with the programme such as immediate promotion to a senior position. As a result, line managers are left to diplomatically correct the situation that has been created through this too-early introduction of the training programmes.

Third, the data indicate that line managers are aware of the impact of the training on employees' expectations. For example, in the quotation below, this line manager is trying to prepare his subordinate to comprehend the likely implications of being part of this type of development programme.

> *One thing that makes my boss very good is that he's always asking questions... and he also questioned the programme and the purpose of sending me there. And obviously asked me that, 'what do you think you will get out of it', but it was a discussion between him and me...* (Junior Managers' programme participant, Finland).

Line managers have to deal with the disappointment of high-potential employees; they actually see the disappointment of the staff when supposed opportunities turn out to be just illusions. Conversely, as a result of the disconnect between line managers and HR, there is a high degree of vagueness in what is promised by the line managers, even though they do try to motivate high-potential employees and deal with their disappointments. The statements below from some of the line managers show a substantial lack of clarity in what is promised to the high-potential employees.

> *And that's something I promote very much, to say to one person we will put money on you and we believe in you and you will have a career. Because earlier it was not said, it was just... you got a phone call that okay, now we think that you can have this job next week, starting as a manager or whatever* (Senior manager,

Finland).

> *But when I have been discussing with my organisation, so I had said to a couple of these [young potentials] that if they behave well ... then they have a potential to one day be over here [pointing at high-potential employees on the organisation chart].* (Senior manager, Finland).

In this respect, the expectation of a clear career path may not be apparent; instead the line managers may just be adding to the frustrations of high-potential employees.

As Inter-Lime is a relatively small company, with a very low turnover, it takes a long time to progress up the organisational ladder. Management thought it would be demoralising for young potential managers because middle management and senior positions do not fall vacant very often and that there are not many projects onto which high-potential employees can be seconded. In addition, there are also a number of looming retirements in the next five to 10 years and the company needs to prepare for this. As noted by the senior HR manager, it was deemed necessary for the company to prepare in good time for these changes in their workforce which are likely to impact on its performance in the near future. Hence the Junior Managers' programme was initiated as a means of motivating and retaining those identified as having the potential to take up senior positions in the future.

From the data collected it is evident that the approach taken to motivate employees is problematic in the sense that the initiators of the development programmes appear not to have thought about the implications of initiating a young high-potential's programme at an international level. Looking at the background behind the initiation of the Junior Managers' programme, it is evident that it was born out of management's perception that younger managers with the potential to take up more challenging opportunities needed to be motivated and retained.

Unlike the Supervisors' Education programme, management did not conduct a survey of young high-potentials to find out how they felt about their career progression. In this respect, it is possible that management may not have been right in thinking that the younger high-potentials were demotivated. Younger high-potentials may have been content with the situation given that they were aware of the staffing situation in the organisation. However, introducing the Junior Managers' programme may have provoked expectations that were not there previously. This is very evident in Pietari's

story below.

> *My background is in Economics. Five years back... I could have taken on any job, but of course, it was a plus that it was a local well known company. But I wouldn't say that I had any special expectations on my employer when I started. However, when I joined the company, I realised very early that, we have a very high average age in our organisation. And, of course, I knew that some people are going into retirement and the chances for getting another position will grow over time.*
>
> *But, naturally, when you get selected to this kind of talent pool...some expectations will grow within you. And if these expectations aren't met at all, then you start questioning "why was I selected to this programme?"...*
>
> *But just think about this, we have about 1400 employees, of which 900 are blue collar workers...We have maybe 400 persons that could be in such positions that would be suitable for the Junior Managers' programme. Of these 400 persons, 200 will soon be retiring... And, so we have 200 persons left, and if you pick 10% from this group, 20 persons, as was done, and you show these people, "hey, you are the future, you have the potential". These people don't want to hear, right after the high-potential programme that we will have another training session starting within the next six months because we have so many potentials. Then you don't feel special any longer.*

Textbox 6.1: Pietari's Story (extracted from an interview with Pietari, a high-potential employee in Inter-Lime)

This story clearly illustrates an expectation of career progression over time with no sense of urgency about progressing until after having attended a high-potential programme. As Pietari is not a passive employee, he had already analysed the structure of the organisation by age and number and this gave him hope that something significant was going to happen as regards his career following his participation in the high-potential programme. However, he was disappointed that at the end of the programme the HR managers announced that they would be running another high-potential training event for a different group of individuals. This did not make him feel special anymore; the motivation which the management had intended to induce in the young high-potential managers did not last.

Pietari's story shows that HR managers may not actually have clearly communicated the objectives of the new programme as well as thinking through the implications of initiating the high-potential programme. Pietari's story demonstrates that employees are

not just passive recipients of organisational practices; some events will act as catalysts of their expectations as is evident in this case. Given the situation related in this story, the employee felt that he had been presented with an opportunity which later turned out to be elusive.

As a high-potential employee, Pietari is aware that being selected to a talent pool is a form of recognition for exceptional performance. What Pietari seems to be saying is that not everyone in the organisation can be considered to have high potential or even talent. By holding another training event for a different group of high-potentials in six months' time, the HR department seem to be missing the point of developing high-potentials, implying that high-potential or talent is a possession of a few employees. However, management, being in an egalitarian culture and knowing the competences they want to develop, may not have the same intentions as the employees. Therefore, establishing a shared understanding of the programmes and their objectives in the first instance will help manage the unintended expectations of the employees.

Developing high-potential employees is not to be a one-off training event but a continuous process and that HR seem not to have finished off with the first cohort of high-potential employees. There is no clear direction about what should come next to ensure the continued development and motivation of these high-potential employees. From the way the events unfolded, one might conclude that the high-potential development programme is simply an attempt to raise the status of HR in the organisation.

Although manifestations of the exploitation of labour may not be apparent in this case study, they run deeply in the process of managing talent for the benefit of the company. Management seem to assume that high-potential employees are passive participants who may not actively seek to meet their own expectations of being in employment. Thus, the decision to initiate the Junior Managers' programme can be seen in the context of managerial aspirations and interests. Hence, this evidence suggests that TM is a political process, whereby the more powerful actors come up with ideas to enrich the business. Conversely, as was mentioned earlier, high-potential employees possess power in their own right; they possess the skills, capabilities and competences. If their expectations are not met, they may either leave the organisation or become disengaged, which might affect the company's productivity.

6.4 Summary of the key themes emerging from this case study

Several key themes emerge from this case study. Firstly, one very notable feature is the fact that this company does not use the term TM. The findings suggest that the national culture of the company's headquarters plays a key role in the understanding and conceptualisation of the terms talent and TM. The word talent and the concept of TM are not used owing to the associated implications of the meaning of the word 'talent' in Finnish. In this case, the Finnish egalitarian culture also plays a key role in conceptualising and operationalising TM. In this regard, the use of the label 'talent' may lead to some inequalities between employees. Thus the term talent is avoided.

Secondly, language plays a key role in conceptualising talent and TM activities. Within this organisation as an international player, English is used as a means of transmitting the culture of the headquarters to subsidiaries based in other countries. As is noted above, the term talent is understood based on the Finnish language and then translated into English. Similarly, international training programmes are delivered in English even though they may initially be prepared in Finnish. However, it is worth noting here that the English term talent contains associations that are absent from the Finnish (see Chapter 2, Section 2.1.1).

Thirdly, this organisation conceptualises TM as a process of identifying and developing the necessarily skills for the survival of the company. The data shows that business needs dominate the design and implementation of the competence development programmes. They invest in their human capital in order to have a rich base to take over from those who will be retiring. The focus is on utilising HR processes, for example HR planning and performance management, to optimise business performance. From this it can be inferred that how an organisation conceptualises TM activities influences the way they manage their talent.

Fourthly, it appears that the organisation is good at identifying talent, but is still grappling with its management. From the use of terminology through to the implementation of the competence development programmes, the management aspect appears to be missing. There is a discrepancy between the stratified structure and the philosophy of not using the term talent. The stratified structure indicates a disparity which is inherent in the structure of the organisation, demonstrating that there are indeed

different levels of management and different levels of performance. Hence, the use of terminology may not necessarily create discrimination among employees. Besides this, selecting a few employees to attend competence development programmes may be discriminatory in itself.

The fifth theme that emerges is that the company recognises the importance of its employees' needs, aspirations and fears. Hence the development discussion is used as one of the key processes through which the company endeavours to meet the expectations of its employees and in particular the key and high-potential individuals. However, development discussions in this respect leave much to be desired as they are conducted at a general level with a focus on organisational needs. This may indicate an inclination towards a value extracting approach to human capital investment to some extent as opposed to value creation for the benefit of the two parties in the employment relationship.

Lastly, employees make their own sense of TM initiatives and ask the question 'what is in it for me?' They use their own interpretations of the activities to form an understanding of TM and how it may relate to their career. Employees being talent managed have their own expectations of the outcomes of these programmes, including having a knowledgeable leader, a desire for new and challenging roles and seeking opportunities for development. Employees will use their understanding of these activities to justify their future actions, for example, whether they should stay or leave the company.

7.0 Introduction

This chapter explores the conceptualisation and operationalisation of TM from the perspective of management and high-potential employees involved in the practices. The case study organisation - GPS - is a global professional services company with over 137,000 employees. The 10 informants for the present study were drawn from the UK operations; among them were one senior HR manager, two line managers, two talent coaches and five employees involved in TM activities. These informants not only have experience of being involved in TM programmes but they also have practical knowledge of working in an international context.

The HR senior manager noted that GPS as a professional services company focuses on giving ample development opportunities to its employees in order for them to flourish both professionally and personally. To this effect, the firm has several employee development programmes. The focus of this case study is the TM programme referred to as 'Emerging Leaders' (hereafter - high-potentials). Section 7.1 gives the conceptualisation of TM from the perspective of the management. Section 7.2 presents findings on the experiences of employees involved in TM activities and draws conclusions about their expectations and the discrepancies between management's intent and employees' expectations resulting from engagement in TM activities. Section 7.3 investigates how management tries to deal with employee's expectations arising in the process of TM. Lastly, Section 7.4 brings together the key themes emerging from this case study narrative.

7.1 Conceptualisation of talent management

In this section, the definitions of talent and TM as they are used in GPS will be examined. An understanding of the concept of TM will be sought from the interview data and company documentation.

7.1.1 Use of the term talent

The term talent as it is used in GPS appears to be defined by individual employees' roles and their potential to become future leaders. This group of employees are nominated by their line managers and performance management leaders (PML) based on outstanding

performance in their current roles. The management defines the term talent as '*the people with the potential to be leaders in the firm*'. Focus is on employees identified as having the potential to become future leaders. For example, one of the line managers noted that:

> *...talent means the best people in the organisation. The way that GPS defines that formally is "the people with the potential to be leaders in the firm," so the talent are the people who are going to be running the firm in 5 or 10 years' time* (Line manager)

This reveals a narrow and exclusive approach to defining the term talent. This signifies that the competences this organisation looks for are a high potential to lead the various types of projects and businesses in the company. There is also a time-frame of five to 10 years given for high-potentials to develop their potential, which indicates that a medium to long-term time-frame is used to develop the identified potential into fully competent leaders.

Two management respondents noted that there is considerable insecurity among employees with regard to the use of the term talent and the formation of talent pools as is evident in the statement below:

> *Some employees feel deeply uncomfortable with the segmentation of the workforce, that is, talented and talent-less. This leaves a negative connotation that kind of makes others within the organisation feel uncomfortable and hence refrain from participating in the 'TM' initiative* (Senior HR manager).

As the company uses an exclusive approach to defining the term talent, there are issues of creating pools of unidentified talent and demotivating those who do not identify with the terminology. Attested examples indicate that the development of talent pools is subject to the interpretation of organisational members. As a result, there are issues regarding the motivation of unidentified talent among employees who are not part of the talent pools, as is evident in the quotation below:

> *...for those that have not been identified as 'talented' it is demotivating. This in turn affects their performance within the organisation. I suppose the challenge here is motivating the un-identified talent* (Senior HR manager).

Notably, creating talent pools of high-potential employees creates other groups of the talent-less and unidentified talent. As is evident in the statement above, unidentified talented employees are demotivated as their efforts have not been recognised. Because

these individuals do not see any valued outcome from their hard work, their performance level goes down. In this case, the expectation of being rewarded for the effort expended is not achieved and as a result organisational performance may suffer.

7.1.2 The use of the concept of talent management

According to the senior HR manager, TM at the corporate level is regarded as *the process to identify, obtain and accelerate the development of the talent pool*. In this regard, TM is conceptualised as a process of identifying those individual employees with demonstrable ability and potential to become leaders and providing them with development opportunities that enables this group of employees to substantially widen their experience. To this organisation, TM is a means of accelerating the development of the leadership competences needed to execute the business strategy in a medium to long-term spectrum. This is illustrated in the statement below:

> *...so for me it's [talent management] all about identifying those people that we think have got the potential to become partners, and in making sure that we nurture them and give them the very best client experiences that we can do, that will mean when they become partners they have a greater breadth of experience* (Senior HR manager).

One very important aspect of this talent development process is that it is an ongoing process with shared responsibility between management and individual high-potentials. Following nomination and induction, high-potentials have to construct a personal development plan (PDP) as a means of encouraging them to be more proactive in managing their own learning and development, with the support of their PMLs, counselling partners, coaches, learning and development and the human resources staff. Emphasis is placed on the individual's ability to be proactive in managing his or her development as is also evident from this line manager's statement:

> ***...***this is a programme that requires a commitment from you, this doesn't mean you need it; you still need to put in the effort as you have been to get to this stage. All this programme does is creating opportunities for you to go further... they're not there to make you a leader without you trying... (Line manager, Scotland).

In this context, individuals have to make decisions regarding how much effort they can exert on their jobs and how they themselves want to develop their careers. What the organisation provides are only the tools and support to help high-potentials' development. However, as the company has consciously planned to invest in TM practices for the purpose of developing leaders, the PDP does not merely reflect individual career goals but also the organisation's which actually come before their own.

In this case, the breadth of skills to be developed is considerably streamlined to suit the needs of the business from those in leadership roles. The organisational goals reflected in the high-potentials' programme requirements provide boundaries to career development for this group of individuals. This indicates that, if an individual has career goals that extend beyond the boundaries of the high-potentials' programme, that individual's expectations will not be met.

Evidence from three of the management respondents show that there is a strong link between performance management and TM. Talented employees are nominated by their line managers based on the performance in their role which is monitored through the annual appraisals. The diagram below (Figure 7.0) shows how the management identifies talent and how continuity is achieved. The diagram indicates a realisation that the development of talent is a continuous and long-term investment.
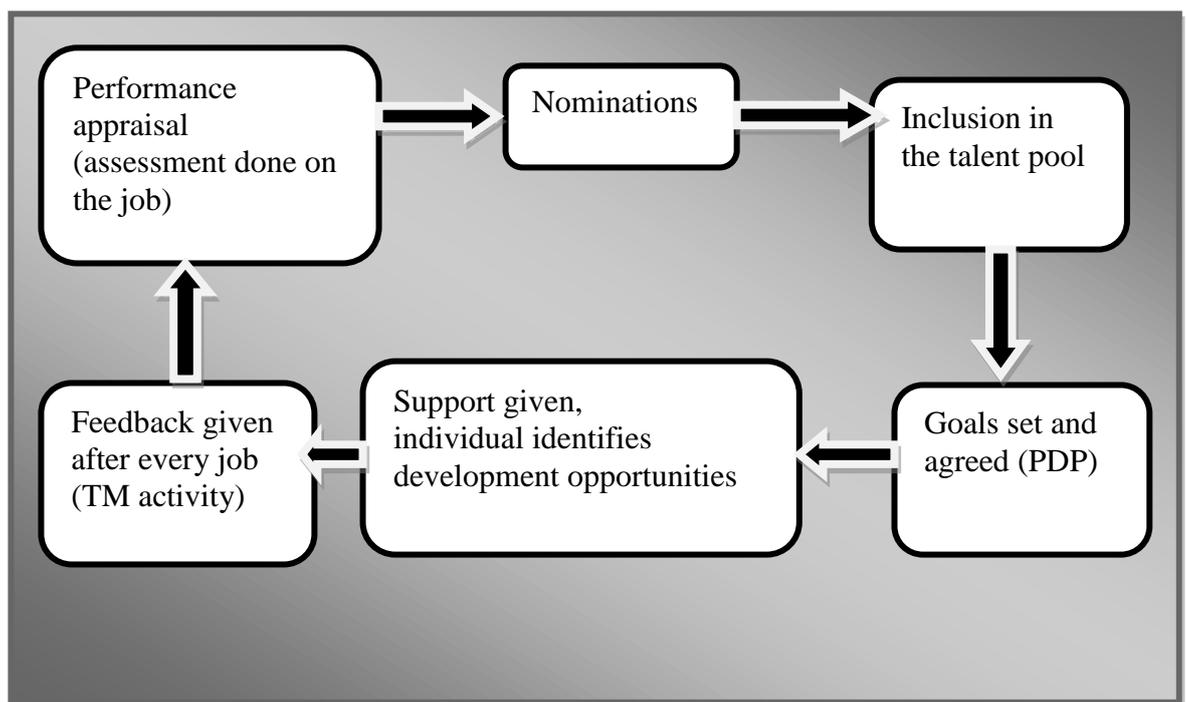
Figure 7.0: Identifying and managing talent in GPS (Source: Author)

Based on the definition of the term talent and the conceptualisation of TM in GPS, there are three main roles of TM practices. First, TM is a means of human capital development with a focus on leadership skills. The high-potentials are given development opportunities to ensure that this group of employees develop, thrive and become successful managers to ensure the continued sustainability of the firm and its market

leadership. In addition, high-potentials are given opportunities to be mentored by senior partners as well as working on client projects which help them develop a considerable breadth of experience within a set period of time. The mentoring and coaching opportunities for high-potentials can be interpreted as a means by which the management can evaluate and monitor their investment in human capital development.

Secondly, TM practices appear to be a means of dealing with the competitive pressures which the management face within their business environment. As stated by one of the line managers:

> *...I think that GPS has generally a high performance culture, so there's always a push to see what we should be aiming to develop, and what you should be doing to get to the next stage. Even as part of the annual appraisal process there will always be having these discussions with people...,* (Line Manager, Scotland).

This indicates that there are competitive pressures from the business environment which force management into finding solutions to increasing the efficiency and productivity of their workforce. Thus TM as a means of developing the human capital needs to deal with competitive pressures. However, increasing high performing employees' human capital cannot be achieved without giving them some form of incentive. There ought to be ways of fostering employees' commitment.

Thirdly, TM appears to be a way of fostering employee commitment. For example, coaching and mentoring appear to have positive effects on the high-potentials' development, the two practices provide essential support mechanisms in developing talent and fostering employee commitment. This is evident in the statements of high-potentials:

> *It's about me being given as much support as I can to get to the next level, which would be director and partner after that. So it's about my talents being recognised and me getting adequate support so I can get to the next level* (High-potential, Southwest England).

> *For me I'm very lucky. My sponsoring partner is someone who I have worked with for a very long time... I get excellent constructive ongoing advice about my career. She's very open and she gives me continual feedback...* (High-potential, Southern England).

The above statements bring out a strong practical element of TM practices which is provision of appropriate ongoing support for the high-potentials. Such an approach lays a foundation for establishing a TM culture in which talented employees feel recognised, supported and in turn become committed to the organisation and its goals. The story below is an extract from an interview with one of the high-potentials. It elucidates further on TM as a means of fostering employee commitment.

> **Joe's story**
> *I came to this firm straight from university at 22 and now I'm 29. I always said that I would leave if I got bored... I like going out every day to meet people and clients... I like the new challenges that we have, every year we will win audits and we lose audits. We get a chance to meet new people and use technical challenges thrown in front of you...*
>
> *They keep you on your toes, I think they give you a decent salary, though people grumble about it and I probably grumble about it as well sometimes, it is not too bad. They (GPS) do look after you, and the firm does win awards such as the best big companies to work for, and things like that, which some people in the firm might question, but I do think it is a good firm and... You would be hard pushed to find a firm which looks after you that well and recognises your efforts.*
>
> *As for my nomination as a high-potential, I think that it's an incredible amount of recognition. One of the biggest things I look for or want as part of my day to day work is recognition from the partners of the work that I am doing... So being a high-potential means a lot to me.*

Textbox 7.0: Joe's story- an extract from an interview with a high-potential employee

In this reflective account, Joe starts by saying that he would consider leaving his job if he became bored. At the time of the interview, Joe had been with his employer for just over seven years. He has made good career progress; he is now a manager within his department. What appears to have kept Joe going is not only the career progress he has made, but also the new challenges offered by his job. He deals with different clients who have complex needs. An important factor evident from Joe's story is the satisfaction that he gets from doing his job and working at GPS.

Joe's nomination for the high-potentials' programme is of even greater significance. The nomination is a sign of recognition of his contribution to the organisation which leads to a high sense of belonging. If Joe's case is anything to go by, it suggests that TM practices in this context can be interpreted as a means of fostering commitment among employees who have the potential to excel in their roles and contribute to the strategic objectives of the company.

7.2 High-potentials' experiences of talent management in GPS

From the experiences of high-potential individuals, four main themes are identifiable. First, high-potentials' programme is shown to give an opportunity for the talented employees to widen their social networks, particularly within the firm. For example, some high-potential employees noted that:

> *One of the opportunities to me which is quite key is around networking and finding some similar like-minded individuals... "Do I know them well enough that it might lead to some client opportunities?"* (High-potential employee).

> *It will certainly help me build up what will be hopefully useful networks for me as I progress further up the firm... It also gives me a lot of exposure to relatively senior people across the businesses who are the ones who make the decisions about promotion.* (High-potential employee).

Certainly high-potentials see TM activities as a means of building networks through which they can win client projects, as well as being visible to senior managers in the business, who may recognise their talent and promote them. Four out of five high-potentials noted that social networks are a means of building their business knowledge, as there are opportunities of meeting people from different functions and departments of the firm. Importantly, networking as a TM activity is a means of creating and sharing knowledge which is invaluable in meeting challenges that high-potentials face in their day to day jobs. As a result of using these social networks within and across country borders, individuals can create knowledge for the business and, ultimately, enrich their clients' experiences of the service they provide. There are benefits, therefore, for the individual, the company and the firm's customers.

Second, the five high-potential respondents indicated that TM activities are structured as an additional responsibility which requires them to put more time aside from their day to day duties. Indeed, there was evidence to suggest that high-potentials are stretched as regards the time they have to devote to their contracted duties and TM activities. This message comes across clearly in the statements below:

> *There is an expectation about the amount of time... because really by definition, the people who are in the talent pool are generally those who are the busiest people in the business...I think really it is a must that you end up having more client work than your colleagues and then there is the expectation of having sufficient time to devote to the high-potentials' programme on top.* (High-potential, Midlands).

> *....and something that can impact talented individuals is that work always finds its way to you as people know that you will get the job done. So doing all of that and not necessarily being freed up to do the work for the high-potentials' programme can present a problem...* (High-potential, Southwest of England).

These are attested examples of work overload and possibly conflicting obligations. Indeed, the management expect high-potentials to get outside their comfort zone by engaging in projects and other development activities which provide the greatest stretch. This aspect of TM process indicates a lack of consideration of expectations such as work-life balance and personal development, on the part of management. The approach may defeat the ultimate aim of development through the use of PDPs which require time for reflection. This approach may signify a value extraction rather than a value-creating approach to developing human capital.

Third, the data indicate a certain lack of clarity in the objectives of the TM programme. High-potentials expressed an expectation of a clear connection between TM activities and their own career paths. Undoubtedly, much as they regard the programme to be a form of recognition, high-potentials would like to know how the work they are doing will pay off as was expressed by three of the high-potential informants in the sample. For example:

> *...I would have liked to see it made a little bit clearer as to the impact the course would have on my career path, ... I would like to have known more at the outset what this physically and actually means for my career... does it mean that there is a greater chance that I will be made a partner, or is there any chance that I will be fast tracked?* (High-potential, England)?

> *I think it's very rewarding being nominated... but at some point it would be good to know that all this work that you are doing and all this additional time that you are investing, what it means to you at the end of the day. I think that is the piece that is missing* (High-potential, England).

The statements above indicate that high-potentials have a vested interest in their own development. Their performance is outcome driven; they are not only interested in giving a service to the organisation, but also having their expectations, such as career development, met. High-potentials expect a meaningful work experience and a return on the time and effort they are investing both career wise and financially.

Fourth, there is an expectation of being supervised by senior and experienced managers as is evident in the statements below:

> *It's quite interesting because my PML is a manager as well, so I personally think it's not appropriate for my PML to talk to me about that kind of thing [personal development plan], being one of my peers... I personally would look to someone more senior in the firm for good career guidance* (High-potential employee).

> *I would like to have a clear sponsor within my partner business, someone who could act as a mentor: either a director or more realistically a partner who takes explicit ownership and oversees my performance in respect of the programme...* (High-potential employee).

The statements above show that there is an expectation of being guided by a more experienced senior person in the organisation. The high-potentials express anxiety about being supervised by someone they regard as being less-experienced, and appear not to have confidence in the advice and guidance they receive. It appears that high-potentials perceive more senior members of the company as being more competent and better able to teach and supervise them.

7.3 How does management deal with the expectations of high-potentials?

The findings indicate that those in charge of managing the organisation's talent realise that the employees involved in TM initiatives do have career expectations and other needs. As a result, the management of GPS endeavour to find ways of dealing with individuals' expectations in order to gain their commitment. There are three major ways of dealing with individual expectations. First, ongoing conversations with high-potentials are one of the ways in which the management endeavour to address their concerns. This is clearly notable in Holly's story:

> **Holly's Story**
> *...this is the fourth time that I have been on the high-potentials' programme. Each case it has been through a nomination process... Differently this year... they have circulated quite a detailed matrix about what your goals are and how you want to go about achieving those. As I said the meeting with my main counselling manager is next week, so some still need to be discussed. But some of them I have discussed with the senior manager... Something is happening about those.*
>
> *So if we are talking specifics about what you want to do with your career and how you want to develop then I think something is being done. For example, in the past year or so I have been responsible for the appraisals for the more junior people within our team and I have said that I now need more experience doing the appraisals involving more senior people. And that's happening. So it's about specific actions and I think that is happening.*

Textbox 7.1: Extract from a high-potential's experience of TM

Holly's story is an attested example of how the management of GPS have tried to manage her expectations of her career development. Holly has regular discussions with her line manager and PMLs. These meetings are productive for Holly because career development needs for broadening her experience of leadership are met, for example, having experience of appraising both junior and more senior employees.

What Holly's story strongly brings out is the influence of ongoing conversations in the talent development process which lead to clarity and support. Furthermore, the conversations give an opportunity for high-potentials to express their development needs in relation to their current and future roles. However, one of the drawbacks of this approach are the over-ambitious targets for high-potentials and tight schedules for managers.

Coaching is another support mechanism used in the talent development process. In order to manage the different expectations that may be provoked, the role of the coach is essentially to provide an understanding approach to the varying circumstances of high-potentials. The coaches endeavour to help high-potentials explore alternative ways of resolving situations such as finding a means to achieve a work-life balance and holding on to the present job as high potentials wait for promotion to senior management.

The coaches also collect themes from their conversations with high-potentials which are later reported to the TM team for action as regards improving the TM programme. When the themes have been collated, the coaches and the TM team (that is, HR manager, line

managers, coaches and PMLs) explore possible alternatives to aid the development process. Coaching in this case is used to make the talented individual aware of their position in terms of developing the necessary competences for promotion as well seemingly convincing them to hang on to their current role.

Second, the management attempt to deal with high-potentials' expectations through the setting of criteria about the kind of talent (characteristics) the organisation looks for, right from the selection process. Given the nature of the work and the firm's complex clientele, for any person to be nominated as a high-potential, they need to have the willingness and drive to go wherever the company has set up operations. To this end, interview data with high potentials and the two line managers suggest that in nominating talent there is also a need to take into account factors such as flexibility to travel and the individual's personal drive to work on international assignments as well as career development.

Third, giving feedback on-the-job is another way in which the organisation tries to manage the expectations of the employees being talent-managed. For example, one high-potential based in England constantly made reference to the feedback she received from her mentor. She expressed satisfaction with the way in which her mentor used the immediacy principle in giving feedback as is evident in the statement below:

> *I am very lucky as there is a partner in an office who is very good, I work with him on a number of engagements ... he is essentially my sponsoring partner and he is essentially my coach. When we completed an exercise or held a meeting or produced a presentation he will give me feedback there and then.*

This implies that if constructive feedback is given in the right way, at the right time and with good intentions, it can be an effective tool in managing expectations in the TM process. In addition, constructive, timely feedback clearly appears to be a motivational tool in talent development and managing expectations.

7.4 Summary of the key themes emerging from this case study

From this case study, five themes arise, that shed more light on the understanding of TM. Firstly, looking at the narrow definition of talent that focuses on leadership and on an idea of talented individuals as being career minded and ambitious, for this organisation, what seems to be the driving force behind the definition of talent is the nature of the business. They look for employees with the ability not only to work with internationally

operating clients but also to work in any part of the world where the company may set up operations.

Consequently, the company seeks high-potentials who have the willingness and drive to go where the company has or intends to set up operations. This suggests that if they hire employees who are willing to travel and have the motivation to develop their own career, they do not need to look for ways of motivating these staff once they are employed. For this reason, for an individual to be considered as talented, there is a need for them to show they have the personal ambition to excel in their roles and careers.

On the negative side, it can be argued that the definition of talent in this organisation is a mechanism for demotivating the unidentified talented employees. In the worst case scenario, the definition prompts undesirable reactions which could potentially impact on the productivity and efficiency of the workforce. The organisation, as a system, realises its productivity through the interdependency of all the people within the firm. In this regard, the demotivated employees, who are not nominated as high-potentials, may affect the entire productivity of the organisation, owing to a failure to pull their weight. The demotivation of the unidentified talent not involved in the TM activities, shows that the definition of talent is not interpreted in a uniform way, as is intended by management. Rather, the definition of talent is subject to different interpretations by organisational members. The different interpretations indicate a plurality of interests and differences in the expectations of management and employees.

Secondly, in order to develop the identified leadership potential, TM is conceptualised as a continuous process as opposed to a one-off training event. On the one hand, this indicates a realisation of continuous learning, not only for the purpose of creating a flexible and responsive workforce, but also to adapt to changes in the business environment. GPS provides a service. Since customers are indispensable to this type of business, continuously increasing the knowledge and widening the skills base of the employees becomes even more important in meeting the needs of the demanding customers. Thus TM is a means of increasing productivity by developing agile leaders who are able to offer a high quality service and win more clients for the business.

Thirdly, PDPs are used as a means of encouraging employees to proactively self-manage their talent development. Employees are encouraged to set goals for themselves in the

light of the company's set criteria for the high-potentials' programme. Of more significance, is the fact that high-potentials are supposed to take an active role in identifying projects which they can work on in order to meet their development needs. Thus, networking events assume a greater significance in the talent development process of the high-potentials, because it is precisely through these activities that these individuals develop their social capital. High-potentials need to develop important networks of significant people, who in turn can help them obtain places on particular projects or widen their knowledge of the business.

On the one hand, encouraging employees to take responsibility for managing their own talent development can be attributed to GPS's national culture, which places emphasis on individual achievements rather than group attainments. On the other hand, it is a way of acknowledging that talent development is a shared responsibility. While the organisation puts support mechanisms in place, individuals are also required to have the willingness and motivation to develop themselves.

Fourthly, support mechanisms such as mentoring, coaching and feedback, if they are well implemented, can be effective in fostering commitment and managing expectations among the talented employees. High-potentials are likely to develop a sense of belonging if efforts are made by senior managers and line managers to engage in career development conversations with them. It is evident from this case study that the support mechanisms can both aid the talent development process and help to meet and modify the expectations of the high-potentials.

Lastly, TM as currently structured is perceived by high-potentials as imposing stretching targets which are time-consuming and hence rob employees of their work-life balance. Although employees get financial rewards, TM activities appear to be an extra contract, as opposed to part of the employment contract. The current approach to TM implies that employees have to do considerably more in order to create value for the company, and this may not leave them with enough time to reflect on their practices or to learn from their experiences. The essence of using PDPs and indeed creating the high-potentials' programme is to allow these individuals to reflect on their development and in turn learn from their experiences. Without time to reflect on their development plans, high-potentials' PDPs may turn out to be a ritual practiced only for the sake of fulfilling the requirements of the programme.

CHAPTER 8
CASE STUDY THREE

8.0 Introduction

This chapter presents findings of the conceptualisation and operationalisation of TM within Euro-Energy International (EEI), a German headquartered international energy firm. The research informants were drawn from the Germany and UK operations. They included: the Vice-President of Employer Branding (Germany-based), one senior HR manager responsible for talent management (Germany-based), one line manager (UK-based) and three high-potential employees (two from Germany and one from the UK).

The informants provided in-depth accounts of their knowledge and experiences of TM. Significantly, the three high-potential employees had been on the firm's TM programme for at least two years and were eager to contribute to the corporate goals through application of previous experience. For example, one of the high-potential employees had experience of working in a senior management position with his previous employer. The high-potential employees were also interested in breaking new grounds in the company, working on challenging roles and developing their careers. These experiences of employees will be explored further at a later point in this chapter.

Section 7.1 examines the managerial conceptualisation of TM in EEI, the use of the terminologies talent and TM are explored. Thereafter, Section 7.2 presents high-potentials' experiences of TM with particular attention to their expectations. Section 7.3 examines how the management deals with expectations of high-potentials and Section 7.4 is a summary of key findings from the case study.

8.1 Conceptualisation of talent management

In this section, use of the terminologies of talent and TM in EEI are examined.

8.1.1 Use of the term talent

The organisation has a broad definition of talent; the management believe that every employee has something to offer. Therefore, the organisation does not explicitly use the word talent, but rather uses the term high-potential to describe employees who are high performers in their current roles and have shown the potential to develop their current skills and deploy them in future positions in relation to their peers.

- The management define potential as an individual employee's ability to make progress within an organisation, taking on different kinds of responsibilities within a particular department, or having the ability to move to different functional areas without much difficulty in the execution of duties. Thus, it appears the management associate talent with an individual's learning agility, that is, how quick one learns and adapts to the new tasks and roles within his/her area of expertise.

In pursuit of developing specialised job knowledge in leadership, the company uses a leadership model to assess, grade and group high-potentials in talent pools. One of the key criteria is that those identified as having the potential to lead the business must have an international dimension to their role. Other critical factors taken into consideration are identified as (a) leading the business, (b) leading people, (c) leading change and (d) an individual's personal impact. These four attributes are used to grade high-potentials' level of competence in the leadership model.

As a result, in assessing high-potential employees, the leadership model is used in conjunction with a 20-grid two-dimensional box referred to as the Talent Map. The two dimensions are potential and performance. For example, an individual will be assessed on his or her behaviour as regards driving the performance of the company and how he/she uses creativity to bring about change. This behaviour is then rated according to the degree to which the individuals exhibit the identified characteristics.

8.1.2 Use of the concept of talent management

The senior management informants defined TM as *the structured approach to identifying and developing the people who have the potential to become future leaders of various functions within the organisation in the future.* In this respect, TM is conceptualised as a process of developing the identified leadership potential. The process has aspects of succession planning, and developing those identified as having the potential to become future functional leaders and project managers. In line with the leadership model described above, the TM process is closely linked with the annual performance review process. All senior managers, senior management potentials and members of talent pools take part in the group-wide management review process in order to gain an overview of the leadership population's performance and potential. At every level, high-potential

employees are assessed by their line managers. Seniority is respected as was also evident in the German beverage company in Phase One of the present research (see Chapter 5).

TM is closely linked with the performance management process through which line managers recognise individuals with high-potential. Nominees are then screened by the HR department, who select the most suitable candidates to attend a global assessment centre. After evaluation at the global assessment centre, the management categorises the high-potentials as A, B, C and D. 'A potentials' are individuals who significantly exceed expectations in their current roles and show demonstrable ability to do better in another role. This group of employees are deemed to have the potential to become senior managers within 12 months. 'B potentials' are employees who meet and exceed expectations in their current roles and are identified as having the potential to become senior managers within a period of three years. The 'C' and 'D' potentials have the ability to meet targets in their current and similar roles, but are not ready for a senior move. There is no specific time-frame for readiness to take up senior management positions.

The company invests substantial financial resources and time in developing these groups of potentials although they focus more on the As and Bs than the Cs and Ds. They work very closely with them all, supporting them in their development and the achievement of objectives in their individualised personal development plans (PDP), which are reviewed annually. The management, in conjunction with the A and B potentials, define exactly what these employees need to develop, based on the identified behaviours required.

Management describe their talent identification and assessment process as transparent. As noted by the Vice-President of Employer Branding:

> *The employees who are currently senior managers have full knowledge of the process... they are aware of their position in the potential-performance grid. ...and they know why they've been put there, there's a feedback process. Not all employees are put in the box, but the people for whom the box is used are familiar with the process.*

According to senior managers, all employees involved in the TM initiatives have an understanding of the talent review process. The management believes that the variety of tools used, together with the feedback system in place, provides means of ensuring a

transparent TM system in which high-potentials are involved. The 20-grid box is regarded by management as a useful tool that ensures uniformity in assessing high-potential employees and is also seen as essential in managing and assessing performance in the talent development process. Although the tool may be criticised as being a way of boxing people in, management state that individuals' performances in most cases are not static, owing to the availability of development opportunities and the support given to high-potential employees. In effect the 'boxing in' of high-potential employees is seen as a way of encouraging them to work hard and progress to another level.

There are three significant roles of TM in EEI. First, TM practices appear to be used as a means of fostering employee commitment. To ensure efficiency and continuity on the projects, the firm needs long-term commitment from its employees because of the nature of the business. For example, the Vice-President of Employer Branding noted that:

> *15-17 years is an average length of time we expect employees to stay in our company. So, we're talking about long-term things. If you are building a power plant, if you're talking about coal you need six to eight years... if you are talking about nuclear, eight to 12 years from the first meeting until the power plant is delivering energy. So, we are always talking about long-term strategies and long-term development.*

One of the means by which EEI tries to secure high-potential employees' commitment is through provision of additional competence development opportunities, leading to the possibility of functional leadership careers. The firm makes a deliberate investment in TM practices, developing high-potential employees, which brings forth benefits in terms of the organisation's capability of achieving their long-term projects of building power plants and delivering energy to their end customers. High-potential employees in turn feel valued as the company shows an interest in not only helping them acquire skills and capabilities, but enabling them to develop a career in leadership. However, different employees place value on different career paths. Therefore, for employees who do not value leadership career paths, TM initiatives may be seen as a means of encouraging partiality as opposed to diversity and inclusivity.

Second, TM practices can be seen as a way of investing in human capital. EEI prefers to develop its own leaders than bring them in from outside. This is evident in the statement below from the Head of HR:

... we try to identify our own talent in the company and we want to develop them. We want to believe that they are going to be successful and we don't have to bring so many people from outside in line manager positions. Of course for some positions you always have to bring people from outside but we try to develop our own people...

In their quest to advance leadership development, EEI invests substantial funds in corporate learning. Some of the activities employed include expatriation, working on short-term international assignments and other projects. The Vice-President of Employer Branding describes these development opportunities as a bonus. She stated that:

As high-potential... if you are living in Germany and you wanted to have an international work experience for two years in France, Italy, Spain or Russia, the company gives you that opportunity. You can go and learn the different cultures to improve your personality, to improve other markets, whatever you can get from this experience. It's a bonus that not all companies can give...

TM in this case is an investment to enhance the value of the human capital and the productivity of the company. The investment in the development of high-potentials is supposed to be viewed as an incentive to strengthen the employment relationship. The individuals will also gain some returns in the form of increased wages and higher positions in the long run, if they eventually get senior leadership positions. Hence, the use of the term bonus in the statement above signifies that management is trying to go the extra mile in enhancing the employment relationship. The management are prepared to increase their input into the employment relationship as they do not want to lose out on their human capital investment.

Third, the data suggests that TM is a means of creating global alignment. EEI was founded after a merger and a series of acquisitions. TM programmes were decentralised until 2006, when a global corporate programme was launched. Given this background, the major challenge facing this organisation was establishing a uniform mindset for facing challenges in their business environment, including identifying and developing high-potential employees. The Vice-President of Employer Branding (Germany) stated that:

...a very big obstacle we had until today was ourselves, because we are coming from different cultures in our company, from different programmes and we lost a lot of time in talking to all talent managers and HR in our company, until we defined this corporate management programme.

EEI started out as a German-based company and has since expanded into foreign markets, resulting in management and employees with different priorities, values and ways of thinking. The introduction of a global corporate TM programme with uniform assessment tools can be seen as a way of building consistency and a common commitment to the values and goals of the firm. The fact that there is only one centralised TM programme is evidence that the company uses this programme as a means of creating unity and aligning its employees, who are geographically dispersed as they continue to expand into foreign markets. The data indicate that the leadership model (as previously discussed) used in talent assessment and identification is used to create a shared understanding of the company values.

8.2 High-potentials' experiences of talent management in EEI

This section explores employees' experiences of TM and in particular the expectations of the high-potential employees arising from their involvement in TM practices. As key stakeholders in the TM programmes, high-potentials have their own understanding of TM activities. Three main themes are evident from the interview data. Firstly, employees would like clarity in the nomination process. This is evident in a story elicited from a high-potential employee's interview.

Meaghan's story
I started working for this company 19 years ago…I never intended to stay that long. By then it was a fairly young forward looking company which provided me with the right challenges. I was nominated to be part of the talent pool as a potential and went to the global assessment centre in 2007…My managers did not specifically discuss with me the reasons why I was nominated to be part of the talent pool. But I suppose it was implied …my managers perhaps assumed that I knew why I was nominated... It was only after going through the global assessment that I had a discussion with my manager.

At first when I was told about the TM programme I thought it was just another HR thing, that it would not lead to anything. However, I have had a positive experience, I feel more supported with my development than anticipated. Being part of the talent pool has given me a chance to get to know other people in the organisation; it has widened my network within the business. I'm more aware of the vacancies within the business.

Textbox 8.0: High potential's experience of TM in EEI (UK)

From the story above, it is obvious that this employee was unaware of the reasons why she was nominated to be part of a talent pool and actually took part in the TM activities purely out of compliance. The managers assumed that this employee was aware of what

being in a talent pool meant. On the part of the employee, the first paragraph of the story may in effect indicate an expectation of clarity in what the TM programme involves, both the reasons why and the benefits of being involved in the practices.

As the management did not take the time to explain to Meaghan, the high-potential employee, why she had been selected to be in the talent pool, she had to interpret it in her own way. Her knowledge gap of what TM was all about, led to her perception of TM as just another rhetoric struggle by HR professionals to enhance their legitimacy in the organisation. The employee engaged in sense-making and actually thought TM was just another HR initiative. Indeed, there has been a debate as regards achieving credibility and recognition of HR professionals in their firms throughout the history of HRM (see for example, Legge, 1995; Thite, 2004). Thus the employee did not have any hope of getting much out of TM because the initiative appeared to be a way of the HR function raising its credibility and legitimacy in the firm. This fact points to a gap in creating a shared awareness of TM activities within the organisation.

Referring back to Meaghan's story (see Textbox 8.1), her expectations and understanding of TM practices were modified after a positive experience. This means that if this high-potential individual had declined to get involved in TM activities owing to a lack of information about the benefits, she would have lost out. The experience of this high-potential employee led her to believe that TM is not just another HR initiative as she now feels supported in her learning.

Second, empirical evidence suggests that TM is an additional responsibility that conflicts with high-potential employees' contractual obligations. For example, a high-potential employee noted that:

> ... *I struggle sometimes to strike a balance* between my job (what I'm employed to do) and the TM activities. I feel my main duty is first to carry out the duties within my role and then use my spare time to attend to the TM activities…I wonder how others do it.(High-potential employee, UK)

The major challenge that this particular high-potential faces is striking a balance between the job which she is paid for (contracted to do) and TM activities, which are an added responsibility in this employee's view. However, she is caught up in a situation where she has to do her main job and also attend to the fulfilment of her PDP in relation to her

nomination as a high-potential employee. There is an expectation that she should be loyal to the job she is rewarded for. This might suggest that TM activities are interpreted as separate contracts for which the high-potential employees are not rewarded. This is also evident in another interview with a high-potential based in Germany, who states that:

> *...I would finally like to join the senior management pool, and not only the potential pool, obviously, and it is dragging along for me. This is slightly frustrating; at the moment I'm working hard... but I'm not rewarded for what I'm doing [TM activities].*

There is an expectation by these high-potential employees that they should or will be rewarded for the work they are doing in the TM initiatives. Meanwhile, the management sees TM activities as a means of developing the much-needed leadership potential. The differences between management intentions and the experiences of the employees signify conflicts of interest in the TM process. On the one hand, management's interest is in developing future leaders for the purpose of increasing production and creating sustainability for the business. On the other hand, much as high-potential employees have a vested interest in becoming future leaders, there is an element of them possessing other interests, such as being rewarded financially for the extra responsibilities that come with involvement in TM activities.

Given this situation, more time may be given to the demands of the contract of employment than to the development contract. While being more loyal to the jobs they are paid for is important, it can stifle the required development and consequently their progression to senior management levels. In this case, investment in human capital may not pay off for either the organisation or the high-potential individuals.

Third, from the employees' accounts of their experiences, it is also evident that TM activities in this organisation are process-oriented. One of the high-potential employees based in the UK noted that:

> *...I find that being part of the talent pool is rather process-oriented and full of activities...* (High-potential employee, England)

Progression takes longer than anticipated as there are only a few positions available. The management would like to ensure that high-potential employees develop a considerable breadth of experience, which is assessed through the leadership model previously

discussed. Conversely, high-potential employees perceive management's stringency over promotions as an impediment to their progression to senior management positions. Some high-potentials stated that:

> *...I probably think it is for a good reason, but I think maybe you overshoot the target. I think, apart from myself, there are many talented people but they are held back because the group can only take a certain amount of senior managers... In times when the economy is weak of course these hurdles are enforced ... so it is also a kind of formal entry barrier* (High-potential employee, Germany).

> *...In my case, I have a senior management position waiting for me, basically, but still I have to go through these formal hurdles, and it just takes time... An example from this week, the next position I will take has to be re-graded or graded, and there are grading committees for that and the grading committee was just cancelled, so it will not happen... I will have to wait again* (High-potential employee, Germany).

The quotations reveal an expectation for flexibility in the talent development process, as well as in the progress of individual high-potential employees. The *management put measures in place which make it considerably difficult for the high-potential employees to get to the top.* More attention is being given to adhering to the structured approach than to the specific circumstances of employees. Indeed, the aim of the TM practices is for the organisation to invest in the best people and develop the best leaders to fill the few places available. Hence, from the management perspective, being in a talent pool does not necessarily guarantee the high-potential employees' progression to senior management. The management would like to see some significant changes in the behaviour of high-potential employees based on the company's leadership model. In this regard, high-potential employees are required to work extra hard on top of their contracted roles.

There are differences in the expectations of management and high-potential employees as regards timescales and the level of achievements required to obtain a promotion to a senior management position. The results above indicate that although management describe the process of identifying and managing their talent in a transparent way, there are several misunderstandings and interpretations of the TM practices, which can be linked to a plurality of interests among the stakeholders involved in the programme.

8.3 How does management deal with the expectations of high-potentials?

From the perspective of senior and line managers involved in TM activities, there are four principal means by which they endeavour to manage the expectations of the employees being talent managed. Firstly, there is on-going feedback starting from the assessment stage, high-potentials have regular performance reviews with their line managers including a discussion of expectations. HR also takes the time to explain the expectations of the organisation, clarifying the development opportunities available. The Vice-President of Employer Branding and the Head of HR (Germany) noted that:

> *...we do a lot of things with dialogue, talking to people, trying to see what are their expectations, what are our expectations on the side of the company, which possibilities we have to match, ... which development things we can support and what the responsibility of the individual is...* (Vice-President of Employer Branding, Germany).

> *...We make the criteria for being in these talent pools transparent, and we challenge our line managers to give feedback. ...we coach our managers in terms of how to give that feedback if there's an employee who believes they should be part of it, and we don't see that...* (Head of HR Germany).

The management tries to be open about an individual's potential in giving feedback. If they think an individual is not ready for another move or not competent enough to be in the talent pool, they hold conversations with individuals within the context of their leadership model supported by the 20-grid box.

Nevertheless, given the experiences of the talented employees, there appears to be a lack of quality communication of the key principles of the TM programmes. The talent map provides key information on the rating and progression of high-potential employees. Those graded as *A potentials* for example, are regarded as having the potential to be promoted to a senior management position within a period of 12 months. However, experiences of high-potential employees show that they have not been able to make substantial progression to senior management positions within the stipulated time, owing to several issues. In this vein, Joachim's story below is worth looking at:

> *Joachim's story*
>
> *...I would say formally it was around the end of 2008 or beginning of 2009, when I was formally nominated. They [management] said you are an external candidate so we cannot make you a senior manager right away; we are aware of your potential and work experience which we think is valuable. However you still have to go through this process. They waited basically for a year or so and then they nominated me officially.*
>
> *My line manager was well aware of the fact that I brought this work experience to the company. But he was still supporting that I go through this process... He mainly explained the process to me, how it would work after I'd been selected, when the global assessment centre would happen and so forth. For me... I had at least the same or more experience as some of my colleagues who are already senior managers.*
>
> *Nevertheless, my expectations were met as regards access to additional leadership programmes. What does not meet, or what did not meet my expectations, is that it is a longer circle or a longer loop to be finally a senior manager than I thought. And that is mostly related to what I would call formal barriers... So, I would not have thought, when I started that it would take up to now that I would become a senior manager. I thought it would be a year, and now it turns out to be two or two and a half years...*

Textbox 8.1: Extract from an interview with Joachim, a high-potential employee

Joachim thought he would only wait for a year to become a senior manager but two and half years down the line, he is still in the high-potentials' pool. From Joachim's story, it is evident that the company has stringent measures put in place to standardise the development process. The lack of flexibility in the process may be demotivating for high-potential employees as it makes the achievement of a senior position look like an impossible dream. The focus on the process can extinguish the drive to work hard and achieve promotion. Thus it becomes particularly difficult to motivate and manage the expectations of employees in this situation. From expectancy theory, it is seen that people work hard if they perceive that the rewards they value are available. But if the prospects of getting the reward (senior management position) appear unachievable, they are likely to be demotivated and thus expend less effort.

Secondly, PDPs can be considered a way in which management monitor the performance of high-potential employees. Continuously monitoring development is crucial in this organisation as getting a senior management position is highly competitive. In relation to this, one of the line managers based in the UK stated that:

> *Getting a leadership position is dependent on an individual's progression, skills and the competition as well. Most of our managers are in their 40s or 50s, so the chances of these people retiring or leaving a position are very slim so there is need for high-potential individuals to be patient...*

Even though the focus of TM is on leadership development, the statement above from the line manager shows that the chances of progressing to senior management level are slim. Therefore, the high-potential individuals have to work extra hard in order to out-perform competitors.

Thirdly, the use of the assessment centre is regarded as an invaluable method of assessing high-potential employees and removing bias in the process of talent identification. However, attested examples from high-potentials demonstrate that there is a need for a more effective integration of the global assessment centre with other forms of assessment. This is evident in the quotations below:

> *The assessment centre is a very structured approach to assessing potential. I have not had problems with it, but I have a colleague who did not make it in the assessment centre and a few weeks later this individual got promoted. I do not know how this happened* (High-potential employee, UK).

> *Obviously I'm not an HR person so I would say that some of these exercises, even though they might give useful hints, they are artificial. So, if you do a case or an interview it's always not real life... you are almost not able to change the result of a global assessment centre, even if you say please ask my line manager, please ask my employees how they see me as a leader, for example.* (High-potential employee, Germany).

From the first quotation, there is clearly a discrepancy in the use of the global assessment centre. It might be that in the case of the particular individual mentioned, it failed to predict potential that the line manager and HR did see. In the second quotation, the assessment centre appears to carry more weight than the assessment on the job. It appears that management have put a lot of weight on the use of the global assessment centre while the informant appears to think that performance in an individual's everyday job might be a better predictor of potential. The two quotations indicate a lack of integration in the use of the assessment centre and a disconnect between the tools used and the purpose they are used for.

Fourthly, the use of the grading system (talent map) described as a transparent system by the management helps individuals to develop an understanding of their strengths and development areas. Although the talent map has a period of progression for each of the grades, it takes much longer in reality for high-potential individuals to be promoted. Therefore, the use of this tool does not have a distinct impact on managing expectations

because it creates unrest among high-potential individuals. In addition, as was already mentioned above, senior management positions are not readily available, so, increasing the number of high-potentials in the talent pools and not having them progress within the stipulated period, raises unintended expectations which are not met.

8.4 Summary of the key themes emerging from this case study

From the perspective of an internationally operating firm, this case study has presented significant six notable themes in terms of the way the firm manages talent. Firstly, there are two important dimensions in the understanding of talent: performance and potential. In the context of the German language, talent is regarded as an innate disposition to produce good achievements in a particular field. The dimension of potential could be understood as the underlying innate ability to lead, whereas, performance can be interpreted as the demonstrable capacity of an individual's innate ability. It follows from this perspective that the case study organisation to some extent draws on the meaning of talent from the German language because in the identification of talent, they have used a set of key attributes in a leadership model which they use to assess potential and performance. The responsibility of line management, therefore, is to continuously evaluate individuals in their jobs and spot those with outstanding performance, then nominate them for further scrutiny by HR and the global assessment centre.

Secondly, with emphasis on the use of PDPs, high-potentials are required to take responsibility for their own talent development. Emphasis appears to be placed on individual progression and achievements. The management stresses the need for individuals to aim to reach greater heights in their jobs. Individuals are challenged to work hard and develop competence; and this is rewarded by moving from one box to another on the talent map. In addition, individuals are expected to take responsibility for identifying development opportunities, such as projects and international assignments, in order to realise the development goals they have been set.

Thirdly, two important tools (the leadership model and the global assessment centre) are used to promote evenhandedness and transparency in the talent identification and assessment process. In order to clarify the boundaries of the talent the firm seeks, the management have captured the key attributes of leadership in a model and individuals' performance and potential are rated accordingly. Hence, one's performance and potential will not only be recognised by one's line manager but has to be tested against the

leadership model and this is followed by further examination at the global assessment centre.

Fourthly, in pursuit of a structured and transparent approach to identifying and developing high-potential employees, management are mainly focused on getting the TM process right and ensuring the removal of possible biases. Consequently, while the management understands TM as a structured procedure for developing leaders, high-potential employees' experiences indicate that it is an inflexible development path that might even erode the initial enthusiasm that is created at the nomination stage. This focus on the structured procedure has in effect led to rigidity in the talent development process. Rigidity may reduce individuals to non-human factors in production as opposed to individuals with expectations and needs from engaging in work. This may substantially decrease performance, stifle development and diminish their morale, resulting in them leaving the organisation.

Fifthly, the organisation has been formed out of mergers and acquisitions, TM is used as a means of building alignment and establishing a sense of unity among the organisation's members. By wanting to create an atmosphere of oneness in the process of developing their human capital, EEI appears to be assuming a unity of interests among all the stakeholders. However, there is a possibility of conflict of interests, for example, talented employees will endeavour to work hard in order to make career advancements, while management's interest may lie in increasing employee's performance and consequently the company's productivity.

Lastly, findings indicate that involvement in TM activities is an extra contract for which high-potential employees are not rewarded. The greatest reward from the perspective of management is that these employees have been recognised and are given the opportunity to develop. As high-potential employees struggle to meet targets in both the jobs they are paid to do and the TM activities, it would appear that the company uses a value maximisation approach to developing human capital which may be counterproductive in the TM process.

9.0 Introduction

This chapter discusses the key findings of the study by bringing together Phase One and Phase Two. The main feature of Phase One is the iceberg model, which was constructed as a result of the analysis of the conceptualisation and operationalisation of TM in practice among 14 European international firms. In order to test the model, Phase Two aimed at empirically exploring how the managerial conceptualisation and operationalisation of TM in internationally operating organisations influences the expectations of the employees being talent managed.

Phase Two is an examination of both the management intent in introducing TM initiatives through discourses and the interpretations made by employees involved in the practices. From this examination, a modified version of the iceberg has been constructed as shown in Figure 9.0. In the following sections, the two significant elements (visible and invisible) are discussed with reference to the empirical evidence and the literature.
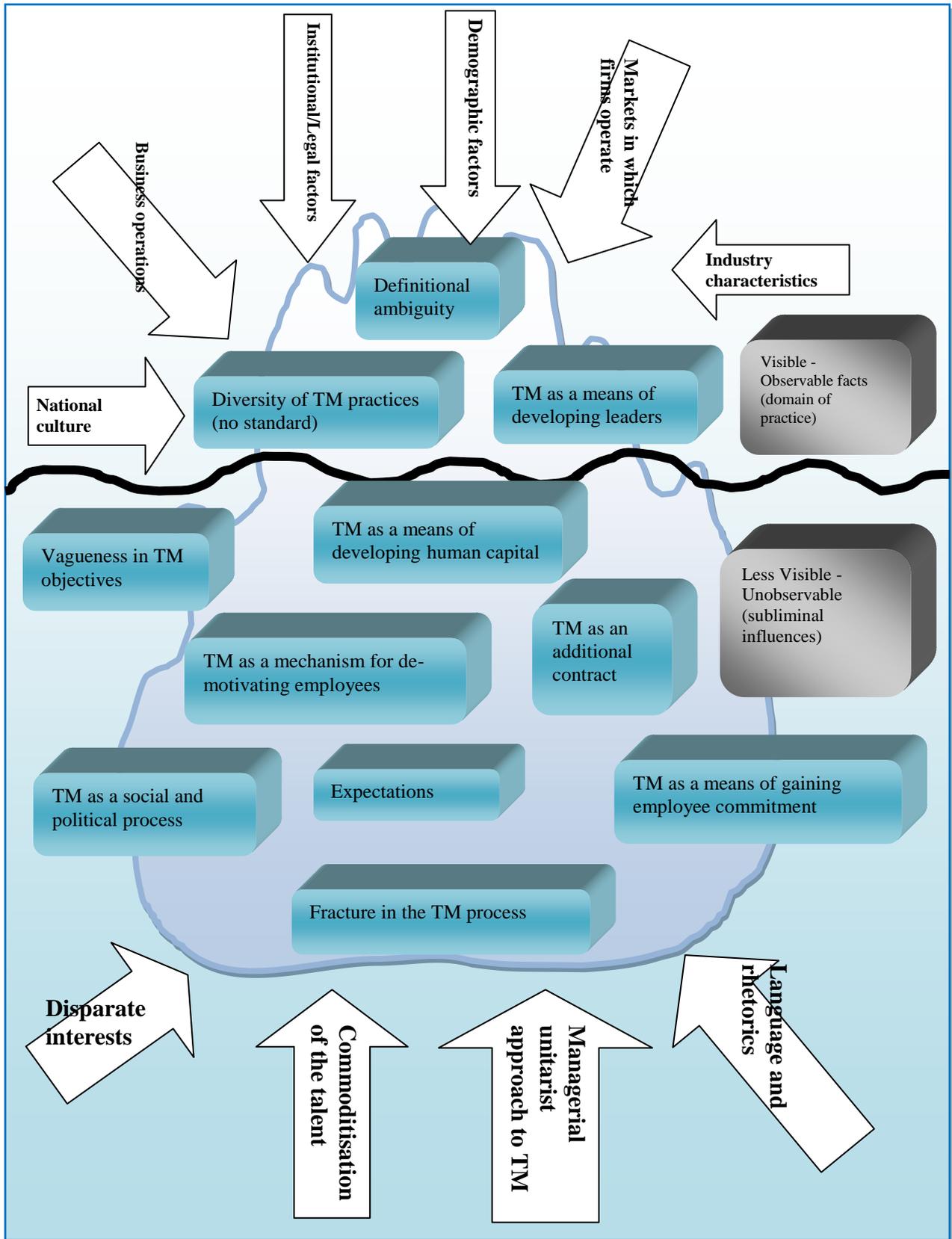
Figure 9.0: Modified iceberg model of TM

Indeed, Figure 9.0 shows a significantly different picture from the initial iceberg presented in Chapter 5. To elaborate on the modified model, Section 9.1 expands on the visible elements while Section 9.2 gives a detailed discussion of the subliminal influences within the context of the extant literature and the dual theoretical framework outlined in Chapters 2 and 3 respectively.

9.1 Visible elements of TM: The domain of practice

In Phase One, the iceberg model revealed that within the domain of practice the observable elements constitute definitional ambiguity, a variety of practices and implementing TM as a leadership development initiative. Phase Two findings have confirmed definitional ambiguity and diverse approaches to TM within the case study firms. In addition, it was also evident that TM was used mainly as a way of developing future leaders which reveals a convergence approach to managing talent (see Stahl *et al*., 2007). Definitional ambiguity was deemed to be the most observable element of TM both in the literature and the empirical evidence. For example, Table 9.0 below makes clear the wide differences in definitions and understandings of the terminologies of talent and TM among the case study firms.

	Talent	**Talent Management**
Inter-Lime	• The term 'talent' is not used. • Finnish Perspective- Talent as being innate. • Every employee has something to contribute. • *Focus is on **leadership** and key technical positions.* • Use potential and performance as a criterion for inclusion in the talent pool.	• No emphasis on the use of the concept of TM. • Competence development and competence management are preferred. • *TM from the management perspective is a process of identifying high performing and **high-potential** individuals and providing the right opportunities for them to sharpen their existing competences.* • Strong link with performance management, i.e. development discussions.
GPS	• *"the people with the **potential** to become **future** leaders in the firm."* • *Focus is on leadership.* • *Use potential and performance as a criterion for inclusion in the talent pool.*	• *The process to identify, obtain and accelerate the development of the talent pool.* • Strong link with performance management. • Uses PDPs to encourage employees to take responsibility of their development.
EEI	• The management define potential as an individual employee's ability to make progress within an organisation, taking on different kinds of responsibilities now and in the **future.** • The term talent is not used. • *Focus is on leadership.* • Use **potential** and performance as a criterion for inclusion in the talent pool.	• *The structured approach to identifying and developing the people who have the **potential** to become **future** leaders of various functions within the organisation in the future.* • Strong link with performance management. • Uses PDPs to encourage employees to take responsibility of their development.

Table 9.0 Definitions of talent and TM in the three case study organisations

The evidence clearly suggests that the sample organisations choose to use different definitions of talent and TM in order to address specific factors in their everyday business activities, including the impact of industry characteristics (Tansley *et al*., 2007), diversity of the markets in which firms operate and agreed operational strategies. Although the use of terminology differs among the informant organisations, analysis of the empirical data reveals that the term talent refers to high-potential employees whose level of competence is judged above average and able to add considerable value to the

productivity of the firm. Performance in the individual's current job is used as one of the key indicators of potential which can further be developed.

Using high performance as an indication of potential talent echoes the understanding of talent as conceived by Gagné (2000a: see Chapter 2, Section 2.1.1). In Gagné's view, an individual has to have raw materials (innate giftedness) which the company can identify and further transform into systematically developed talent through the provision of the right training and development opportunities and enabling environment which includes good working supervisor-supervisee relationships.

There are other studies which have also shown that performance and potential are important elements in identifying talent. For example, as mentioned in Chapter 2, the study of Tansley *et al.* (2007) in the UK shows that in some organisations those classed as talented have the ability to progress two or three times more than their peers up the organisational ladder within a specified period of time. Another study conducted by Goleman (in Pilbeam and Corbridge, 2006) in the USA also shows that top performers in professional jobs were capable of adding 10 times as much value to their organisation as their co-workers. What is highly significant in these studies is that performance plays a key role in nominating talented individuals although it is not clear how this is measured.

These findings are also consistent with the conclusions made by scholars in the field of sport. For example, Howe *et al.* (1998) concluded that (a) there will be some advance indications, allowing trained people to identify the presence of talent before exceptional levels of mature performance have been demonstrated; (b) early indications of talent provide a basis for predicting who is likely to excel; and (c) only a minority are talented. With this in mind, evidence in the three case studies shows that only a few individuals are considered as being high-potentials. These findings also lend support to the assertion made by Collings, McDonnell and Scullion (2008) that only a few key individuals positioned in pivotal roles make a difference in terms of differentiated organisational performance.

Empirical data clearly show that there is an acknowledgment that some individuals have more to contribute to their employer's business, and this appears to be the main motivation of management's investment in high-potential employees. This finding lends support to Iles' (2007) contention that, as employees differ in their potential to add value

or risk the corporate brand; it is therefore in order to treat different groups differently because their contribution to the organisation differs. Thus the management in the three case studies seek to identify, develop and retain high-potential individuals who have the human capital necessary to lead the operations and ensure sustainability of their businesses. Undeniably, this indicates that from a managerial perspective, the significance of an organisation's relationship with its talented employees is to optimise the use of talents in order to achieve the best possible added value (Schoemaker and Jonker, 2005).

From the three case studies, it is possible to highlight three notable features of the conceptualisation of talent. Firstly, although the use of terminology differs among the informant organisations, analysis of the empirical data reveals that the term talent refers to high-potential employees who are judged able to add considerable value to the productivity of the firm. Performance in the individual's current job is used as one of the key indicators of potential which can further be developed. These findings correspond to the work of Tansley *et al*. (2007) who observed that talent is associated with those individuals who demonstrate the potential to progress to more senior roles.

Secondly, substantial emphasis is placed on the terms *potential* and *future*. Yet the use of these two terms is also ambiguous because they may mean different things to the management, on the one hand, and the talented employees, on the other. For example, the data show that the two terms may act as the context through which the management and the talented individuals may interpret their involvement in TM activities. From a managerial perspective, potential and future can be interpreted as terms used to emphasise their investment in human capital development for the purpose of creating the necessary core and distinct competences needed for the survival of the company. Yet as far as the talented employees are concerned, they view the terms potential and future in direct relation to their career advancement.

Thirdly, definitional uncertainty of the use of the word talent and its application in the identification of talented individuals may serve as a mechanism for de-motivating unidentified talent. Employees who are not nominated as talented feel or at least tend to be de-motivated as use of the term talent may imply that some individuals are 'talentless.' For example, in GPS, there are issues of finding means of motivating

employees who have been left out of the TM system and especially those from different national cultural backgrounds with strong ethics of equality such as Sweden that do not identify with the terminology of talent. For their part, Inter-Lime and EEI deliberately avoid using the term talent because of its negative connotations.

From the two phases of this study, there are indeed significant factors which are likely to influence the conceptualisation and operationalisation of TM, namely: industry characteristics; national culture; markets in which the firms operate; the kinds of business operations; demographic factors and legal factors. These factors are mainly institutional and cultural which implies that conceptualisation and operationalisation of TM is likely to be influenced by contextual factors within the business environment of the firm. The first four factors were identified and discussed in Chapter 5 in the context of Phase One findings. In addition, Phase Two has revealed other important dimensions in the understanding of the terms talent and the concept of TM, that is, demographic and legal factors.

As argued in Chapter 2, TM creates, and is created by, practices which are not only organisation-specific, but also dependent on the socio-cultural context in which TM is being practised. As evidenced in this study, industry characteristics; national culture; the markets' demographic factors and legal factors have a considerable impact on the way TM is conceptualised and how high-potentials are managed within the sample organisations. From the divergence school of thought, an understanding of TM in relation to the four factors will be sought in order to try and understand the particularities of the context with a view to interpret why and how such differences have emerged in these settings (Girgin, 2005; Brewster, 2005).

From a divergence perspective, evidence in Phase Two confirms Phase One findings. Firstly, industry characteristics can offer an explanation as to how the understanding of the terms talent and TM differ among the firms and also why they adopt the practices. For example, because of the long-term nature of projects (at least 15 years) undertaken in EEI, TM initiatives are a means of gaining the commitment of employees. In the same way, GPS also deals with international and domestic clients. As a result, the range of services offered and the type of clientele demands a complex skill-set from employees. Within this context, TM activities are then used to develop the skill-set required to

execute the firms' domestic and international operations. This aspect corresponds to the conclusion made by Tansley *et al.*, (2007) that industry characteristics play a key role in defining talent.

Secondly, the nature of the business in the three case studies appears to influence decisions as regards whether the organisation focuses on leadership only or both leadership and what organisations consider to be key strategic positions. As highlighted in the literature, there is recognition among the case study firms that internationally competent managers represent a key component of success among organisations operating in different geographical locations (Becker *et al.*, 2004; Scullion, 1994, 2001; Stroh and Caliguiri, 1998). While GPS and EEI only focus on leadership development, Inter-Lime also takes a keen interest in identifying and developing those with potential to take up key positions in significant business areas which require highly specialist technical knowledge, for example geology. Inter-Lime cannot operate in its chosen business sectors without this kind of expertise, which, although it may not be seen as talent as such, is plainly strategically important job knowledge. This reveals recognition of the importance of the quality of top executive talent and how effectively these critical resources are managed and developed in an international business (see Brewster *et al.*, 2007).

Thirdly, from a culturalist perspective, national culture is a very significant point of discussion, which has emerged in findings of both phases of primary research. For example, Inter-Lime has a deliberate decision by management to avoid the terminology of talent and TM owing to the Finnish connotations of the word talent. From Hofstede's (1980) study, it is evident that the Finns are a feminist culture who place value on quality of life and have strong values of equality. Owing to the Finnish egalitarian culture, Inter-Lime uses an opaque approach to TM, meaning that the management prefer not to label a minority of the workforce as talented. This has also been observed by Blass *et al.* (2006): organisations within an egalitarian culture choose not to openly discuss an employee's location on the talent map but rather give feedback as the focus is on development. As illustrated in Inter-Lime, the management of talent is very much dictated by the cultural and traditional history of the Finnish headquarters.

In EEI, there is evidence of a hierarchical, process-oriented approach to the conceptualisation of TM which plainly reveals German cultural values. The TM process

is characterised by a sequence of decisions made by a panel of managers at different points in the development of a high-potential employee. The psychologist Schroll-Machl (2003) identified among defining German characteristics an appreciation of structures and rules. In the context of Hofstede's cultural dimensions, German culture ranks high on uncertainty avoidance which is characterised by a preference for more structure resulting in explicit rules of behaviour, either written or unwritten (Adler, 2008; Hofstede, 2001). The EEI case bears out this pronounced tendency of strong adherence to rules and procedures. For example, for a high-potential employee to move from one potential group to another there must be a meeting of managers to discuss the progression. All the while this panel does not meet the high-potential employee has to wait for confirmation of the job move. Another example of this process orientation to TM in EEI is that, even if an experienced senior manager is hired, that person also has to go through the same development process, there is no fast-tracking.

These examples reveal the German mindset which is plainly linked to a culture that is marked by 'orderliness, organising capacity, power of abstract thought and thoroughness' (Priebsch and Collinson, 1962, p.447) and tends not to leave much room for short-cuts. From Hofstede's (2001) dimensions of culture, countries with strong uncertainty avoidance such as Germany, place considerable concern on strict laws and great respect for experts (Adler, 2001; Hofstede, 2001). This may help explain why the management in EEI, aim at ensuring that high-potentials develop an in-depth knowledge of the needed senior management and functional leadership competences. This state of affairs in EEI confirms Ganter and Walgenbach's (2002) contention that the concept of talent in Germany is strongly related to thorough specialised job knowledge (see Chapter 2, Section 2.3). This aspect of developing reasonable depth of experience reveals an attribute of a German management system which, according to Holden (2008), significantly values expertise.

In a similar vein, Ganter and Walgenbach (2002) note that job-specific expertise and not just position in the organisation hierarchy legitimises the authority of German managers. In this light, it can be concluded that TM activities in EEI are influenced by the German management style which is characterised by thoroughness and the need for expertise in a particular area of management or leadership among high-potentials. Indeed, the attested examples confirm that cultural assumptions affect the way people in a country (and in particular managers) make sense of the world (Hofstede, 1980).This state of affairs leads

high-potential employees to perceive TM activities as being rigid and to some extent harsh as it takes unnecessarily long for these individuals to progress to senior management positions.

Fourthly, from an institutional perspective, the adoption of TM practices appears to be influenced by demographic factors. For example, in Inter-Lime, the introduction of the junior management talent pool is informed by the desire for the organisation to develop teams of ready successors as there are several retirements of senior employees expected in the next five to 10 years. From the perspective of management in GPS and EEI, the current average age group of senior managers is around 30 to 40 years. As a result the management in EEI and GPS place considerable emphasis on recognition rather than promotion due to non-availability of senior management positions. Thus age as a characteristic of the workforce within these two organisations impedes the process of progression for those in high-potential talent pools.

Fifthly, legal factors within parent and host countries are an important consideration in implementing TM practices owing to the type of business and markets in which firms operate. For example, Inter-Lime as a mineral extractive company uses explosives and so requires local knowledge of subsidiary regulation. Thus, apart from reaffirming the existing competences in their talent review meetings, Inter-Lime also defines new needed competences for their international operations. For example, in their plans to increase business in Russia, they identified the need to increase employees' knowledge about the Russian legal systems and relevant regulations, as Inter-Lime must work with the authorities. Russian language skills have also been identified as valuable expertise. Thus, as regards selecting talent in subsidiaries like Russia, Inter-Lime prefers staffing their operations with local nationals.

Hollinshead (2010, p.174) notes that 'in the post-communist era, the activities of personnel management cannot be isolated from broader societal issues.' In this respect, managers take into consideration the context in which they operate and try to adapt TM initiatives to the prevailing conditions in the host country. From an institutional perspective, knowledge of the Russian legal system appears to be an important attribute of employees considered to be high-potentials in Inter-Lime plainly because Inter-Lime needs to be seen to maintain legitimacy in relation to the environment. Russia differs from other countries in Europe owing to its communist background. Indeed, as noted by

Hofstede (2007), the Central and Eastern European region is not to be approached by the normal route: namely the imposition of standard Western frameworks, which make no allowance for local mood and tone and definitely not historical legacy. For example, in socialist times millions of people in CEE countries were compelled to learn Russian (Vaiman and Holden, 2010) as this was the lingua franca of business among the socialist states.

Undeniably, the five significant factors explaining variations highlighted in the examples can be attributed to the contexts in which TM is practiced such as the headquarters of the firm and the national culture. In this respect, Berrell *et al*. (1999) contend that there is a possibility that various cultural groups might approach similar management tasks in quite different ways. The firm's headquarters and the subsidiary can be legitimately considered as providing a significant background against which TM practices can be understood and developed. Berrell *et al.* (1999, p.578), contend that 'traditional explanations of management behaviour have included understandings about the influence of values, norms, roles, regulations and activity within organisations.' The case studies, in particular Inter-Lime and EEI, show attested examples of cultural influence on TM practices. According to Holden and Glisby (2010), contexts are influenced by value systems. As is evident in Inter-Lime and EEI, the Finnish and German values influence the conceptualisation and operationalisation of TM respectively.

From the attested examples, it is apparent that concepts of talent and its management are appreciably influenced by industry characteristics (Tansley *et al*., 2007), socio-cultural, demographic and legal factors, historical traditions and economic impulses, all of which vary in complex ways from one country to another (Vaiman and Holden, 2010). Thus, there is ample evidence in Phase Two which reflects distinguishing factors and in some cases, possibly unique embeddings, which influence perceptions of talent and its management. The next section discusses subliminal influences of the conceptualisation of TM.

9.2 Invisible elements of TM: Subliminal influences

Initially, four invisible elements were evident, they include: (i) TM as a means of developing human capital, (ii) vagueness in the TM process, (iii) demotivated employees and (iv) expectations among talented employees (see Chapter 5). Indeed, Phase Two has not only confirmed the presence of these four elements, but also uncovered additional

elements which posits TM *as (i) an additional contract, (ii) a social and political process and (iii) TM as a means of gaining employee commitment*. Four factors that partially explain the existence of these invisible elements are: commoditisation of the talent; the operationalisation of TM as a unitary process; disparate interests among stakeholders and the use of language and rhetoric in the implementation of TM activities.

TM as a means of developing human capital: provides opportunities for talented employees to enhance their knowledge and skills through the organisation's deliberate investment in developing this important resource. Undeniably the role and responsibility of the organisation can be considered crucial when increasing employee performance (Boxall and Purcell, 2003; Pfeffer, 1994). As evidenced in the case studies, the organisations have taken time to increase employee productivity through TM initiatives. The approach taken by the sample organisations lends support to the work of Dowling *et al.* (1999) and Scullion (2001), who have argued that managing human capital effectively is of considerable significance in achieving international business success. For example, Inter-Lime and EEI have identified their core competences and customer needs in their markets, and are trying to put in place high-potential employee development measures to ensure growth and success of their international operations.

Findings indicate that the main factor promulgating TM as a practice among informant firms is developing the leadership and managerial talent needed to meet the business challenges. From the extant literature, the managerial implication of investment in human capital development is seen as a means of improving operational efficiency and business performance (see Becker and Huselid, 1997; Cappelli and Neumark, 1999; Richard and Johnson, 2004). This aspect of investing substantial resources in developing talented individuals lends support to Tarique and Schuler's (2010) assertion of treating costs related to attracting, developing and retaining talent as investment in human capital.

Specifically, the management in Inter-Lime conceptualises TM as a means of developing the necessarily skills for the survival of the company through investment in their high-potential employees in order to have a rich base of human capital to take over from nearly 50% of senior managers who will be eligible for retirement in the next five to 10 years. By encouraging knowledge sharing and building competences, the management in Inter-Lime recognise that their employees are a primary source of competitive advantage. In this respect, Brewster *et al.*, (2008) contend that sustainable competitive advantage

derives from a company's human resources; also that this source of advantage may be more inimitable and enduring than a particular product. From the perspective of HCT, there is a strong link between investments in the firm's most valuable asset - its employees - and increased productivity and sustained competitive advantage (Brewster *et al*., 2008).

The approach taken by the three firms has resonance in the strategic HRM literature, where it is argued that resources and capabilities that underpin an organisation's competitive advantage are directly tied to the capabilities of talented individuals who make up the human capital pool (Cheese *et al*., 2008; Wright *et al*., 2004). As noted earlier, TM focuses on developing high-potential individuals within the case study firms. In this context, the organisations' investment decisions appear to be targeted towards developing and retaining the high-potential individuals. The decision is influenced by the economic gains that are associated with investing money where it has the most impact, that is, high-potential employees as opposed to embracing the 'everyone mantra' (Warren, 2006).

TM as a means of fostering commitment among high-potentials reveals recognition of retaining high-potential employees among the case study organisations. The management in the three case studies have shown considerable interest in developing and retaining high-potential employees to sustain the firm's international operations. This is what Scullion and Collings (2006) regard as the main purpose of TM in international operations. Clearly, there are efforts being made by case study organisations as regards securing the commitment of high-potential employees. For example: (a) Inter-Lime recognises the importance of its employees' needs, aspirations and even fears - a fact which certainly symbolises a humane approach to managing high-potentials. The line managers play a key role in exploring high-potentials' needs and fears in their development discussions; (b) GPS has talent coaches who discuss high-potentials' concerns on their advancement and career development prospects; and (c) EEI also relies on line managers to clarify the stages, individual progress and processes involved in advancement to senior management positions.

Vagueness in TM is evident in both phases of the study as regards the objectives and implementation of TM programmes in practice. In some cases, vagueness is a result of

management's deliberate decision. For example, in Inter-Lime and the Finnish paper manufacturing company in Phase One, the management have deliberately decided to avoid the use of the terminology of talent and TM. In addition, the management in Inter-Lime also use an opaque approach to nominating and managing talent. In this case, it is possible to conclude that vagueness in TM is a result of the cultural beliefs of the firm's headquarters.

There are also instances where vagueness is a result of disparate interests between management and the talented employees. Firstly, in GPS, talented employees noted that there is no clear link between their career paths and TM initiatives. Secondly, although in EEI there is a clearly set timeframe for promotion to a senior management position; high-potential employees expressed concern about the fact that progression takes considerably longer than stated. Thirdly, in Inter-Lime, high-potential employees and their line managers expressed sentiments of lack of clarity in the aims of TM and how the set development activities may enhance both the roles and careers of the high-potential employees. Furthermore, in all the case study organisations, there is no guarantee for a promotion. This situation leads to feelings of frustration among talented individuals and potentially de-motivation.

Consequently, high-potential employees are left to make sense of *what is in it for them*. As revealed in Chapter 3, employee commitment to TM activities may depend on the perceived expectation of the effort expended and the achievement of a desired outcome, which, in most cases, will relate to career development (see Collings and Mellahi, 2009; Garavan, Morley, Gunnigle and Collins, 2001; Gratton and Ghoshal, 2003; Hiltrop, 1999; Holland *et al*., 2007). However, the perceived expectations of engaging in TM activities appear to be elusive.

TM as a mechanism for de-motivating employees: given managerial emphasis on leadership development and vague objectives, high-potentials interpret TM initiatives as a means to career advancement. But strikingly, high-potentials do not seem to see the connection between TM and their careers. In addition, even where promotion is promised, as in the case of EEI, the process-oriented approach clearly impedes talented individuals from attaining their career goals. From Nadler and Lawler's (1983) assumption three (see Chapter 3, section 3.2.1), human behaviour in organisations is a result of conscious decisions. Based on their experiences, talented individuals noted that

if they did not seem to get any form of career advancement, they would decide to make less contribution or if the labour market conditions allow, they would seek employment where their talents will be better utilised.

From the perspective of expectancy theory, employees' work effort is directed towards behaviours that people believe will lead to desired outcomes (Ahlstrom and Bruton, 2010). From this perspective, it is likely that employees will exert more effort on TM-related activities and their roles if they perceive a strong link to their career outcomes. However, if the process of getting the promotion is proving impossible because of the ambitious targets, vagueness in TM objectives, unclear communication, and the focus on the process, high-potentials may become de-motivated as is made clear at a later point in this chapter.

TM as an additional contract is another issue resulting from high-potential employees' experience of conflicting obligations and over-ambitious targets between the jobs they are paid to do and the development activities (see GPS and EEI). The experience of ambitious targets defeats the ultimate purpose of the investment made in the human capital development as high-potentials have limited time to reflect on their development. Employees start to question where their time is well spent. In all three case studies, TM is structured as an additional opportunity made available to a selected few high-potentials. For example, in GPS, the high-potentials' programme is structured as an additional responsibility which requires talented employees to put more time aside from their day-to-day duties. Similarly, one of the high-potential employees in EEI noted that she was struggling to strike a balance between the job which she is paid for and TM activities. The examples clearly show that high-potential employees are stretched as regards the time they have to devote to their contracted duties and TM activities.

From the perspective of expectancy theory, when a person chooses between alternate behaviours which have uncertain outcomes, the choice is affected by not only the preference for a particular outcome, but also the probability that such an outcome will be achieved (Nadler and Lawler, 1983; Vroom, 1964). Given this situation, high-potentials may pay more allegiance to the demands of the contract of employment than to the development contract. Indeed, while being more loyal to the jobs they are paid for is important, it can stifle the required development and consequently their progression to

senior management. In this case, investment in human capital may not pay off for either the organisation or the high-potential individuals.

TM can be seen as a social and political process in which stakeholders have disparate interests. As noted by Gratton and Ghoshal, (2003, p.3), talented individuals' social networks become capital because 'they provide access to the resources members of the network possess or have access to.' In this respect, when high-potential individuals are selected to be part of particular talent pools within their organisations, the intention of the management is to develop their human capital further through various means including mentoring, coaching, on-the-job and off-the-job training and networking events. Social capital in the context of TM can be described as *the stock of active connections among high-potential and talented employees within and outside their organisations (see for example,* Friedman and Krackhardt, 1997*)*. As is clearly evident in the three case studies, management deliberately put in place in-house and off-site training and development events which help in facilitating social interactions and building networks which are valuable for knowledge sharing.

Social capital exists in the relationships between and among persons and extends the more that the position one occupies in the social network constitutes a valuable resource (Friedman and Krackhardt, 1997*)*. Consequently, through networking events, the management expect high-potential individuals' social capital to increase by making necessary contacts which are invaluable in solving challenges that they face in their jobs. For example, by virtue of their positions in the organisation, senior managers in Inter-Lime are given the opportunity to attend external training events as a means of making external contacts that are significant in getting information about problems in the wider business environment and how to solve these.

Social interactions enable high-potential employees to deliver added value (for example, for solving problems and dealing with challenging situations) to their employer over time (Powell, 1990). Networking is thus acknowledged as a form of development activity for the high-potential individuals. The managerial emphasis is on creating social capital necessary for employees to deal with their daily challenges in their roles as well as sharing and acquiring knowledge to improve business operations. In this context, the management expect to create social capital for the purpose of enhancing organisational capital (Adler and Kwon, 2002; Baron and Armstrong, 2007).

The practice of increasing senior managers' social networks is also recognised in the work of Adler and Kwon (2002) as a form of investment in building the network of external relations which have the potential to augment both individual and collective actors' social capital, which gives them superior access to information, power and solidarity. Thus data indicate that TM as a social process imbues high-potentials with power and cohesion to acquire and share knowledge both to the advantage of their organisations and themselves.

The evidence leads to a highly significant finding: that networking in TM can be seen as a means of empowering individuals not only with a means of acquiring knowledge and skills but also with the know-how to use their human capital to fulfil their personal ambitions. Power embedded in social practices has potential to transform individuals into subjects who secure their sense of meaning and reality through its exercise (Knights and Willmott, 1989). From the three case studies, it is clear that talented employees engage in networking not only to find ways of dealing with challenges in their jobs but also to find ways of getting promotions and any other opportunities for career advancement within and outside their firms.

From a network perspective, the work of Lin and Huang (2005) shows that the amount of social capital possessed is determined by whether the individuals occupy an advantageous network position where they get tied to others who possess desired resources such as information and financial support in order to achieve positive work-related and career outcomes. The fact that TM as a social practice within organisations has virtues that transform employees into high-potentials, emerging leaders, future leaders and key employees makes this group of individuals construct their sense of significance and authenticity as valued members within and outside their firms. As evidenced in the three case studies, high-potential individuals occupy an advantageous position that gives them visibility to senior management as well as information about available positions and projects. This aspect potentially results in positive work-related outcomes and career outcomes such as promotion or secondment for an international assignment.

Thus TM can be conceptualised as being a social and political process in which stakeholders have multiple and different interests. Networking in TM is not a one-sided

approach to human capital development which only favours employers because there are both individual and organisational outcomes. As will be discussed later, there is evidence from the case studies to show that high-potential employees also pursue personal interests such as promotions. This evidence brings out the fact that there is plurality of interests between management and high-potential employees. Yet evidence in the case studies show that the process of creating social capital is solely for the purpose of developing organisational capital.

Expectations in TM: owing to the vagueness in objectives and the focus on developing organisational capital to the exclusion of individual capital, there are expectations that are created among high-potential individuals. Individual employees have past experiences and a developmental history which has given them a unique set of needs, ways of looking at the world, and expectations about how organisations will treat them (Nadler and Lawler, 1983). Reflecting on the foundations of HCT, employees invest in their development through education and training (Becker, 1964) and as result they expect returns from their investment through financial and non-financial means. In the case of TM, examination of case studies indicates that high-potentials have a variety of expectations which may be attributed to their career development needs, personal aspirations and others which may be a result of their experiences within their organisations and participation in TM activities (see Table 9.1).

Employee expectations	Representative ET variables
• Recognition of talents • Feedback from the senior management • Supervision by senior and experienced managers	**Valence**: the level of performance achieved and the resulting possible outcomes derived from its successful completion
• Clarity in the objectives of TM programmes • Clarity in the nomination process • Clarity in contractual obligations (TM activities are structured as an additional responsibility) • Need for a less stringent progression process	**Effort-performance expectancy** (associated with the probability that an outcome is available)
• Career advancement • Opportunity to widen social networks	**Performance-outcome expectancy** (need-related outcomes - how recognition of high performance may lead to promotion)

Table 9.1: Summary of high-potentials' expectations

High-potentials' expectations can be classed in three categories. Firstly, there are needs which are a direct result of exhibited levels of performance on the job. High-potential employees are nominated to be part of this talent pool based on their level of performance. Indeed, in all cases high-potential employees were delighted about their nomination as this was regarded as a form of recognition of their performance. In TM the perceived relationship between the individuals' performance and nomination to talent pools (valence, see Lawler and Nadler, 1983) is that if they work hard, their effort will be recognised through identification as high-potentials and gaining access to regular development feedback, development opportunities and in some cases coaching and mentoring.

Secondly, individuals question whether there are other incentives available. It is apparent in both phases of primary research that the management usually portray TM initiatives as high-potential development programmes, emerging leaders' programmes and future manager's programmes. Owing to the language used, there is an implied promise of a golden opportunity, a promise of promotion to senior management positions - an executive position and generally speaking, career advancement. Indeed, language is one of the most powerful tools used by managers to socially construct ideas about reality, knowledge, organisational worlds of work and not merely talking or exchanging information (Tietze, 2008). Therefore, employees' social construction of the reality of what they can get from TM initiatives is informed by managerial language. Based on this fact, high-potential's perception of TM changes from mere recognition to wanting to get promoted. This then leads to what Nadler and Lawler (1983) describe as effort-performance expectancy which refers to needs associated with the probability that an outcome is available.

In the effort of weighing their involvement in TM initiatives, high-potentials go beyond recognition and start weighing the probability that their desired outcomes of career development and social networking are available. In pursuit of effort-performance outcomes, talented employees seek for clarity in the objectives of TM, clarity in their contractual obligations, clarity in the nomination process and a less stringent career progression process. Individuals engage in a calculative process of *what is in it for them* which then leads them to question the objectives of TM. In the short-term, high-potentials' first level outcome of their efforts being recognised is achieved but as mentioned, there are questions as to whether that golden opportunity of promotion will

be achieved. Arguably, the perceived gains from the TM initiatives are the driving force for high-potential employees. This implies that whilst having the willingness to support the goals of the organisation, individuals also have personal interests (Kulvisaechana, 2006).

Thirdly, high-potentials have need-related outcomes which are attached to their performance. The findings indicate that high-potential individuals want their careers to be developed within the context of the roles and TM initiatives. In this vein, career development is a need-related outcome which leads to an expectation that is implicitly tied to participation in TM activities. This line of thought corresponds with the work of Woodrufe (1999) and Holland *et al*., (2007), who concede that there is a tacit understanding among high potential employees that in exchange for their effort and commitment the company will support them in developing their potential and advancing their careers. However, findings reveal that there is no clear link between TM and individual careers.

From the empirical data, it appears that talent is an organisational resource which the management can utilise in meeting strategic needs as opposed to an individual's possession. This aspect on utilisation of individuals' talents renders support to the work of Blass *et al*., (2006); Brannen, (2007); and *The Economist*, (2006), who declare that individuals are not perceived as having a vested interest in developing their human capital. This situation results in what the researcher refers to as 'a fracture in TM activities' because individuals' perceived expectations of TM are not realised.

9.3 Fracture in the TM process caused by commoditisation of talent

As evident from the findings, there are four factors that can partially explain the fracture in the TM process: commoditisation of the talent; the operationalisation of TM as a unitary process; disparate interests among stakeholders and the use of language and rhetoric in the implementation of TM activities. In order to shed light on this proposition, it will be profitable to turn to the notion of narratives. There are two important narratives: (a) the managerial narrative and (b) the individual narrative. Analysis of the empirical data has led to the scenario shown in Figure 9.1:
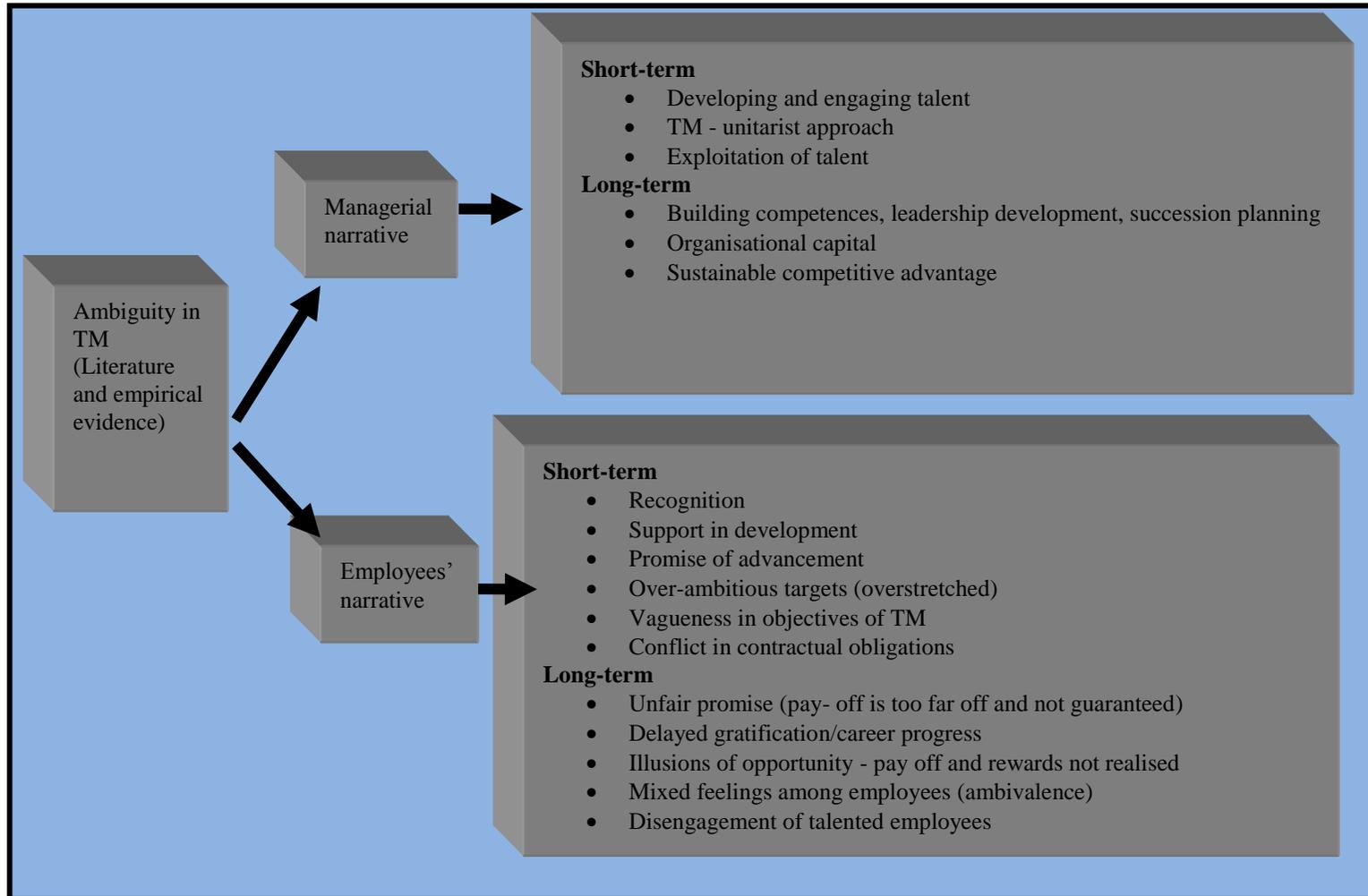
Figure 9.1: Status of TM in internationally operating businesses

9.3.1 The managerial narrative

Firstly, from the managerial narrative, considerable emphasis is on optimising individuals' HC in order to create organisational capital which leads to commoditisation of the talent embodied in the high-potential employees. Commoditisation comes about through the utilisation of the human talent as an organisational resource at the disposal of the management other than a possession of the talented individuals. Little attention appears to be given to the needs and expectations of employees involved in TM. In the short-term, the management adopt TM practices largely for the purpose of improving the performance and sustenance of the business. The managerial expectation is that employees will comply and work towards attaining organisational goals to the partial exclusion of their personal gains.

The managerial focus of TM is on how a firm can leverage the existing competences of high performing and high-potential employees (see for example, Boudreau and Ramstad, 2005, 2007; McDonnell *et al*., 2010) without much consideration for developing human capital at the individual level (Gratton and Ghoshal, 2003). The employers in the three case studies seem to have taken a narrow perspective of investment in human capital development. Reflecting back on the foundations of HCT theory rather than its application, an alternative conceptualisation emerges. As was stated in Chapter 3, the premise of HCT was that ordinary people make decisions about investment in the expectation of greater 'output' and 'profits', just like businesses (Becker, 1962, 1975).

Undoubtedly, there is significant evidence to suggest that in the short term there are returns on the investments for both the management and the individuals. As evident in both GPS and EEI, the ROI for the organisation is immediate impact on productivity because high-potential employees work on live projects with senior managers and other specialist professionals such as engineers in order to broaden the skills and competences. High-potentials' involvement in live projects results in actual contribution to the productivity of the organisation in the process of development. In this regard, there are immediate gains for the firms and implicitly, rewards for high-potential employees in the form of development of their competences. Individuals' short-term return on investment (ROI) is in the form of recognition of their high-performance and potential as well as being accorded access to additional development activities which are not available to other employees who are not part of the talent pools.

Given the evidence from the case studies, it is impossible not to conclude that in the long term there are no mutual benefits of engaging in TM activities. As a result, engagement in TM for

individuals does not necessarily lead to career advancement and employability; instead, there is a loose connection between TM and individual career advancement. Line managers in all case studies explicitly considered individuals' involvement in TM only as a means of recognising their high performance and hence as a form of motivation. However, high-potential employees as active agents in managing their careers are concerned that TM initiatives are not working in their favour per se. They would like to see their efforts paying off financially and in terms of their careers.

Secondly, as evident in this study, TM is conceptualised and operationalised as a unitary process in which high-potential employees are identified and developed for the purpose of creating organisational resources (see Figure 9.2).

Talent management

| Identifying high-potential individuals (human capital) | Developing high-potential individuals - investing in HC and creating social capital | Building competences, skills and knowledge necessary for raising productivity and creating profits | Enhancing business performance, and sustaining the business (organisational capital) |
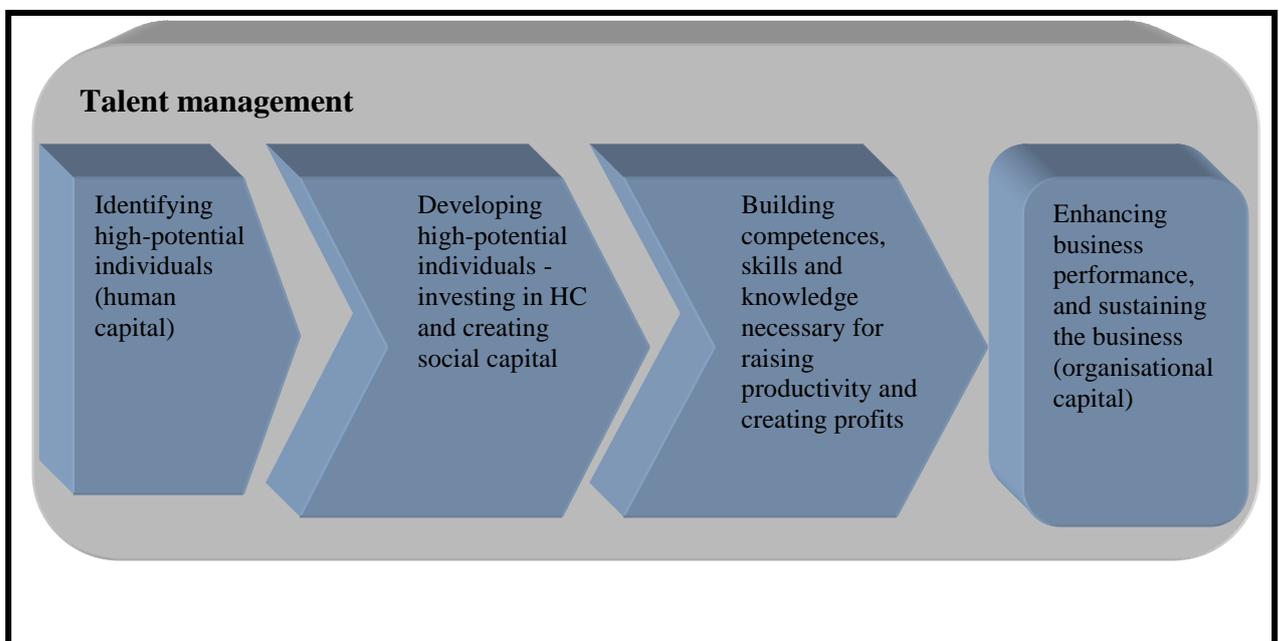
Figure 9.2: Managerial conceptualisation of TM

As indicated in the three case studies, nominations to talent pools and providing high-potentials with a variety of development opportunities make employees feel appreciated. Indeed, there is substantial evidence in the three case studies to show that one of the reasons why they adopt TM is fostering commitment which partially reflects a 'soft HRM' approach to managing talented employees. As noted by Guest (2006) the soft approach to HRM views workers as a means to an end rather than objects, whereby focus is placed on winning employees' commitment.

From the standpoint of HRM theory, winning employees' commitment through a soft approach reflects the unitarist perspective which believes in having a mutual relationship where management takes care of employees' interests while the employees satisfy the needs of the organisation (see Guest, 2006; Truss *et al*., 1997). However, attested examples from the case studies show that employees' interests are secondary in the calculation of managers and that there is a plurality of interests because talented employees have their own goals. Therefore assuming that people will share the values and the passion of an organisation is purely an impractical unitarist perspective of the HRM rhetoric. In this context, it may be argued that TM is another form of paternalistic approach to the employer-employee relationship, in which the desire to care for employees may neglect individual choice and personal responsibility. Taking this approach to managing talented employees may result in *value extraction* as opposed to value creation of human capital.

Thirdly, findings also show that there are disparate interests among key stakeholders in TM - employers and employees. From the managerial narrative, there is an implied mutuality of interests between management and employees in TM. In the current scenario it would appear that high-potentials' human capital is largely under the control of management. As observed by Lawler (2008, p.1), 'rather than encouraging people to be important contributors, most of the systems in organisations are designed to control their behaviour.' In this regard, TM can be seen as a means of controlling the human capital embodied in the talented employees for the purpose of creating organisational capital. Guest (2006, p.6) notes that 'for organisations adopting a hard approach to HRM, the interests of workers and their well-being are of no significance in themselves.' However, there is a limit to which an organisation can control individuals' human capital. The organisation can easily lose control of talented individuals' human capital if they do not take care of the interests of this important resource in TM initiatives.

Arguably, TM as currently conceptualised and operationalised in the informants' firms is nothing but a disguised form of a 'hard' HRM approach which also reflects a unitarist perspective where management and employees share the same goals. Findings indicate that TM as conceptualised by the management even ignores the human element. To a greater extent, individual's human capital is commoditised for the purpose of achieving competitive advantage. Conceptualising talent as human capital plainly reveals that 'talent' is an individual's possession which they bring to the organisation (Scarbrough and Elias, 2002). The management have to find ways of seeking the compliance of individuals in order for their talent

to be used in creating organisational capital. The firms need talented people and their social capital to create the much-needed value, whilst individuals need organisations to develop and use their talents (Schoemaker and Jonker, 2005). There is clearly an implied mutuality of interests.

Fourthly, the use of language and rhetoric in the implementation of TM activities is also another factor that contributes to the fracture in TM. As evidenced in the three case studies, management too often tend to gloss over the truth: that is, they *sell* TM programmes as development programmes that will lead to senior management and/or leadership-career advancement of high-potential employees. Strikingly, talented employees do not seem to see the connection between TM and their careers. In addition, even where promotion is promised, as in the case of EEI (Chapter 8), the process-oriented approach clearly impedes talented individuals from attaining their career goals. These attested examples of experiences of TM by talented individuals provide an example of rhetoric versus reality of the HRM perspective. Much as the HRM theory emphasises partnership with employees, the latter are not treated as such and this is precisely where the problem lies.

9.3.2 The employee narrative

The employee narrative provides an important aspect to broadening the conceptualisation of TM. From the findings, employees view TM as having dual roles (a) helping their employers achieve their strategic goals and (b) gaining career outcomes as illustrated in Figure 9.3:
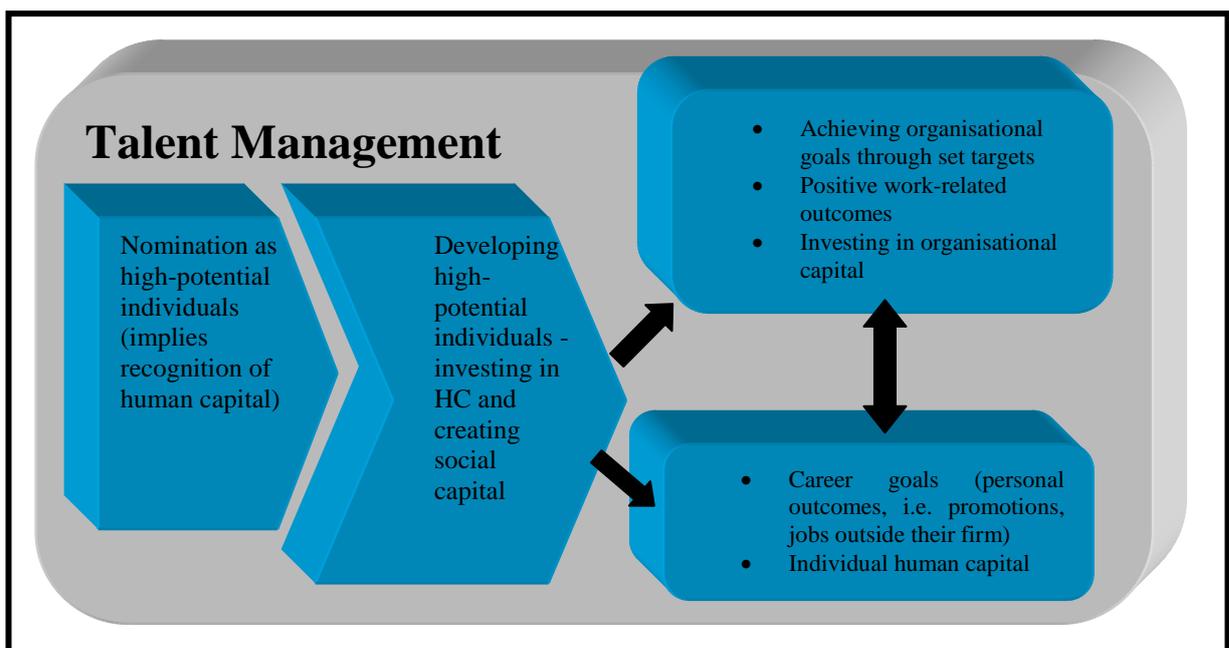

Figure 9.3: Perception of TM by high-potential individuals

In the short-term, talented individuals were generally excited about the support they received through their line managers; talent coaches (GPS), mentors (GPS and EEI) and development opportunities which included networking. However, there is ample evidence to show that TM initiatives do not always deliver what they promise which may lead to disengagement of talented employees. In the three case studies, high-potential employees' excitement about their nominations was short-lived because TM practices do not seem to be delivering individual's perceived outcomes. For example, empirical data shows that even though TM implicitly promises to develop individuals for senior management positions, promotions are hard to come by. Therefore, there is an unfair promise of career advancement to senior management positions. As a result, gratification for talented individuals is delayed. This situation then leads to (a) mixed feelings (ambivalence) about what TM has in store for high-potential individuals and (b) de-motivation.

There is an expectation that the organisation will help talented employees develop their careers in exchange for the human capital they bring to the organisation (Holland *et al.*, 2007). By virtue of the fact that they perceive a relationship between their performance and nomination to a talent pool for further development, high-potentials are energised to work hard in pursuit of their perceived goals. All three case studies support this fact. As demonstrated in the work of Steers *et al.*, (1996), the concept of expectations determines employees' motivation to work and therefore their behaviour at work.

Undeniably attested examples from case studies indicate frustration and potential de-motivation among high-potential employees. For example, in Inter-Lime, one of the high-potential employees stated that the junior management programme was only a short-term motivation technique. The employee was eager to see a change in his job either horizontally or vertically after his participation in a TM programme. As it had taken a considerably long period with minimal changes in his job, this individual noted that the only way he could get a promotion is by putting a job offer from another company on the CEO's table. In addition, five out of seven high-potential employees in Inter-Lime noted that they were initially motivated and excited about being nominated, however, because of limited advancement after attending the high-potential training, the excitement has been short-lived.

In EEI, one of the high-potential employees had senior management experience before joining the company. However, this individual was told that he too had to go through all the formal procedures before he could be promoted to a senior management position. This high-potential

employee noted that he found the process frustrating as it was dragging along. Further, the fact that there is no guarantee for promotion in the three case studies, and with the added emphasis on the procedures in the progression to senior management, there was a feeling of disappointment with the TM programme.

These examples bring out the fact that there are grounds to claim that because of the way management conceptualise and operationalise TM, employees can get frustrated and de-motivated. From Nadler and Lawler's (1983) assumption four, people decide how to behave based on beliefs about what leads to the most desirable outcomes. If individuals' desired outcomes are unavailable, they may lose commitment to TM activities and the firm. Gratton and Ghoshal (2003) note that the highly talented are investors of their own human capital, they can rent their skills to an organisation (Ehrenberg and Smith, 1994) and comply in tight labour market conditions.

From the talented employees' narrative, there is an indication of an individual dimension to TM. Firstly, the data suggest that individual high-potentials' self-interest and perceived organisational support drives their participation in TM. Indeed, there is an indistinct boundary between developing human capital for the organisation and for individual employees' consumption. As individuals are being developed by the organisation to add value to the operations of the business, it is the individual's personal human capital which is developed and utilised. Undeniably, talent development cannot be separated from an individual's career development (Blass *et al*., 2006). The findings indicate that high-potential individuals want their careers to be developed within the context of the roles and TM initiatives. In this vein, career development is an expectation that is implicitly tied to participation in TM activities. This line of thought corresponds with the work of Woodrufe (1999) and Holland *et al*. (2007), who concede that there is a tacit understanding among high-potential employees that in exchange for their effort and commitment the company will support them in developing their potential and advancing their careers.

Secondly, how the management conceptualise TM and translate it into practice has an impact on the way high-potential employees perceive the outcomes of these practices. For example, as is evident in Inter-Lime, designing a competence programme for junior managers implicitly promises career advancement for high-potential individuals. Equally, evidence in EEI also shows that designing a TM competence development programme with specific timeframes for advancement into senior management positions also promises promotion for high-potential

individuals. As a result, terminological ambiguity and lack of clear communication of these terms, may lead to raising expectations among talented employees. To this effect employees may interpret TM practices in a way that meets their immediate needs such as career advancement and challenging roles.

Thirdly, from the managerial perspective, talent development is depicted as a social process for the purpose of sharing and acquiring information necessary to the roles of talented individuals within their organisations (see Iles and Preece, 2006). In this regard, the focal point is the development of organisational capital and not necessarily individuals' capital. However, attested examples show that talented employees can use their social capital to gain access to information about opportunities for career advancement and access to project work or international assignments that might be of interest to them. The networking aspect reinforces the work of Iles and Preece (2006) and Iles (2007), whereby creating social capital is seen as an important factor of TM because of the benefits to both the firm and the individuals. For example, the TM formal training and networking events give an opportunity to the talented employees to be visible to the senior management. Senior management would then have a clear picture of their talented individuals in talent review meetings and when they have to make promotion decisions.

In addition, talented employees can also have influential people within their collective networks who can either second them for higher positions or refer them to available vacancies in other organisations based on their ability and contribution to other members in their network. This finding lends support to Truss's (2001) study in Hewlett Packard who concluded that despite the formal policy on performance-based promotion, strong internal networks with influential people played a crucial role in promotions. It is implied here that individuals with better social capital or more influential contacts tend to 'earn higher rates of return on their human capital' (Garavan, *et al*., 2001, p.52) and always have the motivation to promote innovation (Rastogi, 2000) because of the support they get from their social network. For example, in GPS one particular high-potential employee rejoined the company after her former line manager got a new job in her present firm because she had a strong social link with her former boss. Thus much as the management intends to use social capital within the firm to create organisational capital; individuals also want to use their social networks to further their interests.

A key question at this stage is perhaps whether management are aware of their high-potentials' expectations. The data indicate that there is recognition of employees' expectation to some

extent. Empirically, it appears there are four main ways in which sample organisations attempt to address this. Firstly, findings show that superior-subordinate relationships are not only key to engagement and retention, but also highly significant in managing expectations of employees involved in TM practices. Given the fact that line managers are almost always working directly with high-potential employees, they can play a very crucial role in the management of expectations of both employers and employees. In Inter-Lime and GPS for example, some high-potential individuals have stronger bonds with their line managers, and in particular, with those who are interested in the career progression and work-related issues of their subordinates.

Although line managers seem to make a great impact on their employees as regards their expectations, findings show that they are not necessarily accorded the chance to contribute to the development of programmes for high-potentials within the organisation. For example, in Inter-Lime, line managers were unaware of the objectives and benefits that the young managers' TM programme would have for particular departments. This situation where line managers are unaware of TM objectives corresponds to the contention of Gratton *et al*. (1999, p.205) that 'the reality of the devolution of the HR responsibilities to the line lags behind the rhetoric of the literature, and that such decentralisation is both patchy and inconsistent.' The fact that HR and other senior management are responsible for developing and keeping track of the implementation of TM practices does not mean that ownership of TM must stay within the ranks of senior management and HR professionals. It is vital that key communicators are identified and feedback mechanisms established. In this regard, several studies have shown that employees are most interested in hearing from their direct supervisor/manager face-to-face, as it allows them to ask questions and gain clarity in good time (Taylor, 1998). The case studies also bear this out. Line managers, therefore, can play a key role in keeping employees informed through their interactions with talented employees as long as they are well informed of the objectives of TM practices.

Secondly, communicating programme objectives also appears to be influential in managing expectations. Management as communicators and leaders must be realistic in communicating objectives of TM programmes among high-potential employees. As evident in an investigation into managing employee expectations during acquisitions, communication, trust and management credibility served to facilitate expectation management when these factors were present (Hubbard and Purcell, 2001). From the empirical evidence provided by the three case studies, a top-down approach has been adopted in structuring talent pools and communicating with them. A more hierarchical structured top-down approach, this encourages labour

management where employees are seen as merely operational workers who are directed to do things and not consulted as partners (Apostolou, 2000; Donald *et al*., 2001). However, employees may also have their personal goals especially regarding what they want from their jobs. This calls for finding a more effective way of considering employee expectations in the talent development process.

Thirdly, involving employees in the decisions regarding their career development also appears to be significant in managing expectations. In the three case studies, employees expressed the need for involvement in decisions about their career advancement. Research also shows that employees who are involved in decisions which affect them and whose needs are taken care of feel a sense of belonging and will work towards the success of their organisation (for example, Blyton and Turnbull, 1994). In GPS and EEI a more transparent approach to TM is followed, individuals' strengths and weaknesses and their position on the talent map are communicated to the high-potential employees. In Inter-Lime an opaque approach is used to manage talent, the management deliberately choose to remain silent about who is considered to be talented; employees are in effect secretly talent managed and their careers to a larger extent appear to be crafted by the management. Thus there would appear to be more dissatisfaction among high-potential employees in Inter-Lime than there are in the other two case studies. This situation can be attributed to clear lines of communication and transparency in TM.

Lastly, timing of the development programmes and career progression appear to be invaluable in managing expectations. How long it takes for employees to progress from one level to the next is also a key ingredient in the management of expectations. Indeed, the length of time taken between receiving the competence development training and making the next career move may also be crucial in managing expectations. The case study findings clearly show that talented employees lose their initial enthusiasm when the process of progression to another level and change of status in their roles take a long period of time to be realised.

Employees who make it to senior management positions are more likely to view TM as a fruitful practice because they get satisfaction from the development opportunities as their expectations are met. This is what Nadler and Lawler (1983) refer to as the effort-performance expectancy. Employees exert more effort and gain satisfaction from their jobs because the probability of getting the reward is high. This is evident in Inter-Lime and GPS where those talented employees who have been through competence development programmes are satisfied with their jobs because their effort has paid off. But for employees who may not be fortunate

enough to reach the upper echelons of the organisational ladder, they may question the relevance of TM programmes.

9.3 Summary of the Chapter

This chapter has highlighted views of the conceptualisation and operationalisation of TM practices within the case studies. Firstly, by revisiting the iceberg model, Phase Two findings confirm uncertainties in definitions and the practice of TM. In effect, the definitional uncertainties and vagueness in objectives influences the de-motivation and expectations of employees being talent managed.

Secondly, application of the dual theoretical framework reveals that TM in practice is a social and political process in which management and talented employees have different interests. From a management perspective, the process of developing talent as a form of human capital within the sample organisations reflects a unitary process where a unity of interests is assumed between management and employees. The need to create organisational capital serves as the key to setting the agenda for developing human capital intellectually and socially through TM activities. This provides an example of rhetoric versus reality of the HRM perspective. Much as the HRM theory emphasises partnership with employees, they are not treated as such.

Thirdly, application of the dual conceptual framework reveals that there are both managerial and individual dimensions of TM. As apparent in the present study, the management view TM as a means through which they can identify, develop and utilise individuals' human capital to raise productivity and create profits for their businesses. The significance of management's relationship with its talented employees is to optimise the use of talents in order to achieve the best possible added value for clients or customers. Talented employees' expectation of career development is not deemed as being of considerable importance on the management's radar for TM. Thus TM can be seen as the means through which management can have control over employees' skills, capabilities and competences.

However, the present study argues that there is plurality of interests between management and employees being talent managed. As discussed, employees engage in TM activities because of their self-interests (fulfilment of career aspirations) and perceived organisational support. For example, while the management's intention of promoting social capital development may lie in solving challenges that talented people face in their roles, talented individuals engage in networking for the purpose of improving their visibility and increasing chances for promotion.

For talented employees, it becomes more important to have their talents discovered, developed and used in an organisational context that fits those talents (Schoemaker and Jonker, 2005). This aspect of having an organisational context that fits individual's talents enables high-potential employees to develop their human capital and get their ROI in the form of a career that matches their interests. Yet, the fact that employees experience discrepancies between their expectations and the managerial intent of TM as somewhat a one-sided process may weaken the commitment of talented employees to organisational objectives. The situation may lead to a fracture in the relationship between management and employees involved in TM.

Beyond the points discussed, this chapter highlighted four significant findings in TM that appear to be new to TM Scholarship.

- There is no shared understanding between management and talented employees. Owing to the definitional uncertainties and vagueness in the objectives of TM, employees tend to make sense of the practices within the context of their roles and their career development. Therefore, because of the different interpretation of TM objectives, the management and the talented employees seem to be talking past each other.

- The context in which TM is practiced such as the headquarters of the firm and the national culture tend to influence the conceptualisation and operationalisation of the practices (see Section 9.1.1).

- Individuals' human talent is commoditised as it is utilised as any other organisational resource and not a possession of individuals with a vested interest. Consequently, in the long term, there are no mutual benefits of engaging in TM activities. Managerial focus is largely on how they can leverage on the existing competences of high performing and high-potential employees.

- Networking in TM can be seen as a means of empowering individuals not only with a means of acquiring knowledge and skills but also power to use their human capital to fulfil their personal interests, high-potential individuals also use TM and networking events to further their career development.

CHAPTER 10
CONCLUSIONS

10.0 Introduction

This final chapter of the thesis draws together the findings of the present research and summarises its contributions to the body of knowledge in the field of international TM. Section 10.1 revisits the objectives set out in Chapter 1. Section 10.2 is an evaluation of the conceptual framework. The specific contributions to knowledge are explained in Section 10.3. Lastly, Section 10.4 concludes with an outline of pointers to further research.

10.1 Objectives of the research - revisited

This thesis was developed as an attempt to contribute to the development of the field of TM within the international context. As reviewed in Chapter 2, the field of TM, both as a practice and academic sub-discipline, lacks a strong conceptual base and is calling for more empirical research especially with respect to the international context. Thus the overarching aim of the thesis was to contribute to the development of TM by redressing the empirical and theoretical deficiency which has been a direct hindrance to development of the field. The starting point was a critical review of the literature on TM to identify key issues for closer exploration leading to the following objectives:

a) To establish how talent is defined in organisations.

b) To establish how TM is defined in organisations.

c) To explore how the management create a shared understanding of what they mean by talent and TM among the employees involved in the practices.

To establish how talent is defined in organisations- the present research started with a review of literature on the use of the term talent from the fields of sport and education and the corporate world. The section concluded that (a) talent is domain-specific and (b) only a few individuals are talented. After all, if everyone were talented, there would be no need to either identify or develop the talent. It is thus argued that, the term talent is preferable because it signifies exemplary levels of skill and competence. Empirical evidence was also bears this out. Therefore, although in theory every employee makes a contribution of some kind, only a few of them make a considerably greater contribution in creating added competitive advantage for the business, (see Boudreau and Ramstad, 2005; 2007; and Collings and Mellahi, 2009).

To establish how TM is defined in organisations, the history of TM practices was reviewed followed by an examination of a collection of the definitions advanced by both academics and practitioners. Key themes were identified and the following conclusions were made. Although TM draws on some HR practices such as performance management, HR planning and training and development, TM presents a significantly different approach to managing high-potential individuals who are in leadership and other key functional jobs. Therefore, in order to make a departure from the egalitarian approach of HRM, it is argued in this thesis that *TM should only focus on the talented individuals who have the potential to take up pivotal roles as well as to make a greater contribution to their organisations*.

Given the definitional uncertainties in the literature, further questions emerged: 'what factors influence the definitions of the key terms (talent and TM)?'and 'how does the management create a shared understanding of what they mean by talent and TM among the employees involved in the practices?' From the primary data in Phase One (Chapter 5, section 5.1.5), in the light of the convergence and divergence perspective (see Brewster, 2001, 2007; Girgin, 2005), the factors identified as being influential in the way organisations define whom they regard as talented and what they mean by TM were found to be:

a) Industry characteristics
b) The markets in which the firms operate
c) The kinds of business operations
d) National cultures

The first and fourth were also confirmed in Phase Two findings. In addition to the four, Phase Two also uncovered demographic and legal factors which were also found to have an influence on what characterised TM practices.

To explore how the management create a shared understanding of what they mean by talent and TM among the employees involved in the practices, the findings indicate that the management make limited efforts in establishing a common understanding of the objectives and meaning of the concepts of talent and TM between the management and employees involved in the practices. The lack of a shared awareness of the meaning of talent and TM leads to unintended expectations among employees involved in TM initiatives. This is because employees try to make their own interpretations of the managerial meaning of TM. Therefore, with respect to the overall aim of Phase One, the notion of expectations emerged as an issue of exceptional significance.

The aim of Phase Two was *to empirically explore how the managerial conceptualisation and operationalisation of TM in internationally operating organisations influences the expectations of the employees being talent-managed*. Phase Two was also a way of testing the iceberg model that was constructed in Phase One (see chapter 5, section 5.2). The first objective in Phase Two of the present study was *to establish how three internationally operating organisations conceptualise TM taking an employer-employee perspective*. The detailed findings are presented in Chapters 6, 7 and 8.

Drawing on managerial narratives, the study concludes that TM is conceptualised by the three organisations as a process focused on identifying and developing high-potential individuals in order to create organisational capital. The individual dimensions of TM are not precisely recognised as being of much value to enriching the process of developing the most valuable resource within organisations. Thus the outcomes of employees involved in TM initiatives are at best uncertain.

The second objective of Phase two was *to establish how international organisations attempt to fully realise individual potential in order to maximise their impact on international business*. The findings reveal that high-potential employees are singled out and provided with additional development programmes which are not otherwise made available to ordinary employees. Development opportunities include both on-the job and off-the-job training, networking events and actively participating in live projects. In some cases, these employees have the opportunity to build up a personal development plan reflecting their career development needs and those of the organisation (see Chapters 7 and 8).

The third objective was, to examine the way in which international organisations attempt to address the expectations of employees being talent-managed. Indeed, there is evidence to show that talented employees' development is supported through development discussions (see Chapter 6) and regular feedback from their line managers about their performance and rating in the course of their development (Chapters 7 and 8).

The fourth objective was to developing a conceptual model that illustrates the constituents of TM and factors impacting on the practices within an international context. This is presented and discussed in Chapter 9.

10.2 Evaluation of the theoretical framework

A dual theoretical framework was employed in making sense of TM in practice. The first HCT proved to be considerably important as a framework for analysing TM practices and activities because employee capabilities, competences, skills and experiences are necessary for gaining inimitable competitive advantage. In the view of Ehrenberg and Smith (1994), HCT conceptualises employees as embodying a set of skills which can be 'rented out' to employers. In this vein, when employees invest their skills, capabilities and experience in organisations, they will have certain *expectations* which, in the light of HCT, can be termed a return on their investment.

As noted in this thesis, HCT was initially conceptualised as an attempt to explain how people invest in their education and training in order to improve their social status in later life (Becker, 1994; Schultz, 1971). Using HCT in the understanding of TM practices led to the realisation that although HCT embraces both individual and managerial returns on investments, the individual perspective is marginalised due to the managerial focus on competitive advantage (Hiltrop, 1996; Hitt *et al.*, 2001; Snell *et al.*, 2000). As observed by Gratton (2000, 2004), an emphasis on competitive advantage entails stressing HC in terms of developing appropriate processes and practices aimed at generating the knowledge and competence that support business strategy.

To further elaborate on how HC is developed reference was made to Baron and Armstrong's (2007) HC framework, which was considerably useful recognising TM as a social process but it ignores the fact that HC development is not only a social process but also a political process. For example, knowledge sharing and converting tacit and expert knowledge into organisational capital are depicted as straightforward processes (see Baron and Armstrong, 2007) but it is possible that the expert can withhold the knowledge. In addition, the individual can use social networks to pursue his/her interests. Baron and Armstrong's model was thus important in establishing that social relations are underpinned by political and power relations.

From HCT, it was apparent that TM has individual dimensions which were initially implied by the expectations of high-potentials. ET was thus employed as a framework for understanding individual expectations relating to talent management. ET as a process theory was important in explaining the dynamic nature of high-potential's engagement in TM practices. HCT is static and seems to assume that employees will just wait passively for their investment to pay off. But ET takes into account only individual employees' expectations within the work environment

and elaborates on the rational calculative process which individuals engage in while actively trying to reach their personal goals. ET has a number of weaknesses. 'ET is one-sided, it deals with employees only and it is not an inter-acting construct seeking to explain the nature of the employer-employee relationship' (Manning, 1992, p.30). To mitigate this weakness, two theoretical lenses have been adopted in this study. The other – HCT – has aspects of investment and consumption, which make it more suitable for explaining the nature of the employer-employee relationship, especially in TM initiatives.

Secondly, ET is not specific regarding what those expectations are, since it only explains that individuals have expectations, but does not clearly articulate what they might be. However, it does acknowledge that there are various motives that drive employees' productive behaviour at work, as evident in the work of Nadler and Lawler (1983). This aspect, then, puts ET in a stronger position to contextualise TM. As employee expectations are somewhat ignored in HCT, ET helps to explore the employee side of the outcome and the time, effort and skills they invest in their organisations.

10.3 Contribution to knowledge made by the present research

This study claims to make important and timely contributions in four major ways:

- Empirical contribution
- Conceptual contribution
- Methodological contribution
- Managerial contribution

10.3.1 Empirical contribution

Several studies show that existing research on global TM is substantially based on anecdotal information (see for example, McDonnell *et al*., 2010; McDonnell, 2009; Tarique and Schuler, 2010). The present research addresses the empirical deficiency in three major ways.

Firstly, two significant phases of primary research were conducted: Phase One benefited from fertile accounts of TM practices in 14 internationally operating organisations representing eight industries. Significantly, Phase Two of the primary research also explored the conceptualisation and operationalisation of TM from the perspective of 20 senior managers, 15 middle managers and 30 junior managers. Findings in both phases of the study indicate that the focus of TM is on developing high-potential employees to take-up leadership and senior functional positions in the future. Thus the attested examples leads to the conclusion that there is a realisation among

informant firms that not all employees are considered to be talented. In this respect, the study makes a significant step in affirming that TM is a practice focused on developing high-potential employees who have the potential to make significant contributions to the survival of the firm.

Secondly, an employer-employee approach was adopted for the collection of data in Phase Two. This was a highly significant step in the understanding of TM, because most empirical studies have tended to focus on managerial views (see for example Farndale *et al*., 2010; Hartmann, Feisel and Schober, 2010; McDonnell 2009; McDonnell *et al*., 2010; Tansley *et al*., 2007). For this reason researchers in the field of TM have made only limited efforts to (a) explore the experiences of individuals involved in TM practices and (b) identify any problems or barriers that may exist in implementing TM empirically. Collecting data from both management and employees has led to uncovering significant empirical evidence which enables the perspectives of high-potentials to be included in the TM literature.

Thirdly, the study is an attempt to redress the lack of comparative TM studies within an international context (see for example, Bhasin and Cheng, 2002; CIPD, 2006a; Holland *et al*., 2007; McDonnell *et al*., 2009; Michaels *et al*., 2001; Tansley *et al*., 2007; Veredus, 2006) without much consideration for international dimensions. Phase One companies were headquartered in nine different national cultures, whilst three distinct national cultures were represented in Phase Two. This resulted in revealing significant aspects of TM which may not otherwise be evident in a mono-cultural sample. For example, the use of language represents an important dimension of the conceptualisation of TM. There is also evidence to show that elements of the headquarters' national culture play a key role in shaping TM practices. For example, in both phases of the present study evidence shows that the Finnish egalitarian culture has an influence on the use of the term talent and the concept of TM in the organisation (see Chapter 6). Evidence of the impact of culture on TM practices is also apparent in case study three (see Chapter 8). These findings indicate that the social-cultural context has an influence on the conceptualisation and operationalisation of TM.

10.3.2 Conceptual Contribution

The present research makes a highly significant conceptual contribution through (i) making clarifications on the definitions of talent and TM; (ii) identifying visible and invisible elements of TM and (iii) employing a dual theoretical framework. The summary is presented in Figure 10.0.

1. Literature review: Conceptual analysis
- Understanding of talent drawn from the Sport and Education literature
- Understanding of TM (common themes drawn from definitions) from both the academic and practitioner's literature

2. Field work and data analysis leading to the construction of iceberg model:
- significant in identifying the visible and invisible aspects of TM

3. Application of HCT and ET
- Significant in making sense of the subliminal influences of TM
- Separating managerial and employee narratives
- Introducing the voices of employees which are generally marginalised in the mainstream TM literature

The result = structured empirical findings: uncovering significant aspects of TM e.g.
- TM as having both managerial and individual dimensions
- TM as a means of developing human capital
- TM as a social process with various stakeholders who are revealed to have disparate interests
- Commoditisation of individual human talent as an organisational resource
- Networking in TM can be seen as a means of empowering individuals to use their human capital to fulfil their personal interests.

Figure 10.0: Summary of conceptual contribution

First, the present research draws on the education, sport and business management literatures in clarifying the meaning of the term talent (see Chapter 2). Employing this approach laid a strong foundation for analysing the concept of talent and arriving at the individual dimension to TM. From the use of the word talent in the business literature, most managers have a tendency to define talent in terms of *outcomes*, that is, high performance *(*Robertson and Abbey, 2003*)*. As

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evident in Schoemaker's (1994) definition, an individual who is labelled as talented must be able to create notable value in his job and not merely add to the headcount. Therefore, drawing on the education and sport literature was highly significant in establishing that talent exists in a few individuals who have the necessary capabilities to make a difference in a given field of human endeavour.

In this regard, the definition of the term talent was significant in distinguishing TM from HRM. The researcher argues that focus must be on leveraging the competences of individuals with demonstrable exceptional ability in leadership and key positions within a particular firm. Furthermore, TM should represent an important management function given that superior talent is increasingly recognised as the prime source of sustainable competitive advantage in high performance organisations (Hiltrop, 1999). Indeed HC development is the heart of TM (Baron and Armstrong, 2007). This implies that TM can benefit from HR practices which can make explicit the HC resources needed and develop the capabilities necessary. It can thus be concluded that TM is not the same with HRM, but HR practices play a significant part in designing and implementing TM activities.

Second, as a result of a careful study of the researcher's kaleidoscopic data in Phase One, a key conceptual breakthrough was made: namely, notions of talent, whether derived from philological enquiry or on the basis of consultants' impressions or the best considered opinion of well-placed practitioners, are in themselves insufficient for the social scientific investigation of talent in organisations. There is an analogy in the field of cross-cultural management studies, where there is a conviction that the investigation of culture (a term even more slippery than talent) could benefit from the application of non-cultural factors (Tsui *et al*., 2007).

Significantly, the notion of expectations as the corresponding 'non-talent factor' emerged as a potentially useful point of reference as this links concepts of talent and TM both to career development and organizational development. In this regard, the manner in which expectations emerge as highly significant across all the sample organisations, regardless of geography, language, status of informant and business sector clearly places the present research in a unique position. To date there has been no major study that explores expectations in relations to TM practices.

Third, this study makes a significant contribution in conceptualising TM by making a distinction between the observable elements in the domain of practice and the subliminal

influences of TM, the present research makes a departure from the dominant TM discourse (refer to Chapter 5 and 9). Clearly, this conceptualisation of TM places the present research in a distinctive position because recognition of the distinction between the observable and unobservable elements is not very evident in the current literature. Most writers focus on the elements in the domain of practice: (a) definitional issues (identifying, developing and retaining talent), (for example, Baron and Armstrong, 2007; Berger and Berger, 2004; CIPD, 2006a; Laff, 2006); (b) what constitutes TM practices (see Iles *et al*., 2010, McDonnell, 2009; McDonnell *et al*., 2010) and TM as a leadership development programme (for example, Blass *et al*., 2006; McDonnell *et al*., 2010; Michaels *et al*., 2001; Tansley *et al*., 2007). In effect, separating the unobservable elements of TM the iceberg model introduces the voices of other stakeholders, in particular, talented employees.

Fourth, owing to the lack of a strong conceptual base (see Garavan *et al*., 2008; Lewis and Heckerman, 2006; McDonnell *et al*., 2010), a significant contribution of this thesis is an attempt to restore the theoretical deficiency in the field of TM through the adoption of a dual theoretical framework: (i) human capital theory and (ii) expectancy theory. This combination of theoretical approaches has seemingly never been previously applied to TM. The framework illustrates four main components of the process of managing talent which are built around Baron and Armstrong's (2007) concept of human capital and ET which strengthens the position of employees within TM initiatives. The framework was invaluable in making sense of empirical data and in particular, uncovering ground as regards the individual dimensions of TM.

As was noted in Chapter 3, the interests of workers are silenced by the managerial focus on competitive advantage (Hiltrop, 1996; Hitt *et al*., 2001; Snell *et al*., 2000). Indeed the dual theoretical approach is bold, innovative and capable of highlighting managerial and individual perspectives of TM. Significantly the dual framework also offers a re-conceptualisation of TM as a social process in which various stakeholders are revealed to have disparate interests. Indeed the framework led to the notion of fracture in TM as a result of misalignment of expectations of management, on the one hand, and talent-managed employees, on the other. Talented employees have vested interest in developing their careers and getting access to organisational support, whilst the management engage in TM initiatives for the purpose of creating organisational capital.

10.3.3 Methodological contribution

TM as an organisational practice was fuelled by the McKinsey consultants after their influential study of 'the war for talent'. Indeed the field of TM has evolved as consultant-driven and still consultants are major contributors to the wider literature. Conversely, the reliability of the consultancy literature on TM is questionable because it has to be borne in mind that consultants have an agenda of winning customers. Accordingly, they demonstrate a tendency to use rather inflated terminology. As a result, a key limitation faced at the beginning of the research was the relative scarcity of academic literature on TM in general and international TM in particular.

First, to redress this gap, two phases of primary data collection were utilised: Phase One was employed as a means of empirically exploring key issues in international TM for further investigation and Phase Two, a multiple case study approach aimed at exploring the emerging issue of expectations from an employer-employee perspective was utilised. Analysis of the findings was undertaken through an adapted version of Creswell's spiral of data analysis. Notably, the use of narratives in the interpretation of data appears to be a novel contribution to understanding TM. As argued by the narrative approach captures and investigates experiences as human beings live them in time, in space, in person, and in relationship. Hence, the use of narratives was a significant step in analysing data in that it allowed for preservation of richness and chronology of individuals' experiences. As a result, both the management and talented employees' lived experiences were explored within the context of their organisations.

Second, the literature generally presents TM as a monologue in which the management's view is 'the story'. Therefore, the second methodological contribution is the exploration of lived experiences and narratives of senior managers, line managers and employees involved in TM activities in Phase Two. Indeed most empirical studies tend to focus on the formulators and implementers of TM – in short, the management (see Holland *et al*, 2007; Iles *et al*, 2010; McDonnell *et al*, 2010; McDonnell, 2009; Tansley *et al*, 2007). As was earlier mentioned, the managerial focus could be explained by the fact that managers are seen as the primary consumers of management research. However, taking a highly revealing employer-employee approach enabled by a dual theoretical framework has shown that there are many stories in the organisations. In effect, employees' stories are highly significant in undermining the control which managers seek because the latter have limited command over individual talented employees' experiences.

10.3.4 Managerial contribution

The present research can be of interest to managers in four significant ways: Firstly, the framework that has been used to conceptualise TM in the present research illuminates both managerial and individual dimensions of TM. As a result, the framework provides a new lens through which senior managers can clearly identify the gap between their intentions and the practical reality of operationalising TM. Undoubtedly, the approach enabled to enter a domain of worldviews about the talent managed that appears to be unknown to the management.

The present research has illustrated that individuals' participation in TM is promoted by their self-interest in career development and perceived organisational support. Thus the framework maps individual dimensions into the process of developing human, social and organisational capitals. The managerial implication is that senior managers should take into consideration talented employees' needs as a way of mitigating the gap between the formulation and actual practice of TM. For example, although TM practices in the sample organisations focus on developing leaders, gratification of high-potentials is delayed which may potentially lead to demotivation. Thus a TM framework which takes high-potentials' expectations into consideration may be significant in broadening the managerial perspective of TM and in turn design programmes which are more inclusive.

Secondly, the issues of language and rhetoric in the use of the terminologies of talent and TM among the sample organisations have implications for managerial practice. The way management conceptualises TM and translates its components into practice may raise unintended expectations. The terms 'future' and 'potential' which repeatedly occur in organisational definitions of TM may also be ambiguous in the sense that both the organisation and the individuals have a future. Therefore there is need to establish communication channels to clarify the objectives of the programmes before hand, so that participants make informed choices as to whether to participate or not. In this case mitigation of unintended expectations can be achieved through preparation of a template to help line managers or even HR communicate consistent information.

Thirdly, the study has shown that there are factors which are highly significant in managing talented employees' expectations (see Chapters 6, 7, 8 and 9). However, there is evidence to show that there are still disappointments among high-potential employees which is indicative of problems in dealing with employee expectations. Thus, there is need for HR as facilitators of TM to think of ways in which line managers can be empowered to handle employees'

disappointments. Line managers as partners in the development of employees' competences can play a significant role in managing employee expectations. However, they can only do so if they themselves are well informed about the various development programmes, especially those targeted at high-potential and key persons whom they have close contact with.

Fourthly, TM is seen as an additional contract. Apart from undertaking their obligatory roles, and helping the organisation achieve its goals, high-potential employees also have other targets to achieve in relation to TM programmes. The situation poses a problem of conflicting objectives because employees have to achieve the two sets of obligations and they sometimes find it difficult to set priorities. A problem of conflicting objectives should be of managers' concern, as a result finding ways of making high-potentials' time well spent can benefit operational efficiency.

10.4 Pointers to further research

Having conducted research in international TM, several issues of considerable significance emerged as topics worthy of research in the future. Firstly, findings indicate that there is potential for fruitful research to be conducted regarding the relationship between the conceptualisation of TM and the national culture of the headquarters. There is evidence to show that elements of the headquarters' national culture play a key role in shaping TM practices. For example, in both phases of the present study evidence shows that the Finnish egalitarian culture has an influence on the use of the term talent and the concept of TM in the organisation. The two organisations have explicitly decided to remain vague about the use of the term talent as it has negative connotations of being talentless for employees who are not identified as being talented.

The data also suggest that the German-process oriented approach dominates the operationalisation of TM in the third case study. Being process-oriented is a German attribute which may perhaps be understood from the perspective of the German language. According to Holden (2008), characterising the general management culture of a nation through the prism of language presents management scholars with the opportunity to make completely new and even unthinkable discoveries about management behaviour within home cultural contexts. For example, the German language brings out in various ways qualities in the German nation, such as orderliness and organising capacity which if taken too far leads to dullness and rigidity (Priebsch and Collingson, 1962). Indeed the TM process of the German case study has elements

of rigidity in implementing the progression of talented employees to senior positions. The thoroughness and rigidity in the TM process is a unique but rather important aspect to understanding TM in the international context. Using the culturalist perspective (Brewster, 2007; Hofstede, 2001; Girgin, 2005) would be essential in establishing the relationship between TM practices and the socio-cultural context. A study with a bigger sample that explicitly focuses on the cultural aspects of TM would shade more light a comparative study of practice and the influence of the national contexts.

Second, the influence of language on TM is another area that requires further exploration. The data suggest that English language is used as a conduit for transmitting the culture of the headquarters to the subsidiaries based in other countries. For example in Inter-Lime, the term 'talent' is understood from the Finnish language and then translated into English. Similarly, international training programmes are delivered in English language even though they may initially be prepared in the Finnish language. In the third case study, there was also an indication of the requirement of good command of English language as high potential employees have to work in various locations in their European subsidiaries. Knowledge of English language was also regarded as a necessity for building social networks. In addition, English language has its own rhetoric of talent, as exemplified in the expression 'war for talent'.   Mimicking the influential study of the McKinsey consultants, writers in TM tend to use inflated terminology to describe the competitive quest for skilled employees in short supply in conflicting terms. However, nearly 20 years ago, Maruyama's (2001) study recognised that the concepts of talent and its management are influenced by socio-cultural, demographic and legal factors, historical traditions and economic impulses.

Although the sample size for Phase One of this research only consists of fourteen companies, there seems to be a relationship between the company sector and the understanding of TM. For example, four out of six financial services companies consider all employees as being talented and appear to focus only on leadership development whereas engineering, energy and pharmaceutical companies embrace both leadership and key positions including; research and development, chemists, engineers and project managers. Given a bigger sample it is highly likely that a clear pattern of the influence of the sector on the understanding of TM would emerge.

Third, Phase One findings suggest that there are issues of power and politics, which indicate potential concerns of manipulation by line managers and some forms of collusion among senior

managers in general about who to elevate to the ranks of the talented. In the context of international organisations, there is largely anecdotal evidence to show that managers often hide their most talented employees, and may occasionally put forward less capable counterparts (Cappelli, 2008a). Mellahi and Collins (2010) attribute this tendency to subsidiary managers seeking to derive benefits from highly performing staff than they would if this group of individuals were moved to another subsidiary or the headquarters. It may therefore be concluded from this that identifying talent at both the subsidiary and headquarter level presents challenges of identifying the organisation's real talent. Hence, further research utilising agency theory is required to shed more light on talent identification in internationally operating firms.

Fourth, the models developed in the present research can be employed to structure and analyse further empirical work across a wider range of organisations. For example, the findings indicate that the way an organisation conceptualises TM and translates it into practice may serve as a mechanism for demotivating high-potentials and unidentified talent. For the identified high-potentials, the findings indicate that individuals' human talent is commoditised as it is utilised as any other organisational resource and not a possession of individuals with a vested interest. Further exploration is required as regards the managerial conceptualisation of TM and how this in turn impacts on the commitment of high-potential employees.

Lastly, the notion of expectations is intricately connected with the Psychological contract. Employees' expectations determine their motivation and behaviour at work (Steers *et al*., 1996); this includes organisational membership behaviour (see Nadler and Lawler, 1983). As evident in the findings, employees' self-interest drives them to participate in paid employment and other work related activities including TM. With transformations in the nature of the psychological contract (Berger, 2004; Blass *et al*., 2006; Holland *et al*., 2007; Rousseau, 1995), talented employees seem to have the opportunity to choose between employers based on factors such as diversity policy, work-life balance and the extent to which they will have a voice (Blass *et al*., 2006). There is a growing body of literature on the psychological contract which examines social exchange in the employment relationship (Rousseau, 1995). Thus further research can be considered in exploring the impact of expectations on the psychological contract of employees involved in TM practices.

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APPENDICES

Appendix 1: Identified themes and theoretical bases

Themes explored	Main Questions asked	Theoretical bases	Discussion threads
Understanding the meaning of TM (Definitions)	1. How do you understand the meaning of TM used in your organisation? /How do you define TM in your organisation? 2. Do employees within your organisation share the same understanding of this definition of TM?	There are also a variety of definitions for talent and TM (Baron and Armstrong, 2007; CIPD, 2007; Holden and Tansley, 2007; Lewis and Heckman, 2006). The gap between the rhetoric and reality (Gratton, 1999; Legge, 1995).	There appear to be different views of talent and TM between employers and employees
The role/significance of TM in international operations	1. What role does TM play in your international operations? 2. In what ways do TM practices add value to your international operations?	Objectives of TM in international operations (Gratton, 2000; Williamson, 2004) TM as a critical avenue to strategic leverage (Lockwood, 2006)	TM as a management fad. People as a source of inimitable competitive advantage

Themes explored	Main Questions asked	Theoretical bases	Discussion threads
The process of managing talent	1. What activities do you use/do you have in place as an organisation to develop talent? (e.g. global leadership programmes, international assignments, etc) 2. What interactions take place within the organisation in order for employees' talents to be recognised? 3. In what ways do the talented people within the organisation present themselves to senior management? (How does senior management recognise talent?) 4. In what ways do you encourage the development of international careers among employees so as to effectively utilise their talent? 5. Do you have cross cultural teams? If so, how do you ensure that your talented employees work in productive cross cultural teams? (How do you utilise cross cultural teams/multi-cultural teams?) 6. From your experience what are the major constraints in enacting effective TM initiatives aimed at international managers in your organisation? 7. What challenges do you face in making TM programmes a success at an international level?	The multinational firm is the promised means for leveraging and exchanging knowledge between locations and across organisational domains (Brannen,2007; Scullion and Collins, 2006) Most multinationals and new international players still operate under a 'double standard'; workforces in the developing world are often treated as commodities (Brannen, 2007). Talent as an incremental property (Baron and Armstrong, 2007; Robertson, 2007). TM not yet embedded within organisations (CIPD, 2007; Lewis and Heckman, 2006; Uren, 2007; Veredus, 2006). TM will demand deep cultural sensitivity, contextual acuity, knowledge-sharing capability, and globally agile leadership (Brannen, 2007).	Identifying, utilising and developing talent

Themes explored	Main Questions asked	Theoretical bases	Discussion threads
Understanding TM as a (potential) way of developing human capital	1. To what extent do you perceive TM practices and activities to be a means of developing employees' human capital? 2. How effectively do TM and development programmes enable employees to develop the knowledge, skills and competences necessary to deal with challenges in an international context? 3. From your experience, to what extent do managers/employees who have been on the TM activities/programmes make an impact on an organisation's performance?	TM is at the heart of human capital management (Baron and Armstrong, 2007). The gap between rhetoric and reality (Gratton, 1999; Legge, 1995). TM is not a strategic activity built into business planning cycles (CIPD, 2007; Veredus, 2006). TM activities as subversive to employees (Blass et al., 2006; CIPD, 2006). TM fails to recognise human talent as a repository of potential valuable knowledge (Vaiman and Vance, 2008). TM meaningless without human capital management (Baron and Armstrong, 2007).	TM is meaningless without investment in human capital

Appendix 2: Phase One: Interview schedule for senior HR/talent managers

Themes explored	Main Questions asked
Understanding the meaning of TM (Definitions)	1. How do you understand the meaning of TM used in your organisation? /How do you define TM in your organisation? 2. Do employees within your organisation share the same understanding of this definition of TM?
The role/significance of TM in international operations	3. What role does TM play in your international operations? 4. In what ways do TM practices add value to your international operations?
The process of managing talent	5. What activities do you use/do you have in place as an organisation to develop talent? (e.g. Global leadership programmes, international assignments, etc) 6. What interactions take place within the organisation in order for employee's talents to be recognised? 7. In which ways do the talented people within the organisation present themselves to senior management? (How does senior management recognise talent?) 8. In what ways do you encourage development of international careers among employees so as to effectively utilise their talent? 9. Do you have cross cultural teams? If so, how do you ensure that your talented employees work in productive cross cultural teams? (How do you utilise cross cultural teams/multi-cultural teams?) 10. From your experience what are the major constraints in enacting effective TM initiatives aimed at international managers in your organisation? 11. What challenges do you face in making TM programmes a success at an international level?
Understanding TM as a way (potential) of developing human capital	12. 13. To what extent do you perceive TM practices and activities to be a means of developing employee's human capital? 14. How effectively do TM and development programmes enable employees to develop knowledge, skills and competences necessary to deal with challenges in an international context? 15. From your experience, to what extent do managers/employees who have been on the TM activities/programmes make an impact on an organisation's performance?

Appendix 3: Phase Two: Interview schedule for senior HR /talent managers

Job Title: ……………………………………………………. …..Full-time/Part-time

Length of service: ………………………..

Section 1: The meaning of talent management

1. How do you define **talent** in your organisation?

2. How do you understand the meaning of talent management used in your organisation? /How do you define **talent management** in your organisation?

3. Do employees within your organisation share the same understanding of this definition of talent management?

4. Given the substantial publicity about talent management, in what ways do you explain to talented employees (employees selected to be in talent pools) what they can expect from being on these talent pools?

Section 2: The process of managing talent

1. Who is responsible for talent management in your organisation?

2. What do you do with talent/ talented employees to maximise the impact of talent on your business?

3. Do line managers discuss the organisation's expectations of talented/high potential employees?

4. Being in a particular talent pool may raise expectations among talented employees about their career aspirations for instance; how does your organisation manage these expectations?

5. If there are differences between expectations of employees and management, is there any way in which these are reconciled?

6. How do you capture employee's expectations in your talent management/high potential development programmes?

7. How do you reduce the gap between expectations talented/high potential employees and those of management?

8. In what ways does the organisation take care of talented/high potential employees' expectations?

9. In what ways does the organisation take care of talented employees' career development and aspirations?

Section 3: The role/significance of talent management in international operations

1. What role does talent management play in your international operations?

2. From your experience do talent management activities play any role in engaging talented employees within the organisation?

3. In what ways do talent management practices encourage organisational commitment of employees?

4. How do you motivate talented employees to work productively at an international level?

5. How effectively do talent management and development programmes enable employees to develop knowledge, skills and competences necessary to deal with challenges in an international context?

6. From your experience, to what extent do managers/employees who have been on the talent management activities/programmes make an impact on an organisation's performance?

7. From your experience what are the major constraints in enacting effective talent management initiatives aimed at international managers in your organisation?

8. What challenges do you face in making talent management programmes a success at an international level?

Appendix 4: Phase Two: Interview schedule for line managers

**Job Title: …………………………………………………. **…..Full-time/Part-time

Length of service: ………………………..

Section 1: The meaning of talent management

1. How do you define **talent** in your organisation?

2. How do you understand the meaning of talent management used in your organisation? /How do you define **talent management** in your organisation?

3. Do employees within your organisation share the same understanding of this definition of talent management?

4. Given the substantial publicity about talent management, in what ways do you explain to talented employees (employees selected to be in talent pools) what they can expect from being on these talent pools?

Section 2: The process of managing talent

1. Are you involved in managing the skills and competence development of talented/high potential employees?

2. Do you have a chance of discussing individual talented/high potential employee's contribution to the organisation?

3. Do you ask talented/high potential employees what their expectations of being on a talent/high potential development programme are?

4. Do you have a chance of discussing what the organisation expects of individual talented/high potential employees?

5. Do talented employees discuss their competence development with you as a line manager?

6. Being in a particular talent pool may raise expectations among talented employees about their career aspirations for instance; how does your organisation manage these expectations?

7. If there are differences between expectations of employees and management, is there any way in which these are reconciled?

8. How do you capture employee's expectations in your talent management/high potential development programmes?

9. How do you reduce the gap between expectations talented/high potential employees and those of management?

10. In what ways does the organisation take care of talented/high potential employees' expectations?

11. In what ways does the organisation take care of talented employees' career development and aspirations?

12. How do you motivate talented employees to work productively at an international level?

13. What actions and/or activities are in place to stimulate the talent management/competence development and the intended outcome?

14.

Additional questions (depending on allocated time and the nature of responses)

1. How effectively do talent management and development programmes enable employees to develop knowledge, skills and competences necessary to deal with challenges in an international context?

2. From your experience, to what extent do managers/employees who have been on the talent management activities/programmes make an impact on an organisation's performance?

3. From your experience what are the major constraints in enacting effective talent management initiatives aimed at international managers in your organisation?

4. What challenges do you face in making talent management programmes a success at an international level?

5. What challenges do you face in effectively managing talented/high potential employees?

6. In what ways can your role be improved in order to make a greater impact in developing the skills and competencies of talented/high potential employees?

Appendix 5: Phase Two, Interview schedule for talent coaches

Job Title: ……………………………………………. …..Full-time/Part-time

Length of service: ………………………..

Section 1: The meaning of talent management

1. How do you define **talent** in your organisation?

2. How do you understand the meaning of talent management used in your organisation? /How do you define **talent management** in your organisation?

3. Do employees within your organisation share the same understanding of this definition of talent management?

4. Given the substantial publicity about talent management, in what ways do you explain to talented employees (employees selected to be in talent pools) what they can expect from being on these talent pools?

Section 2: The process of managing talent

5. What role do you play in managing the high-potential individuals?

6. What kind of issues do you discuss with the talented individuals?

7. Do you have chance to discuss individual talented/high potential employee's contribution to the organisation?

8. Do you ask talented/high potential employees what their expectations of being on a talent/high potential development programme are?

9. Do you have a chance of discussing what the organisation expects of individual talented/high potential employees?

10. Do talented employees discuss their competence development with you as a line manager?

11. Being in a particular talent pool may raise expectations among talented employees about their career aspirations for instance; how does your organisation manage these expectations?

12. If there are differences between expectations of employees and management, is there any way in which these are reconciled?

13. How do you capture employee's expectations in your talent management/high potential development programmes?

14. How do you reduce the gap between expectations talented/high potential employees and those of management?

15. In what ways does the organisation take care of talented/high potential employees' expectations?

16. In what ways does the organisation take care of talented employees' career development and aspirations?

17. How do you motivate talented employees to work productively at an international level?

Appendix 6: Phase Two: Interview schedule for high potential/talented individuals
Job Title: ………………………………………………. …..Full-time/Part-time

Gender: ………………………………………………………..

About you and your job
1. Briefly tell me about your role within this organisation?
2. How long have you worked in this organisation?
3. What attracted you to apply for a job in this organisation?
4. Have your expectations been met?
5. In which ways have your expectations been met?
6. What motivates you to continue working in your organisation?

About your experience of competence and management development programme/talent management activities
1. What does being in a talent pool/competence development programme mean for you?
2. How do you feel about being part of the development programme/being selected to take part in the development programmes?
3. How were you selected to be part of the high potential/talented employees within your organisation?
4. Did your managers ask you what type of skills you wanted to develop or what your perceived outcomes were for participating in talent development/competence development programmes?
5. Do/did your managers/supervisors discuss with you reasons why you have been selected to be in a particular talent pool?
6. Did your managers discuss with you the organisation's expectations when you were identified as a talented/high potential employee?
7. Did your managers discuss with you what your expectations were as regards the outcomes of being in a talent pool/competence development programme?
8. Have there been any discrepancies between your expectations and those of your employers? If so how has this impacted on your performance?
9. How have you benefited from being in a talent pool/competence development programme?
10. Do you have time to discuss your performance with your line managers?
11. Do you have time to talk about your career development, motivations and aspirations with your line manager/supervisors within your organisation?
12. How productive are the conversations with your line managers as regards your career development, motivations and aspirations?
13. From your experience of competence and management development programmes, how have the programmes broadened your knowledge and business competencies?
14. Are the competencies gained through the development programmes essential to meet the current challenges you face in your job? What about future challenges?
15. From your experience, to what extent would you say the development programmes have impacted on your performance?
16. What improvements would you like to see in the way high potential/talented individuals are managed?