

# **UNIVERSITÀ DEGLI STUDI DI PADOVA**

**Dipartimento di Scienze Economiche e Aziendali “M. Fanno”**



**CORSO DI LAUREA MAGISTRALE IN  
ECONOMIA E DIREZIONE AZIENDALE**

## **GRADUATE PROGRAMS IN A TALENT MANAGEMENT PERSPECTIVE** **A COMPARATIVE ANALYSIS OF SCOPE AND STRUCTURE**

Relatore: Ch.mo prof. Martina Gianecchini

Laureanda: Maria Casagrande

Matricola n. 1106487

Anno Accademico 2016 – 2017



# ACKNOWLEDGEMENTS

First of all, I would like to express my sincere gratitude to my advisor Prof.ssa Martina Gianecchini for the continuous support and patience during the development of this thesis.

Secondly, I want to thank all HR department of Assicurazioni Generali S.pA. Hong Kong Regional Office who provided me an amazing opportunity to join their team as an intern, and who gave me the possibility to participate in the design of a new graduate program, an experience which then gave me the inspiration for this thesis.

Thirdly, I want to express sincere gratitude to the HR departments of both Generali and UniCredit, who have been so kind to collaborate with my research, in particular dott.ssa Chiara Bolognesi, dott.ssa Sibilla Rocco. A special thanks goes to Boris Boquet and Domenico Di Toro, who are participating respectively in Generali and UniCredit graduate programs and filled me up with useful insights.

I must thank the whole Department of Economics and Management, especially Prof. Diego Campagnolo who introduced me to the wonders of the Asian region.

Last but not the least, I would like to thank my parents who made all of this possible, my two sisters for the laughs, Francesco for the support and my friends who have been there all the way.

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## INTRODUCTION

This study aims at investigating graduate programs in a new and up to date perspective, which the current management literature appears to be lacking, giving an overview on some European cases and trying to investigate if any isomorphic tendency could have shaped the present scope and structure of these programs.

For those who might not know them, graduate programs are a way in which the most talented graduates can not only enter a company but also benefit from an all-round training specifically designed to empower them.

Being graduate programs a consistent part of talent management practices, it was necessary to introduce the peculiarities of the talent market and, most importantly, to clarify as much as possible the exact meaning of talent and the way a company can successfully manage it. Without a clear vision on the main issues on talent management it would not have been possible to address the management of talented graduates.

The reasons why a strong approach to talent management is necessary and should be on top of any company's priority list is addressed at the beginning of the paper, to provide an as much as possible updated picture of the present labour market framework.

Following, the paper makes a review on the business management literature about talent and talent management touching issues such as potential and emotional intelligence. Additionally, it examines how talent management is connected to business strategy and the issues that come out when expanding talent management on a global scale. After that, the paper follows two differentiated paths: the presentation of an up-to-date picture of graduate programs plus a comparison with the management literature and an investigation on potential isomorphic tendencies affecting scope and structure of graduate programs.

On the one hand, Chapter Two provides a review on the literature about New Institutionalism. Such a review has been considered necessary in order to have a framework for investigating the nature of management fashion and isomorphic tendencies that often affect HRM practices. Essentially, it was necessary to understand the theories that have tried to explain why companies copy one another and passively perform processes and

practices not for strategic or efficiency purposes but for reasons connected to visibility and legitimacy.

What is developed in Chapter Two is then resumed in Chapter Four through a suggested approach to interviewing HR professionals.

On the other hand, Chapter Three is more specifically dedicated to graduate programs; it begins with a literature review which came out to be not more than twenty or thirty years old but without any recent investigation. Such a review has pointed out the three main dimensions of graduate programs. These are the exclusivity dimension, the job dimension and the training and development dimension, through which the analysis has been undertaken.

The study took into examination 35 cases of European companies providing graduate programs, chosen among the biggest ones as for sales volume. For all these 35 cases the main dimensions have been outlined in order to have a schematic representation of all the programs that could serve a comparative scope of analysis.

As mentioned above, after the deep dive on graduate programs undertaken in the third chapter a different investigation has been performed. This time by structuring a questionnaire designed to grasp some hints that could suggest the presence of isomorphic tendencies and management fashions regarding the structure and scope of the program.

The whole idea of addressing the graduate programs topic comes from my experience during an internship in Assicurazioni Generali Hong Kong where I had the amazing opportunity of taking part in the first steps of designing a graduate program for the Asian region. Being talent management an essential strategic issue in the modern environment and also a personal interest of mine, I chose to pursue such an investigation.

Finally, given that the literature on graduate programs does not seem to have been updated in recent times, the present paper also aims at pointing out issues for future research that may be conducted on the topic, especially opening a discussion on the links between graduate programs and business strategy.

## 1. CHAPTER ONE

# TALENT MANAGEMENT

### 1.1 Introduction

Almost twenty years ago McKinsey was publishing one of its most famous reports concerning the war for talent. Over the years this report has become a milestone for all subsequent studies and there is indeed no surprise as it anticipated a topic that has become of major importance in present organizational studies, that is to say talent management, with everything that comes with it.

Talent Management has gained more and more importance throughout the years, deeply intersecting with global mobility and educational trends.

In *The War for Talent* (Chambers, Foulton, Handfield-Jones, Hankin, & Michaels III, 1998) the authors identify several trends and issues related to people management.

This report has become a turning point for the same reason it is relevant for this paper; because it describes how talent shortage can affect organizations and how it should be addressed.

Among other things, the report provides evidence that the supply of executives reached its peak around year 2000 (when the article was written) and was expected to decline of about 15% in the following 15 years. It moreover anticipated the role of new small companies and start-ups in the competition for talent (Julian Kaufmann, cited by Chambers, Elizabeth G. et al. 2000).

In this revolutionary vision of people management every organisation is vulnerable to trends that threaten shortages of talents. The trends are various and can influence organizations in different ways.

What this first chapter aims at is exactly providing an overview of all the trends that can affect organization from the talent acquisition and retention perspective. For

example, increasing job mobility. According to McKinsey research the average executive at that time would have worked in five companies.

In this paper turnover issue will be addressed later on but, indeed, it is a topic that has a significant impact in monetary terms and it is incredibly widespread especially in some markets, such as China (Eriksson, Qin, & Wang, 2014).

The competencies required by the companies are also quickly evolving, with a growing demand for high skilled workers and changing technology (Kaufman, 2010). Along with that, motivation could also be taken into consideration, that is to say what brings people to choose a company among others, how they can be retained and how to bring out the best in them. This is linked to the value proposition of a company and its branding, which is also an important topic when studying its ability to attract talents.

Global mobility is another huge trend for what concerns HR management; how to deal with people that demand mobility or with people that prefer to stay in one place. Global mobility has created an entire group of people with heterogeneous characteristics and expats are only a small part of it.

All this leads to a different and developed approach to Talent Management which entails that from the effort an organization puts in it can depend the sustainability of its competitive advantage. In *The War for Talent* is clearly stated that TM is going to be the main source of competitive advantage but on the other hand the amount of studies on its strategic implications is still limited. Leaders who share a talent mind-set are most likely to consider the success of the company deriving from people inside and are already more focused on employees (Sidani & Al Ariss, 2014).

Eventually, talent management needs to be considered a fundamental process for the successful development of the firm. That is why it is worth to be redefined and made efficient in all organizations, and address recruiting, motivating and retaining talent with the same focus reserved for the core business.

Summing up, here it is a list that Collings, Scullion and Caligiuri (2010) claim to be the essential set of reasons why global talent management has become a critical factor for multinational companies (Scullion, Collings, & Caligiuri, 2010). Starting from such a list, the chapter will go through all these trends that affect talent management in a company.

Let us graphically summarize the factors mentioned by the authors.

*Table 1.1 Issues in Global Talent Management*

Issues	Sources
Shortage of managerial and professional talent	Scullion 1994, Farndale et al. 2010, Stahl et al. 2007
Demographic trends such as declining birth rate and increasing longevity	Tarique and Shuler 2010
Issues of motivation, representation and evaluation for diverse employee groups.	Briscoe et al. 2009
Increased mobility, especially for high skilled workers and talents.	Tung et Lazarova 2007
Decreasing trust between employers and employees, with lower engagement and higher turnover	Pink 2001
Shift to knowledge-based economies; growing need for high value workers and higher competencies required.	Beecher and Woodward 2009

The next paragraph will start with an in-depth analysis on the shortage of talent, going on with employee engagement, turnover and global mobility and eventually considering millennials. The chapter will, as much as possible, take into consideration more recent sources but still with a wide point on various decades to fully understand the phenomena.

## **1.2 An overview of Talent Market**

### **1.2.1 Talent Shortage**

*“If the GDP keeps growing, even if less than in the past, the demand for executives will keep growing as well, while supply will not necessarily follow as working age population has been diminishing and no countervailing trend seem to be arising”* (Chambers et al. Mc Kinsey Quarterly 1998 p.16).

The problem is now far from over, being the demographic landscape dominated by the forthcoming retirement of the baby boomers generation and less and less young people entering the workforce population in western Europe (ManpowerGroup, 2015).

In a world in which one of the widest phenomena is the aging of the working population, the way through which this will affect the talent pool for firms has to be taken into account. Aging of population refers to a shift in the age distribution towards older ages; it is mostly affecting industrialized countries but developing countries are not unharmed and the number of elderly people is slowly increasing (Gavrilov & Heuveline, 2003).

Talking about emerging markets, in June 2012 McKinsey quarterly stated that talent is getting more and more scarce and expensive as few top companies grab the best people (ManpowerGroup, 2015).

Global organizations seem the best prepared for this quest as they can attract talents with stimulating opportunities in different countries. These traditional sources of strength are however facing some troubles too, due to a changing competitive environment.

First of all, talent in emerging market is difficult to find; managerial and English skills are quite scarce. Secondly, local companies are becoming increasingly competitive and are now a match to multinationals corporations as their brands are getting stronger (Dewhurst, Pettigrew, & Srinivasan, 2012). Finally, executives from developed markets are found to be increasingly unwilling to relocate. (Manpower Group, 2011 cited by Dewhurst, Pettigrew and Srinivasan; 2012).

Looking for graduates can be quite challenging as well. Adding up to these demographic and cultural issues, countries with fast growing population like China can have important problems with managing young individuals. In fact, another McKinsey report published in 2005 speaks about a “looming shortage of home-grown talent” for China, despite its having such a huge population (Farrell & Grant, 2005). This paradox exists because graduates are often not suitable enough for the companies’ needs. First of all, many graduates have poor English, which is a skill deficiency that strongly impact companies’ decision when hiring. Secondly, and this may apply mainly to China, graduates are scattered among the country and are hard to find at the right moment in the right place; just one quarter of the graduates lives near an international airport.

And finally, there is a lot of competition compared to other markets as domestic and multinational companies already provide very attractive opportunities for graduates (Farrell & Grant, 2005).

Switching country and coming back to developed markets, Peter Cappelli in 2005 was describing and inferring on the labour shortage which was predicted to hit the US. His thesis was that a labour shortage crisis was in fact going to happen in the US, not due to demographic changes and baby boomers leaving the market but because of the new challenges predicted to come.

An example of challenge happening now is the increase in turnover that forces HR departments to keep a continuous hiring mode on. Also, compared to the past, there is pressure to hire external skills and expertise in order to fix vacant roles at all levels of the organization in contrast with hiring just at the entry level as companies were used to do (Cappelli, 2008).

Given the slow economic growth and fiscal austerity in developed countries a numerous amount of companies is finding rising economies quite attractive. Despite this, when talking about emerging markets, the talent shortage situation is significantly worse compared to developed ones. Finding talented people and retaining them can be incredibly hard.

Finally, as far as the graduate pool is concerned, it is in most cases expanding more slowly than the economic growth and in BRIC countries only 15 to 30 percent of graduates are considered immediately employable. This forces companies to rely much more on their own training (Caye, Bhalla, Aguiar, & Nettesheim, 2012).

### 1.2.2 Employee Engagement

Before turning to the turnover topic, some trends regarding employees' engagement around the globe are worth mentioning. In particular, we will consider the Aon Hewitt report on Trends in Global Employee Engagement.

The financial implications of an engaged workforce are significant. Increases in employees' engagement levels are positively correlated with business performance (Aon Hewitt, 2013).

Global engagement continues to rise gradually as the economy increases, but trends do differ between macro regions. Europe is struggling with lower growth forecasts, declining engagement and deteriorating work experiences. In contrast, employee engagement in the US is rising but with a parallel lowering in empowerment, autonomy and growth.

Asia pacific shows increasing engagement overall, but also a strong volatility which hides a problematic reality in countries such as China and Japan that present deteriorating engagement and work experience. The report also states that companies are continuing to struggle with providing growth opportunities for employees and other top engagement drivers. Career prospects are shown to be least positive in Japan and Europe.

Finally, EVP is still consistently valuable to employees across the world and should be a leverage on which companies can work to build engagement in a wider perspective; not just above average engagement but a whole culture of engagement marked by strong leadership, performance orientation and brands (Aon Hewitt, 2013).

### 1.2.3 Turnover

*“Turnover is the rotation of workers around the labour market; between firms, jobs, occupations and between the state of employment and unemployment”* (Abbasi, Hollman 2000. Pag 333)

Employee turnover is a phenomenon that has always been present in the labour market. It is quite straightforward to understand that it is impossible to have a group of organizations without some sort of movement of people among them (Abbasi & Hollman, 2000). What can negatively affect companies thought is the point when turnover rate reaches a certain extent. That extent where costs outstrip the benefits of having a flexible workforce. We will now briefly sum up the existing literature review about employee turnover and why it is important in a talent management perspective.

Job mobility has generally been increasing, already twenty years ago Mc Kinsey was announcing how senior executives were changing more and more companies throughout their careers. According to their survey in 1998 an executive would change 5 companies while ten years before just one or two (Chambers et al., 1998; Michaels, Handfield-jones, & Axelrod, 2014).

Another way to look at the turnover issue is to see it as the process of filling a vacancy. Whenever a job position is left vacant, either voluntarily or not, a new employee must be hired and trained and this is significantly expensive both in monetary terms and time (Woods, 1995 cited by Ongori 2007).

Let us start with the sources of employee turnover. In its review of the existing literature about turnover, Ongori divides them in three parts; job related factors, involuntary turnover and organizational factors. Job related factors are the typical factors that have been investigated as sources of turnover.

Leininger (2007; 28, cited by Scullion et al. 2011), provides the result of a research where employees were asked, among a list of 20, to pick their top three reason for leaving the company.

According to this study, the main reason that brings employees to leave their company is a better compensation package, followed by better career opportunities, better benefits, better training and finally personal development opportunities. All of these are included among job related factors which can influence an employee's motivation and bring him to think about changing.

The second sources of turnover classification that can be found in literature consists in involuntary turnover vs voluntary turnover. The first arises when there are some factors which are beyond the scope of control of the company, such as death or incapacity of some employees.

As a third source of turnover, organizational factors come in the way. For instance, low organizational stability can have a negative impact on turnover rate. Employees are more likely to stay when there is a good level of predictability of the work environment, because they are more able to predict their career advancements (Zuber, 2011, cited by Ongori 2007). Moreover, organizations with a higher level of internal communication enjoy a lower level of turnover of staff (Ongori, 2010). Finally, there are factors such as poor hiring practices, managerial style, lack of recognition, lack of competitive compensation system and toxic workplace (Abbasi & Hollman, 2000).

Anyway, what is useful for the scope of this paper is to identify the costs which are connected with a high turnover rate in the organization in order to provide evidence for the need of an efficient talent management system. Turnover can affect an organization profitability and, if too high, can even trigger some serious damage to its objectives. People leaving can cause delays in the delivery of services and can affect innovation (Abbasi & Hollman, 2000).

In the article "Analysing your turnover drivers" present in HR Focus, Thomas Oh infers that companies "*have not been paying enough attention to retaining employees and that, before the present shortage of talent becomes a crisis, they have to address with more efficiency the retention of their most important assets; high performing employees*" (Oh, 1996 p.12). Top employees are in fact an important part of the company's equity and when they leave the loss is not just about their productivity. They develop such a deep knowledge of the company's strengths, weaknesses, products, customers and processes that is very hard and costly to replace. Oh also claims that organizations often underestimate the monetary cost of turnover because they are hard to compile, but cites

a research conducted by a major insurance company that calculated their average replacement cost per hire, which was found to be \$35000.

A Louis Harris and Associates survey evaluates the cost of losing a typical employee at \$50000 (Louis Harris and Associates 1999 p.8, cited by Abbasi et al 2000). Moreover, there are many hidden costs connected with turnover that cannot be included in these estimates, like the disruption of customer relationships and the erosion of stability and morale of those who remain (Abbasi & Hollman, 2000).

In March 2016 the American Economic Review was stating that globalization and global market reforms have been linked with higher wage inequality, greater unemployment rates and more job turnover (Cosar, Guner, & Tybout, 2016).

Then we need of course to take into consideration that turnover rate differs among different industries and different geographic areas. The rotation of people in the labour market can indeed be seen as a factor that can be influenced by cultural aspects. For example, a McKinsey survey in China found that managers in global organization change company at a rate of 30-40% every year, almost five times compared to the global average (Dewhurst et al., 2012). Another study conducted in China that investigated the effects of demographic variables, gender and education on organizational commitment and turnover intention, demonstrated that Chinese people behave differently from their western counterparts and these differences were explained in terms of cultural differences (Zhen Xiong Chen, 2000).

This can be easily interpreted as a clear need to have a specifically designed approach to talent management and human resources management in general depending on the country and on the culture. As this paper will further analyse later on, this becomes a critical topic for multinational companies that need to manage different countries, different nationalities and different cultures while also trying to build some standard processes.

#### 1.2.4 Global Mobility

Despite having until now described turnover as the mobility of workers around labour market, there is another dimension of mobility worth considering on its own; the movements of people around the globe. The increased mobility among different geo-

graphical areas has brought human resource management on another level and is exponentially increasing complexity.

Global mobility is definitely increasing. Not only at corporate level but at every level; high skilled workers are moving, migrants look for better places where to live and companies try to move their people around to make them learn and face new challenges that are coming out (Brookfield, 2014; Czaika & Parsons, 2015; Scullion et al., 2010; Todnem By, 2005).

Taking a step backwards, let's start by thinking of globalization as the mobility of capital, goods and people. Traditionally in fact, this has been the focus of attention for studies about globalization. In 2010 almost 1000 \$ per person were spent for moving goods and people around the world (Brookfield, 2014).

On the other hand, thought, there is a growing recognition of the importance of intangibles such as innovation, creativity, ideas and technology, moving around the world. This has opened an entire topic which has been disregarded for many decades around the 60s and 70s, namely the mobility of talent or "brain drain". Current trends show that the mobility of people with tertiary education (a proxy of talent) is higher compared to the mobility of people with lower levels of education (Czaika & Parsons, 2015).

For the scope of this paper we will not dive into the economic consequences of the high and low skilled labour mobility, but it must be said that it can positively affect the economic growth of both the receiving and original country (Erhardt, 2010).

Going back to the global mobility of talent, there is evidence that substantial part of this mobility is within developed countries but it is present within developing countries as well, when there is some differential in opportunities and living standards (Brookfield, 2014; Erhardt, 2010). Global talent management is one of the most important elements for talent management in multinationals enterprises. According to a PwC survey on 270 leading multinational companies based in Europe, 65000 of the employees are working worldwide (Beaverstock 2004, cited by Bonache, Brewster, Suutari 2007). The situation is similar in the US, where already back in 1998 the Global Relocation Survey on 177 firms indicated that the number of expats was 51093 (Dolins 1999 cited by Bonache, Brewster, Suutari 2007).

Traditionally, when speaking of international workers' mobility inside an organization we would have thought of expats; employees typically at a high level in the company sent abroad for a period of time and incentivized by competitive benefits and growth opportunities inside the firm.

Nowadays increased global competition has brought more and more attention on cost reduction both in the local and international arena. Locally, companies focus less on internal development and more on shorter forms of employment. Internationally, traditional expats are being substituted by shorter, less costly and more project oriented forms of international staffing (Bonache, Brewster, & Suutari, 2007). These forms are for instance international commuting, frequent flying, self-initiated expatriations and virtual teams (Brewster, Harris and Petrovic, 2001 cited by Bonache, Brewster and Suutari 2007).

Hence, international assignments are still an important issue for multinational companies but are changing nature. The attitude towards them has mutated and positions are opened for all the employees willing to travel abroad. Expensive expats contracts are being substituted with cheaper local contracts and assignments are becoming more self-initiated, as they are seen as a natural part of a manager's career rather than something HR should handle (Bonache et al., 2007).

Concluding, globally competent managers are critical for the future success of all multinational organizations. Since global competencies can be developed through international assignments (once joined an international assignment and employee becomes more sensitive to the challenges of working in another culture) international assignments are developing in nature and length and are growing in importance (Caligiuri & DiSanto, 2001; Scullion et al., 2010).

### 1.2.5 Trends in Competencies Required

Besides the demographic and economic changes, the labour market is also changing in respect of the skills that companies need and the ones they need to pursue in order to succeed. Of course the skills required by employers are always changing, adapting to the developing market, and the situation now is no exception.

Generally speaking, "twenty-first-century skills" are broader and more numerous (Shierholz, 2014). In fact, in addition to skills such as literacy and numeracy that have

always been required students now need to also demonstrate curiosity, critical thinking, problem solving and other abilities that are increasing in importance for all jobs.

The skills required from graduates can be divided in three sets.

- First, foundation literacies, which usually correspond to the traditional abilities that have always been required.
- Secondly, the competencies named above (Critical thinking, innovation abilities, problem solving etc.) that are shifting traditional jobs to a more entrepreneurial way of working.
- Thirdly, there is a whole set of soft skills, or character qualities, that are highly valued and often given for granted - adaptability, for instance.

What is alarming is that whilst all of the above are extremely important, just few of them are being taught in school, generating a gap that affects countries disproportionately even among the developed ones. For example, the US have shown poorer performances in foundation literacy compared to Japan, Finland or South Korea (Kaufman, 2010).

Hence we see with more clarity that talent shortage it is not just about numbers; it is also qualitative. A more complex economy demands a more sophisticated talent with global acumen, multi-cultural fluency, technological literacy, entrepreneurial skills and the ability to manage increasingly disaggregated organizations (Michaels et al., 2014).

### 1.2.6 Millennials

Considering the developments of the labour market, we can't but engaging in a quick view on millennials as they are becoming a more and more wide part of the working population. In fact, 77 million millennials now make up more than half of the workforce (Deloitte, 2016).

It is determinant to understand the common traits and way of thinking in order to attract, retain and motivate them. They expect a mobile work environment and they would switch employer on average every 16 months (Deloitte, 2016).

This cohort behaves in way that are quite predictable and often typical to the generation. Their values are not necessarily different from those who preceded them, what has drastically changed is the attitude towards technology and organizations. The unique relationship with technology is the distinctive feature of this generation, explain-

ing why they are often referred to as digital natives. Digital natives are very efficient in some arenas while lacking some abilities in other fields such as nonverbal communication and interaction.

What is also noteworthy is their tendency to actually produce content and express their opinion, often on web. Communicating thoughts and trends through blogs and social media has built a drastically different way of interacting (Hershatter & Epstein, 2010).

As for education, millennials are entering college in record number but, on the whole, the level of general knowledge has lowered.

On the personality traits side, millennials have demonstrated to have higher self-esteem and assertiveness but also higher levels of narcissism (Twenge & Foster, 2010). They were between high school and the first years in university when the global crisis hit, and this brought a serious decrease in the level of faith in the government and institutions in general. Giuliano and Spilimbergo (2009) found that as a result of this, millennials tend to see success as a result of luck rather than of hard work. In the meantime, they long for a meritocratic culture in contrast to the fixed and outdated norms of the generations before them (Deal, Altman, & Rogelberg, 2010).

What is interesting in an organizational perspective is to understand this generation in order to manage them in the most effective way. While millennials did not show drastic differences in terms of values, there are some peculiarities in the way they approach organizations and how they work. Their comfort with technology makes them work with much less boundaries and they are definitely people and organization-oriented (Hershatter & Epstein, 2010). Young workers expect an environment that is dynamic and more thoughtful around relations between employees (Adkins, 2016).

For example, communication between management and workforce should be on completely another level and should be fast, two-way, and followed by fairly immediate action. Other examples would be to design more flexible and stimulating career paths, as millennials are surrounded by entrepreneurs reaching success before the age of 30 and are most motivated by programs that offer the opportunity to accelerate their careers through skills development, networking and rotational projects.

### 1.2.7 Need of an Effective Talent Management Program

With all the challenges described above that have been growing in the recent years, it can easily be inferred that the approach through which employers address their human resources has to change drastically in order for them to survive and prosper.

A deeper insight about talent management and its definition will be provided in the following chapter; as for now this paper just wanted to give an overall view on why an innovative approach on managing people is advisable, considering the changing environment.

Compared to periods characterized by the same level of market tightness, employers now face way bigger recruiting and hiring challenges (Cappelli, 2008). As it has always happened, the quest to evolve and innovate can be very hard and often not even taken into consideration.

Until now almost all organizations would have relied on outdated talent management processes, or no processes at all. As a matter of fact, most companies have been considering TM as a mere way to anticipate workforce needs and setting a plan to meet them. As the market environment has now become increasingly unpredictable, plans stretching out for more than few years will most likely be useless (Cappelli 2008).

Because of this, an efficient approach to TM can become an essential variable in order to build a sustainable competitive advantage.

## 1.3 Talent Management

### 1.3.1 Introduction

It is usually stated in most companies' mottos that people are indeed the most valuable asset. Besides being a commonly used sentence, the impact of human resources management and practices on firm performance is indeed significant. They can, in fact, build a sustainable competitive advantage especially if aligned with the company's strategy and business plan (Wright & Snell, 1991). There is a very large quantity of studies demonstrating how effective human resource management practices enhance firm performance in terms of productivity and financial performance when they are aligned with the organization's objectives (Huselid, 1995). Knowing where the company is heading and developing practices according to that goal is the prerequisite for an

efficient strategic human resources management process (Dennis, Michael, & Meredith Blackwell, 2002).

Traditionally, there is a whole body of research named strategic human resource management (SHRM) that aims to understand how HR management relates to organizational outcomes. Mark Huselid's article in *The Academy of Management Journal* has been the most influential and one of the earliest. Going through it, one of the major points that stands out is that when designing a strategic human resources management process the practices that are able to enhance performance are called high-performance work practices. They basically consist in those practices that increase the single employee performance; for example incentive compensation, training, employee participation, selectivity and flexible work arrangements (Huselid, 1995). His conclusion is in fact that all companies can boost their performance by implementing this specific set of practices.

After Huselid, a significant number of researchers has been facing this issue, stating again that these sort of practices do enhance productivity and should be a major focus point for all organizations (Combs, Liu, Hall, & Ketchen, 2006). This view on high-performance work practices has been criticized by subsequent studies. Essentially, while it is undoubtedly true that better people management pays, the proposition for which such practices can increase performance for every firm is also biased. For example, Kaufman in his article in *Industrial relations* infers that not only SHRM theories apply just to one part of the employment world but also neglect the potential conflicts that could arise from implementing the above mentioned practices. Flexible work arrangements could for example mean less job security (Kaufman, 2010).

This was to give a briefing on the research trends before the talent management topic started to come out in the late 90s. Even though it was straightforward that an efficient management of people paid off, there were some insecurities about which practices exactly could add value to the company. Personnel researchers have often been too narrow on their focus, concentrating their efforts just on some distinctive area such as training, compensation or performance appraisal (Wright & Snell, 1991). As previously mentioned, around the end of the 90s a group of McKinsey consultants coined the term Talent Management with their article *The War for Talent*. After that, researches on this topic have started to multiply.

As for now, a search on the sentence “talent management hr” on a common research engine would yield 25.200.000 hits while just 2.700.000 hits in late 2004 (Lewis & Heckman, 2006). A recent report highlighted the growing interest in talent management among Chief Executive Officers (CEOs) and suggested that 70 per cent of corporate leaders spend more than 20 per cent of their time on talent management activities (Economist Intelligence Unit, 2006 cited by Collings and Scullion 2011). This relatively recent rise of the talent management research field represents a shift from more traditional views on human resources management theories on how to build competitive advantage, SHRM for example. Unlike these approaches, TM takes into consideration the modern developing environment and the global dimension which firms have to operate in. Moreover, talent management differs from SHRM as it is less egalitarian and more elitist (Gallardo-gallardo, Dries, & González-cruz, 2013).

Despite its wide spreading, the term talent management still lacks a clear definition (Collings & Mellahi, 2009; Lewis & Heckman, 2006; Vaiman, Scullion, & Collings, 2012). On a CIPD 2006 learning and development survey given to UK HR professionals, only 20% of respondents could give a formal definition of talent management despite 51% said it was undertaking talent management activities. Defining talent management indeed presents some complexities, as it inherently forces organizations to understand and specify what is their definition of talent, of talented person, and exactly what talent they need and where. In their 2009 article in Human Resource Management Review, Collings and Mellahi aimed at clarifying the conceptual boundaries of talent management and providing a theoretical framework. They defined talent management as: *“activities and processes that involve the systematic identification of key positions which differentially contribute to the organisation's sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organisation. In this regard, it is important to note that key positions are not necessarily restricted to the top management team (TMT) but also include key positions at levels lower than the TMT and may vary between operating units and indeed over time.”* (Collings, Mellahi, p. 305 , 2009). Similarly, even if more concise, Cappelli states that, at its heart, talent management is *“simply a matter of*

*anticipating the need for human capital and setting out a plan to meet it*" (Cappelli p.1, 2008). Then proceeds by describing which are the usual responses to this challenge that companies use. Akram Al Ariss defines Global Talent Management as the process of identifying, recruiting, selecting, developing and retaining talent in a global perspective and international company (Al Ariss, 2014).

Similar definitions have been given to GTM, describing it as the set of organizational activities for attracting, selecting, developing and retaining the best employees in the most strategic roles to achieve organizational strategic business priorities internationally (Farndale, Scullion, & Sparrow, 2010; McDonnell, Lamare, Gunnigle, & Lavelle, 2010; Scullion et al., 2010; Vaiman et al., 2012). Global talent management takes into consideration both differences in organizational strategies and differences between cultural context (Scullion et al., 2010).

In their critical review about talent management, Lewis and Hackman identify three main streams of thoughts.

- Firstly, talent management viewed as the typical HR practices but done faster and more efficiently. Otherwise with the focus on a specific function as recruiting for example.
- The second point of view is centred around the stream of employees through key positions, usually called workforce planning or succession planning. This is a much more internal focus on getting to understand a company's own workforce. It models career flows and usually plans a succession well in advance.
- The third approach is more open and sees talent as generic, without the typical boundaries linked to organizations or specific positions. This approach rewards talent as it is, pushing those who deserve it regardless of their specific roles. In contrast with the second approach outlined above, this point of view considers talent pools rather than succession flow for a determinate job.

Lewis and Heckman see as unsatisfying all three approaches, suggesting that they do not really add anything to HR practices as they were done before and they are not grounded on research-based findings. Treating the talent inherent in each person is appealing but definitely not linked to any strategic objective and on the other hand simply treating talent management as a substitute of workforce planning does not create value (Lewis & Heckman, 2006).

Summing up, while some researchers, as Cappelli, tends to see talent management from a primarily human capital perspective (Vaiman et al., 2012), a key point in most of the definitions is that the focus is mainly on ensuring that few key employees are attracted, retained and developed in order to contribute to the organization strategic objectives. This elitist view can be linked to two approaches in literature. The first one distinguishes between A B and C employees (that is to say top performers, medium performers and poor performers) and is carried out, for example, in McKinsey's *War for Talent*. The second one, which is also closer to Collings and Mellahi view, mainly aims at individuating those job positions inside the organization (at every level) that can have the biggest impact on the company's performance. In other word companies must understand where varying performance will most affect its result and were an improvement on talent could yield the biggest return on investment.

Even if the two approaches are both still debated and recognised, research and literature on talent management has brought us to define talent in terms of key positions inside an organization rather than the management superstars (Collings & Mellahi, 2009). Hence, the focus has shifted on developing a pool of talents fit to fill those positions and creating an efficient HR management process to support the people (Scullion et al., 2010).

Before going on describing which have been the most debated ways to pursue such goal, it is necessary to make a step back and build a strong basis for further discussion, that is to say considering the concept of talent: how it is defined, why it is so important and how to recognize and develop it. Otherwise it won't be possible to reasonably speak about talent management.

### 1.3.2 Talent

Even though we recognize that when speaking about talent management defining talent is one major issues, the task is everything but easy. In fact, not only the definition of talent management is unclear among the present community of researchers, but also the concept of talent is not universally shared.

Traditionally, what people have been meaning when speaking about talent was an innate and intrinsic characteristic of an individual. Holden and Tansley (2008) have undergone a philological analysis from both historical and linguistic perspective, what

they found out is that both in English and other European languages the word talent is characterized by a similar meaning. Below, a synthetic representation of the definitions

Table 1.2 Definitions of Talent

Language	Definition
English	"Natural ability to do something well" and "a special aptitude or faculty"
French	One authoritative French dictionary refers to a given disposition, given by God (Grand Robert, 1991). This is a rare occurrence of lexicologists attributing talent to divine inspiration. The same dictionary also suggests that talent, however endowed, serves "to succeed in something" noting that talent is also "a particular aptitude" which is "appreciated by social groups".
Danish	The Danish language is consistent with these definitions: "innate abilities for a specific field"; "a person who has talent" (Politikens, 2000); "innate abilities" (Politikens, 2000).
Russian	Definitions in Russian also relate to "outstanding innate qualities, especially natural gifts" (Ozhegov, 1984) and "outstanding capabilities in a given field (artistic, scientific, political), giftedness and being a gifted person" (Leikhin, 1955)
Polish	In Polish we not only see similarities with these other definitions, but also an important expansion of the term. In a Polish-English dictionary we find a distinction between the singular (talent) and plural (talenty) in Polish. The singular word is translated by "talent" and "gift"; the plural by "accomplishments" and "endowments" (Stanislawski, 1994). In a Polish business dictionary the entry is: "A person endowed (lit. gifted) with unusual ability; innate or acquired (learned) ability to do something in an outstanding, creative way"
Japanese	Talent as accomplishment acquired, product of years of practices to attain perfection (Tansley 2011).

Sources: Holden and Tansley 2008; Longman Dictionary of contemporary English 2006; Oxford Dictionary 1990; Tansley 2011.

We understand that the concept of talent is quite differentiated from mere skills in all contexts, but only in Japanese language the term completely loses its dimension of inherent characteristic.

Moving to the meaning of talent in the world of work, there is no clarity whatsoever about what talent should be, for an organization. The 2007 research developed by CIPD on nine organizations confirmed that how talent is specified is:

1. organisationally specific
2. highly influenced by the type of industry and the nature of its work

3. dynamic, and so likely to change over time according to organisational priorities (CIPD, 2006)

Akram Al Ariss in his *Global Talent Management* book highlights a few critical points about the definition of talent in order to analyse them from an intercultural perspective. Those points are shared between most of the researchers and can be found in most literature reviews and are;

- Inclusive vs exclusive approach to talent management. Different points of view can be found on whether organization should focus on a few selected individuals and positions or looking at the whole workforce finding way to support and empower everybody to the same extent. Collings and Mellahi for example, define it as the identification of key strategic positions and the development of a pool of individuals to fill them. In contrast, other researchers such as Buckingham (2001) see talent management as something inclusive, that should involve all employees (Buckingham & Vosburgh, 2001).
- Talent as inborn characteristic or talent as a learnable skill. As for the case of Buckingham, the inclusive view of talent management is linked to a definition of talent as inborn characteristics that are “almost untouchable”. But there are other approaches highlighted in this chapter that do consider the process of learning and development as significant in developing talent. At the end of the day, anyway, there is research showing that the majority of decision makers in organizations believe that talent is, for the most part, inborn (Tsay and Banaji 2011 cited by Dries et Al. 2014).
- How to recognize talent, intuitive judgements or standard processes. In 2008, Scott Highhouse wrote an important article about the stubborn reliance on intuition and subjectivity in employee selection. Basically, he demonstrates that there is a common overestimation of intuitive judgement and at the same time an underestimation of written and standard assessment. The belief that future performance of an individual can be precisely predicted and that this prediction can be improved by the experience of the assessor is called “myth of expertise” and does not stand to a scientific analysis (Collings & Mellahi, 2009; Highhouse, 2008; Meyers, van Woerkom, & Dries, 2013).

Gallardo et al. (2013), have also provided an insightful research on what talent can mean in the working environment. They summed up the most relevant definitions found in literature. Let us cite some of them.

*Table 1.3 Definitions of Talent*

Source	Definition
Williams (2000)	"those people who do one or other of the following: regularly demonstrate exceptional ability – and achievement – either over a range of activities and situations, or within a specialized and narrow field of expertise; consistently indicate high competence in areas of activity that strongly suggest transferable, comparable ability in situations where they have yet to be tested and proved to be highly effective, i.e. potential." (p. 35)
Tansley, Harris, Stewart and Turner (2006)	"Talent can be considered as a complex amalgam of employees' skills, knowledge, cognitive ability and potential. Employees' values and work preferences are also of major importance." (p. 2)
Bethke- Langenegger (2012)	"we understand talent to be one of those worker who ensures the competitiveness and future of a company (as specialist or leader) through his organisational/job specific qualification and knowledge, his social and methodical competencies, and his characteristic attributes such as eager to learn or achievement oriented" (p. 3)
Ulrich and Smallwood (2012)	"Talent = competence [knowledge, skills and values required for today's and tomorrow's job; right skills, right place, right job, right time] × commitment [willing to do the job] × contribution [finding meaning and purpose in their job]" (p. 60)

So, what is recurring is the word "ability" and the word "competence". What differs is how this potential or this ability can in fact provide benefit to the organization it is working in.

It is clear that a specific ability is key in defining talent, but is such ability innate? Can it be taught or developed? Why should company invest in training and developing when employees already have the competences they need to stand out from the crowd? As we have portrayed above, the definitions provided in vocabularies for the word talent pretty much state that the kind of ability defined as talent is something innate and characteristic of an individual. Meyers et al. (2013), describe the framework of approaches which have been used throughout the years in the field research.

The first one is talent seen as giftedness; that is to say an extraordinary and rare characteristic that allows an individual to excel in a determinate field. We are talking about individuals such as Mozart or sports champions. Research in this field is pretty

developed, however there still isn't a strong consent on whether such a proficiency is innate or acquired (Gallardo-gallardo et al., 2013; Meyers et al., 2013).

The second one is talent seen as strength, a trait that is partially innate but that can be developed to a certain extent. The use of a strength is connected with positive feelings and allows a person to perform at its best.

Thirdly, a branch of research goes into defining talent as meta-competencies, which are themselves divided in skills and competencies that can be divided and traits that are more innate and shape an individual personality. Such meta-characteristics are for example emotional intelligence and learning agility.

Following, we see talent analysed as high potential; something rather exclusive and rare but which has to be developed in order to produce the exceptional outputs we know.

Finally, there is talent seen as high performance. High performance, in contrast, refers to measurable output and has been widely used by all performance appraisal theories and techniques.

What Meyers et al. conclude is not a definite answer to the question on whether talent is inclusive or exclusive and on whether or not it can be developed. What they do provide evidence for is that, depending on how companies specify what talent is for them and if this means innate or not, it entails different talent management strategies. Meaning that defining talent as innate brings the necessity for practices such as identification, recruiting and retention. On the other hand, focusing on acquired talent means a significant investment in training, learning and development.

Finally, they make the distinction between the terms "human resources" and "talent" implying that depending on the definition of talent the practices to address it consist in a specific niche of HR management. Thus, talent management could be directed to a certain group of human resources only (Buckingham & Vosburgh, 2001; Gallardo-gallardo et al., 2013; Meyers et al., 2013).

Despite all of this, CIPD research also pointed out that it does exist a common denominator among the varying views on the nature of talent. This common denominator is identifying potential, a variable that is essential regardless of the kind of industry and organization. Being an underlying goal for all companies, CIPD research have been able to obtain a working basis for the development of a talent management strategy: "Talent consists of those individuals who can make a difference to organisational per-

formance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential” (CIPD, 2006).

### 1.3.3 Talent as Strategy

Starting with McKinsey article, the whole bunch of studies that has been analysing talent management has something that differentiates them from previous HR practices. Talent management is not, in fact, just a value adding activity in itself but a significant part of a company’s strategy (Cappelli, 2008; Lewis & Heckman, 2006). Talent Management as architecture (Lewis & Heckman, 2006) means that it is something that can add value and is very closely linked to strategy, thus the approach should not focus barely on finding the best people but to have a smart mapping of who is needed and where- and how to develop what is needed.

Among researches and theories on talent management, the strategic approach has been growing during the last twenty years. As a start, we can mention again *The War for Talent* and the very famous and debated A B C approach. Let us shortly present what it is about, in order to better describe the concept of talent at its beginning. This idea has its roots in the belief that workforce capabilities (as well as for every group of people) are indeed distributed as a bell-shaped curve. Hence, there always will be a small number of top performers, a majority of medium performers and a few poor performers. Given this assumption, what companies should aim at is having only top performers, letting go of the poor ones and trying to develop those in the middle. Thus, the most effective organization could be achieved (Chambers et al., 1998; Scullen, Bergey, & Aiman-Smith, 2005). Since *The War for Talent* describes a context of increasing competition, firms need to hunt the best talents possible because they will be the ones to pull the organization’s performance.

The tree assumptions beneath this theory are:

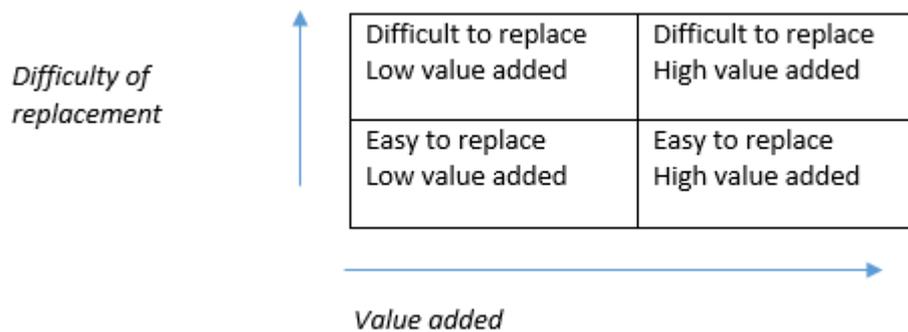
- The ability of a person is fixed and does not vary with the passing of time. This is to say that there are better and worse individuals;
- People can be divided based on their abilities;
- The performance of the organization is the sum of the performance of individuals. The critical variable is how the individuals act, and not how they are managed.

This point of view has been highly criticized, and it has been made clear that a good organizational management is more important than having superstars working in it. Top performers are overestimated and all the workforce can be at its best only when is backed up by an efficient talent management system (Pfeffer & Sutton, 2006).

To get a better understanding on what it means to have a strategic approach to talent management it could be useful to compare the above A B C model to another model that has been initiated by Zuboff in his book “The age of Smart Machines” in 1988. Despite the book covering another topic, namely the implications of information systems in the organizations, it provides an interesting framework for talent that was consequently adapted by Stewart in 1997 (Lewis & Heckman, 2006; Zuboff, 1989). First of all, he proposes that changes in technology also changes the talent required to use that technology. This means that the skills and abilities required can vary, and people can be substituted. Stewart (1997) uses this idea and compares the difficulty of replacement to the value of a talent (Lewis & Heckman, 2006).

Below, a graphic representation of this differentiation

Figura 1.1 Features of talent



(Stewart, 1997 cited by Lewis and Heckman 2006)

In the lower two quadrants there are those employees who are easily replaceable, either because the training time is short and not very expensive or because the talent pool among which employers can pick is quite big.

In the top left corner of the table there are those highly specialized employees that do not add incremental value to customer (skilled staff functions for example).

In the top right there are the difficult to replace employees that do add value to the customer experience. Stewart suggest that these people are usually not at the top of the or-

ganization levels. Lewis and Heckman add that they might not even be included in the most high-potential list either.

What this model is interesting for, is the better understanding of how talents should be treated inside a company. Zuboff proposes, for example, that jobs in the top left quadrant should be made more consultative and information rich in order for them to yield higher value. On the other hand, job positions for which employees are easy to replace but do provide incremental value should be outsourced (Zuboff, 1989).

Compared to the simple ranking presented in the A B C model, this workforce mapping is way more linked to company's strategy. Zuboff in fact introduces market issues to the decision, bringing it to a more real level. This approach gives organizations a tool to better understand how market factors and customer related factors influence the impact that its talent pool has on the output. Hence, any company can observe whether it has more workforce in one quadrant or another and why.

Summing up, such a framework describes how talent should be managed following some changes in exogenous variables or strategic needs already planned by the company.

Another way to look at the topic is analysing how talent management in turn can influence the strategy itself. From this perspective, two main streams have developed. The first is the one proposed by Barney and the second is the one proposed by Boudreau and Ramstad (J. Barney, Wright, & Ketchen, 2001; Boudreau & Ramstad, 2005; Sturman, 2009). We start with the earliest considerations, developed by Barney at first in 1996 and then reanalysed retrospectively in 2001 by the same author.

In 1991 he wrote "Firm Resources and Sustained Competitive Advantage" and integrated it in 2001 in another article titled "Resource-Based Theories of competitive advantage". The keystone in his research is the consideration of valuable, rare and hard to imitate resources as the main driver of a sustained competitive advantage (J. B. Barney, 1996; J. Barney et al., 2001). Such strategic resources are supposed to be heterogeneously distributed across companies and their intrinsic characteristics give organizations a significant advantage that can last over time because they are to some degree fixed to the company.

Barney, as other resource-based theorists, highlights the distinction between technological assets and human assets, especially on the imitability side. In fact, strategic human

assets are able to provide the organization of particular skills, ability, culture, social networks and structure that are very difficult to be duplicated in another environment, hence cannot be imitated.

How is this connected to strategic hr management? As most of the research on resource based view focuses on the extent to which firms have developed human resources practices or processes to get the best possible results out of their workforce (Lewis & Heckman, 2006). This relationship between practices and outcome has been deeply investigated by this branch of research, despite disregarding some aspects linked to talent as pools or individuals. In particular, “decisions such as which talent pools are critical, to what level they need to perform and which practices can best ensure the performance are left unaddressed” (Lewis, Heckman 2006 p.145).

Boudreau and Ramstad (2005) make a step forward in this field, addressing those issues that were left to common practice. What they did was looking at the contribution of the HR department in a more systematic and scientific way, aiming to research a “decision science” to enhance decisions about talent resources instead of leaving this topic to bare professional practices.

Since HR management is indeed a value driver, as well as other departments in the organization, the decisions concerning its resources must be made strategically and hence they need some standard decision making model. Boudreau and Ramstad took as example how finance and marketing evolved during time to observe how professional practices left space to more efficient decision sciences.

This way all decisions regarding talent, regardless of where they are taken (not only in HR department but wherever in the company), could be driven by an already set framework as financial decision are made in departments outside finance for example (Boudreau & Ramstad, 2005; Lewis & Heckman, 2006; Sturman, 2009)..

In contrast with resource based views stating that resources are the base of competitive advantage without really suggesting how to use them, Boudreau and Ramstad introduce another way to look at strategic HR management. It is given for granted that talent market is one of the main fundamental markets composing the environment where companies operate, along with others such as financial market and product market.

They suggest that even if HR function has the big responsibility of navigating through the complexity of the present talent market, it has always been relying on professional practices instead than on formal decision making systems or measurement systems. In fact, all HR measurement systems typically adapt measures designed for other resources. This way the only result is a less costly, quicker HR system but not necessarily a more efficient talent management system and for sure not better talent.

Decision science distinguishes itself from professional practices as it is usually developed further in time and provides a decision framework that can be used in every situation by everybody regardless of the department they are working in.

Professional practices are for example accounting for finance or sales for marketing. Practices in HR department are indeed important and when done well they do add value to an organization (Huselid 1998 cited by Boudreau Ramstad), but what they lack is that they don't systematically address the importance of talent. Moreover, is difficult to use them in the increasingly complexity, sophistication and complexity of talent market.

Considering today's talent market, decisions need to be made quickly and efficiently. What is more, they need to be made across all the organization. This is why the value of a decision science is often outside the professional function; everybody in the company starts to improve their own decisions it is not just something relegated to one specific function. And if such strategic decisions can bring competitive advantage, the gain can be significant.

As for now, is very difficult for line managers to connect what HR asks them to do to some competitive business issues that can increase organizational success. This link has to be made clearer for everybody.

What Boudreau and Ramstad did was to coin a new term for the decision framework in HR, Talentship. Moreover, they individuated the three main elements of this model which are impact, effectiveness and efficiency.

- Impact concerns the extent to which improving the quality or availability of a certain talent pool can increase strategic success.
- Effectiveness means how much HR programs and processes can affect the capacity and actions of employees in talent pools.
- Efficiency is about HR programs and activities can be obtained with a certain investment.

All these three elements need to be related and HR, talent and strategic success must be closely connected (Boudreau & Ramstad, 2005; Sturman, 2009).

#### 1.3.4 Skills and Potential

As we have presented in the previous paragraphs, the mere availability of talents is of little value when it is not managed strategically and when talents are identified, nurtured and used effectively (Collings & Mellahi, 2009). Moreover, when identifying talent there are multiple dimensions an organization can follow and they are not limited to skills and specific competencies but cover a whole bigger set of abilities.

They can be summarized in two main points (Boudreau & Ramstad, 2005; McDonnell et al., 2010):

- Talent as per definition
  - Capability
  - Potential
- Talent in a strategic point of view; how it relates to organizational goals

Ulrich defines talent as a sum of competence, commitment and contribution, leaving aside for a moment the concept of potential and introducing commitment as a variable to predict success. Despite having already presented the definition of talent in the previous paragraphs, it could be useful to get a brief insight on the characteristics more often linked to it, to integrate such a discussion on talent identification. Not to make a list of traits that could be required for a specific job, but those that are being more often mentioned as they add interesting issues to the talent management debate (Ulrich & Smallwood, 2012)

Potential refers possibility of an individual becoming something more than he is currently (Silzer & Church, 2009).

When thinking about potential we shift our mind set from current performance to long term future performance instead, it is something connected to the future which does not necessarily have an impact on the present. Coherently, the term potential in work environments is rarely used to describe current performance but focuses more on the possibility that an individual will actually be able to contribute or perform in broader or different roles at some point in the future. Silzer and Church provide an interesting analysis of the peculiarities and characteristics of potential linked to work environments. As

they present, some organizations use the term potential as generic while some others have multiple categories in which they divide talent; that is to say talent pools. Moreover, more than 50% of companies define potential by role or by level, often clustering level bands in these categories:

- Global leaders/ senior executive potential
- Mid management or technical/ functional potential
- High value performers (employees to keep in their role but develop for further possibilities)

Talent planning or succession planning (they are often used as synonyms for talent management) have been used to make early decisions on individuals about their potential for roles far in the future. But this brings on another issue; if measuring skills and capabilities is not easy itself, how would it be possible to measure potential? Silzer and Curch provide a framework for a better understanding of the nature of potential and, hence, its measurement. As they describe in their article, the concept of potential can be summed up in three components;

1. Foundational components. These are stable components that can be measured similarly at different points in time.
2. Growth components. Latent growth components are skills that need the right context or support to express themselves
3. Career components. These are evolving components that an individual can acquire through career experiences.

Until now the major focus has been on foundational and career components, leaving out the rest. As a new approach develops, growth components are gaining in importance. According to Silzer and Church, growth components of potential (e.g., adaptability, learning orientation, openness to feedback, drive, energy, achievement orientation, career ambition, risk taking, results orientation) not only influence how much an individual can improve in a specific skill he already has, but can also intervene when latent capabilities emerge in specific contexts. As a practical outcome they suggest that moving people between positions and jobs may allow those latent capabilities to express themselves. Hence, new assignments could not only be useful for learning new skills but for expressing and demonstrating latent behaviour.

Other characteristics that are often related to talent are, for example, emotional intelligence and cultural intelligence. Let's have a brief inside on emotional intelligence instead.

### 1.3.5 Emotional Intelligence

The attention on Emotional Intelligence has been growing following Goleman's book in 1995 (*Emotional Intelligence*). He wrote his book considering a steady increase in violence, depression and other problems that were, and still are, affecting population and threatening the overall society. Goleman sums up all the scientific intuitions behind the studies of emotions that had been developed at that time, what comes out is a portrait of a capacity that includes various and different skills linked with the emotional sphere of an individual.

Emotional intelligence includes the ability of being empathic and the ability of controlling our basic instincts in favour of a better understanding of other people's feelings as well as our own.

Narrowing the scope of this discussion to talent management, emotional intelligence has indeed a role to play when speaking about identifying talents.

First of all, the background of studies on emotional intelligence is based on the inability of traditional measures of rational thinking (IQ test for example) to predict who will succeed in life (Gunderman, 2011). IQ is definitely part of the factors that predicts success but only contributes with a mere 20% (Goleman, 1995). EQ, on the other hand, accounts for a bigger proportion, around 35%.

Is the combination of the two that comes out to be the most powerful predictor of success; taken together they account for more than half of the factors that influence success (52%). As for the other half, managerial leadership competencies (MQ) make a significant contribution adding up another 20% (Dulewicz & Higgs, 1999; Higgs & Dulewicz, 2004).

Moreover, low EQ can have a deleterious effect on team working and the performance of a group in general (Williams and Sternberg 1988, cited by Dulewicz and Higgs).

EQ is linked to organizational productivity, and it does have an impact on organizational climate, culture and performance (Brooks & Muya Nafukho, 2006).

All of these are the reasons why the emotional intelligence topic deserves understanding and to be taken into consideration while providing a review on the talent management issue. It will come out especially when considering intercultural or particularly complex environment, and of course for jobs that require multiple interconnections with different kind of people.

### 1.3.6 Managing Demand and Addressing Supply of Talent

As presented in the first chapter the need for talent is higher now than in the past and is likely to increase due to the increasing complexity and competition. Whilst the demand is growing the supply is following a less clear path, bringing competition to a more intense level. PwC 2014 annual CEO survey states that 63% of the interviewed CEOs said that availability of skills was a serious concern and 58% of them were worried about rising labour costs (PwC, 2014).

The magnitude of the changing perspective ahead is forcing companies to rethink their talent strategy. The way people work, how they are retained and where they work must be reconceived in order to align to the environment

Talent management is basically anticipating the need for human capital and setting out a plan to meet it (Cappelli, 2008). The main approaches that have been used until now are basically two;

- Doing nothing, anticipating no needs and setting no plan. Apparently, this is by far the most common way talent management has been addressed and relies totally on outside hiring and some retention strategies.
- The second one, mostly common in larger and older companies, are for the major part outdated models for forecasting and succession planning which are slow and risky, since forecasting is everything but reliable in nowadays volatile environment.

In his popular 2008 article, Cappelli presents evidence for why former talent management practices do not work anymore and proposes an alternative point of view more applicable to modern companies.

During the past decades the workforce development has gone through different phases. Internal development programs typical of the 50s started to collapse in the 70s due to increasing uncertainty in the marketplace. Business forecasting failed to predict

the economic downturn that followed during the 90s and cost cutting pressures gave talent processes a strong slow down.

After that, outside hiring worked well since the pool of laid off talents ended up and people kept going from one employer to the other.

The risk now, according to Cappelli, is basically to go back to those outdated succession planning models that were being used in the last century; with a lot of forecasting into the future regarding both the economic cycle and career planning.

What he points out is that such an approach definitely won't work. The reasons are several and can be thus summed up:

- First of all conditions are very likely to change. Organizational charts are always moving such as market, demographic and environmental megatrends.
- Successors individuated in the plan are likely to leave anyway.
- Career planning creates an implicit promise and failing to meet it (because the successor may not have the right characteristics at the moment, for example) may cause more harm than not having a succession plan at all.

In contrast with the slow and almost non-existent evolution of succession planning practices, models for supply chain management have effectively evolved in order to face demand and market volatility. What Cappelli proposes in his article is to look at talent management with the same perspective companies use for supply chain management and steal some key principle in order to obtain a process that could fit in the 21th century.

Thinking about talent management in the same way we think about supply chain management means having a more scientific method for individuating how talent demand will evolve and setting out a plan to meet it. Let's sum up in a scheme the main features of supply chain management and how they could be transposed when talking about talent management.

Table 1.4 Comparison between processes

Supply Chain Management Process	Talent Management Process
Forecasting how product demand will develop.	Forecasting how talent need will develop in the company.
Outsourcing part of the manufacturing process.	Hiring from outside.
Setting up an industrial plan to efficiently manufacture goods.	Setting up a plan in order to effectively develop talents.
Ensuring timely delivery of the goods.	Planning for succession events.
Journey of the product from the beginning until the end user.	Talent pipeline throughout the career plan.

“Stealing” this way of working would mean a more efficient process and much better outputs in a strategic perspective. There are 4 basic principles that Cappelli individuates in order for companies to design a talent management system able to tackle nowadays challenges.

- Principle 1: the most efficient way to meet future demand is to underestimate it: develop less talents than those predicted by the forecasted needs and face any shortfall with outside hiring. Thus companies would be able to avoid having superstars sitting on a bench, which would be harmful both for the employee and the employer. In this regard, also Collings and Scullion do point out that there are pro and cons both in inside and outside hiring. The most desirable choice, agreeing with Cappelli’s position, would be a mix of the two. On the one hand, in fact, buying talent could be very useful when the organization is in need of a new way of thinking or when it is poorly networked with respect to innovation. On the other hand, focusing on internal labour market has benefits including improving morale, commitment and job security for employees.
- Principle 2: adapt to uncertainty in talent demand, for example by breaking up development programs into shorter units.
- Principle 3: improve ROI in developing employees by involving them in the process, sharing with them the costs and potential outcomes. Or, keeping contacts with them even when they leave the organization in the perspective of a possible re-hiring.
- Principle 4: taking care of the interests of the employee and finding a way to balance it with the company’s interest in order to preserve the investment.

## 1.4 Global Talent Management

The discussion will now focus on the international and intercultural dimension of talent management, which is a necessary step forward given the multinational nature of most companies and the developing market described in the first chapter.

*“The idea of GTM emerged in the 1990s, when worldwide increases in global trade made access to relatively scarce talent more difficult, prompting what some observers called a global talent war”* (Beechler and Woodward 2009, cited by Al Ariss 2014 p.67). Global talent management is how talent management is addressed as in most researches since whatever discussion about HRM practices cannot disregard the international context in which it is implemented. Competition between employers has in fact shifted from a local level to a global level (Sidani & Al Ariss, 2014).

Summing up the main characteristics of global talent management, we could highlight the same three points that we have seen in the previous discussion (Collings & Mellahi, 2009; Scullion et al., 2010):

- Identification of key positions within an organization which have the highest impact.
- Creation of a pool to fill those positions
- Prepare and support people with HR practices.

According to Akram Al Ariss there is still a lack of clarity about what global talent management means, which is coherent with the literature review reported until now. Moreover, also according to him, there is a bias towards western contexts. Whatever the definition, organizations are and will continue to search for individuals fit for performing at their best in the complexity of the global context. That is why they must confront many global talent management challenges in order to sustain business strategies in the medium and long term (Tarique & Schuler, 2010).

### 1.4.1 Intercultural Approach towards Talent

What is culture? it is indeed a tremendously wide topic. A google search on the term google yields 1.590.000.000 results and 5.610.000 on google scholar. Hofstede defines it as “the collective programming of the mind that distinguishes the members of one group or category of people from others” (Hofstede, 1983).

From this definition we can infer two main features of the term culture; first it is a collective phenomenon and secondly is peculiar of a determinate community. As the author presents following this formal definition, the groups of people that culture defines can be of different nature. The term can be used, in fact, for ethnic groups as well as for nations and even for organizations. Organizational culture is something that is built with time and it resides in practices (Hofstede, 2011).

As main part of his research on differences among cultures, Hofstede developed a model to explain the various differences which still plays a significant role in all related researches. It is quite convenient to briefly explain it and use it as a milestone for better understanding. The model was developed in the 70s following a research on IBM employees around the globe.

The dimensions through which cultural differences are explained are six.

- Power distance: it concerns the level of human inequality and how much authority is valued.
- Uncertainty avoidance: it is correlated with the level of stress in a society with respect to the unknown future.
- Individualism vs collectivism: concerns the focus either on the single individual or on the community.
- Masculinity and femininity: it considers the division of emotional roles between women and men and which of these traits are more present in a determinate society.
- Long term vs short term orientation: focuses on whether people are more concerned in the proximate future or have the capacity to look further and worry about a longer term scenario.
- Indulgence vs restraint: refers to the gratification or, in contrast, the control of basic human desires related to enjoying life.

Every nation, community or general group of people can be evaluated with a determinate value in the existing spectrum that goes from one extreme to the other. For example, in countries with a low level power distance the education is student-centred. On the other hand, in countries with high power distance education is teacher-centred and students are subject to a very strong authority.

It is essential to notice that this model does not give an absolute value as evaluation for each category; it is only useful to rank communities according to a specific characteristic. Moreover, it has been validated in multiple research throughout different decades and different organizations (Hofstede, 1983, 2011).

Another interesting point worth mentioning is the correlation between Hofstede dimensions and personality dimensions according to the empirically based Big Five personality test (Hofstede, 2011; Migliore, 2011). Linking this to the talent topic, while there is no demonstrated correlation between personality and competence, the power of perception can significantly influence feelings towards leadership capabilities for example. Hence, it is something that should be considered by leaders. For example, extraversion is correlated with individualism and uncertainty avoidance. Extraversion is often linked with a more assertive behaviour and in some cultures this can influence group members' perception that those who talk more have more to offer (Anderson and Kilduff 2009, cited by Migliore 2011). Individual personality does influence interaction between people and navigating through cross cultural situations is a necessary competence for a leader at global level (Hofstede, 2011; Migliore, 2011; Signorini, Wiesemes, & Murphy, 2009).

Hofstede's model does have its criticisms, which need to be listed for sake of clarity. For example, in an article linking Hofstede model to higher education, Signorini, Wiesemes and Murphy make the following points (Signorini et al., 2009):

- The concept of culture and the concept of nation seldom overlap;
- Hofstede model does not reflect changes in cultures;
- The model was built on data that is now outdated.

The answer to this type of criticism regard the following validations that the model has undertaken. In fact, studies correlating the old country scores with related variables available on a year by year basis find no weakening of correlations. The strength of the model is that its dimensions provide relative positions for countries and most part of the changes that can happen (as technology, for example) influence the world on the whole, leaving unaltered countries' relative positions (Hofstede, 2011).

Keeping in mind this framework for analysing cultural differences, we will now proceed investigating what role they play in the definition of talent throughout multinational organizations. Having found a gap in research on what is commonly defined as

talent around the globe, Dries et al. make an analysis on how HR directors perceive some dimensions of talent. The data collected was mainly from Europe and Latin America (Dries, 2013; Gallardo-gallardo et al., 2013; Meyers et al., 2013).

What the author aimed at investigating is the extent to which HR directors in different countries believed that;

- Everyone has talent
- Talent is innate
- They recognize talent when they see it.

In first place, they suggest that there is no necessary best option between inclusive and exclusive approach. Rather than choosing one, every organization should choose the best fit according to cultural characteristics and organizational values. What Dries et al found out is that the approach differs to some extent between Anglo and Germanic countries and eastern countries for example. Anglo and Germanic cultural cluster believed to a significantly higher extent that everyone has talent than respondents from the Latin American and the Latin European cluster.

The second critical point is whether talent can be taught and learned and is very much linked to the first one. This point of view influences which practices are most developed. It influences for example if the focus is on recruiting in order to get the best people or on the other hand if the focus is on training and development programs. One of the factors that plays a significant role in this regard is definitely culture. Germanic respondents related talent more to inborn giftedness while Latin European countries more to learning abilities, innovation and creativity (Dries, 2013; Meyers et al., 2013).

In her philological analysis reported also in the first chapter, Tansley (2011), found that while western languages like German and English stress the innate nature of talent, Eastern languages such as Japanese see it more as a result of years of striving to obtain perfection. As far as the United States are concerned, Tsay and Banaji (cited by Dries, 2013) provided evidence for a “Naturalness Bias”. That is to say the belief for which if an individual has some exceptional ability it must be inborn. As for Dries’ survey on HR directors anyway, respondents from all countries believed that talent can be developed for over 50% (Dries, 2013; Meyers et al., 2013; Tansley, 2011).

The last point questioned by Dries et Al survey was about whether HR directors relied more on standardized assessment or on subjective judgements for talent evalua-

tion. According to Highhouse (2008) there is a common overestimation of intuitive judgement in most part of organizations and at the same time the power of written assessment is often overestimated (Highhouse, 2008). Apparently, Anglo and Eastern Europe have a lower preference for continuous assessment than Germanic, Latin America and Latin European counterparts (Dries, 2013).

## **1.5 Conclusions**

This chapter provided a necessary overlook not only on the trends that are now shaping labour market but also on the management literature concerning talent, talent management and global talent management. As it has been delineated, while talent management is becoming essential as a strategic management tool, necessary for facing the challenges organizations are confronted with, its definition and rationale are not clearly defined and neither shared. This paper will follow up on the consequences of this that affect the use of graduate programs as talent management tools and how they could be addressed.



## 2. CHAPTER TWO

# NEW INSTITUTIONALISM

### 2.1 Introduction

The topic of this chapter will shift from that of the previous one and will consider how companies actually behave in the competitive market. It will in fact take into account how practices and processes are designed and realized and which is the exact rationale behind them. The issues investigated do not necessarily concern only HR department or related activities, this will be a subsequent step later in the paper. The chapter will essentially consist in the review of theory and research on New Institutionalism with the aim of providing a framework to understand our further research.

### 2.2 Institutionalism

#### 2.2.1 Theoretical Background

Institutionalism is a term generally connected to political, social, economic and organizational studies. Its meaning is shattered around a multitude of theories concerning institutions, individuals, different cultures and different norms. Somebody trying to search on Wikipedia for the definition of institutionalism would find himself directed to seven different pages all with different definitions. Most of those are not useful for the scope of this paper, as they draw a description of the political world aiming at explaining “*the role that institutions play in the determination of social and political outcomes*” (Hall, Taylor 1996 p.5). Instead, the chapter will focus on the theories linked to Institutionalism that investigate the behaviour of institutions in a determinate environment and to which extent the environment itself can influence organizational behaviour.

The distinction between “old” institutionalism and “new” institutionalism just refers to the timeframe in which the topic has been investigated. The first studies about institutionalism have been written in the 80s and were more focused on power and bu-

reaucracy. Later in the years, new isomorphism researchers were more concerned about legitimacy pursuit. Back in 1983, Di Maggio and Powell wrote in the American Sociological review an article that served as a basis for an entire set of studies about organizations and isomorphism. What this article states is that, despite being rational entities (or, to be more precise, entities run by rational individuals) organizations in a determinate environment end up being very similar.

The article starts from revisiting Weber's theory about bureaucratization from 1968, the so called Iron Cage theory. According to Weber, the causes of bureaucratization were competition among firms in the market, competition among states and finally the need for institutions to control their staff and citizenry (Weber 1968 cited by Powell and Di Maggio 1983). The authors argue that these causes have changed during time and that the bureaucratic structure of organization is no longer the result of competition or the push for efficiency. Instead, what they state is that bureaucratization, such as other forms of homogenization, are the output of organizational fields' structure. Organizational fields are the environment in which firms are born and developed. Powell and Di Maggio define them as "*those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies and other organization that produce similar services or products*". (Di Maggio, Powell 1983. p.148). The more structured these fields are, the more similar firms will become, eventually. Of course organizations are rational, innovation is present and fresh new ideas and solutions can definitely bring performance improvements, but after a certain threshold innovation is mainly adopted in order to obtain legitimacy rather than to improve efficiency. Solutions that may be rational for one organization end up being irrational when considering a group.

The process for which organizations tend to be similar is called isomorphism and it can be either competitive or institutional. Competitive isomorphism emphasizes fitness measure and works best when there is free and open competition, but it is not adequate to provide a picture of the actual world of organizations (Dimaggio & Powell, 1983; Paauwe & Boselie, 2003).

On the other hand, institutional isomorphism can be applied to more complex markets where firms compete for resources as well as for political power, legitimacy, customers

and more. Institutional isomorphism can in turn be divided in coercive, mimetic and normative.

- Coercive isomorphism has its source with external imposition which means all those stakeholders that can have influence on the operations of the company. It usually stems directly from imposed directives, being either professional regulations or government regulations. That is to say labour legislation, trade unions and government. Coercive isomorphism can also derive from the influence of social partner (Dimaggio & Powell, 1983; Paauwe & Boselie, 2003).
- Mimetic isomorphism works in another way, and brings organizations to all look similar as adopting standard responses to uncertainties in the market. The source of mimetic isomorphism is the external pressure for fitness and the consequent imitation of strategies and practices of competitors. The main rationale here is the need to mimic the most successful (Dimaggio & Powell, 1983; Paauwe & Boselie, 2003).
- Thirdly, normative isomorphism works through the workforce inside an organization. That is to say, when the background of employees of education levels, job experience and networks of professional identification is similar, the organizations in which they work tend to be similar too. Due to the similar background and positions, individuals who make it to the top are virtually undistinguishable; they see problems in similar ways and they are likely to approach decisions in an analogous way. In this case, socialization acts as an isomorphic force (Dimaggio & Powell, 1983; Paauwe & Boselie, 2003).

### 2.2.2 Pro, Cons and Predictors of Organizational Isomorphism

It is therefore possible to criticise resource based theories as they focus more on internal factors leaving aside the importance of contextual factors as well as the institutional setting (Kondra & Hurst, 2009; Tuttle & Dillard, 2007) in favour of a world where people and organizations conform to social and cultural influences without thinking too much (Brewster, Wood, & Brookes, 2008; Kondra & Hurst, 2009).

The outcome that result from the narrowing of points of difference between organizations can indeed bring some benefit to the actors in the market, but it does not necessarily improve efficiency.

Organizations are rewarded for being similar to each other in the organizational field in term of legitimacy and recognition which in turn make it easier for them to transact with the other ones and to attract career minded staff (Dimaggio & Powell, 1983). That is a direct consequence of the competition for political power and institutional legitimacy in the field.

On the other hand, these external pressures do not necessarily improve efficiency. For instance there is evidence that the isomorphic mechanism decreases the impact of HRM practices on the performance of an organization (Paauwe & Boselie, 2003; Tuttle & Dillard, 2007).

HRM practices undergo a certain level of homogeneity following:

- Application of blueprints introduced by external consultants
- Homogeneity of background in the workforce
- Increased labour legislation and directives at international and national level

As far as predictors of isomorphism are concerned, Powell and Di Maggio describe a set of characteristics proper of both the individual organization and of the field on the whole, that increase the likelihood of homogeneity between companies (Dimaggio & Powell, 1983).

- First of all, there is position of dependence (towards supplier, customer or other entities).
- Secondly, the level of uncertainty between means and end that can bring companies to mimic the most successful ones.
- Thirdly, ambiguous goals
- Finally, too much reliance on academic credential during the recruiting phase and the participation of managers in trade and professional associations.

On the other hand, regarding the field;

- The dependence of the field to a source of support
- Transactions between organizations in the field and state agencies
- Lack of alternative organizational models
- Uncertainties in technologies and goals

- Degree of professionalization, which can be measured by credential requirements or robustness of graduate training programs.
- High structured fields will be more homogenous both because the diffusion structure for new models and norms is more routine and because the interaction between organizations is higher.

### 2.2.3 Institutionalism in Multinational Corporations

The traditional notion of organizational field simply does not apply to multinational corporations since the reality for this kind of firms is much more complex.

Not only they face multiple organizational fields in every different market where they operate, but the firm itself can create some intra-organizational environment where a set of regulations, cognitive structures and social norms define what is acceptable and what is not.

Neo institutionalists have in fact been widely criticised in such that they do not take into consideration a comparative study of companies in different nations and when they do, differential on organizations practices in different countries become discernible (Tempel & Walgenbach, 2007). Some authors challenge the typical new institutionalism in the context of MNCs and offer a different perspective integrating the “old” and “new” institutionalism. According to them, there is limited traditional isomorphism as far as MNCs are concerned. In fact, the fields are non-existent or ambiguous and except for some coercive norms there is less institutional pressure compared to the description of Powell and Di Maggio. They found different levels of institutionalization of the same practices in different countries as well as in different organizational units.

Secondly, they state that achieving legitimacy makes organizations less similar, not more. In fact, negotiation, branding and marketing aim at creating differentiation.

Finally, they consider the two main isomorphic pulls that, in their opinion, influence the life of a company moving in an international context. That is, on the one side the Anglo-saxonization; the convergence of MNCs behaviour around a model typical of highly internationalized British and American companies.

On the other hand, the tendency of a firm to keep being embedded in its country of origin despite being global.

This way, two dimensions need to be taken into consideration when analysing global corporate behaviour; the new institutional perspective (both for the host country and for the intra organizational environment) and the national business system for the overall organizational culture and activities (Dacin, Kostova, & Roth, 2008).

More research has been developed in the attempt of linking institutional theories to global standardization of international practices. For example, Tempel and Walgenbach (2007) make a comparison between new institutionalism and business system approach.

Describing what is the business system approach is and how it can relate to institutional theories is beyond the scope of this paper but there are indeed some insights that can be interesting to mention. The authors point out again how the concept of organizational field introduced by Powell and Di Maggio does not work anymore when expanding the point of view. The empirical research on new institutionalism that brought to the above described theories was in fact limited to North America and that is why they tend to equate organizational fields to nations. There is need to extend that kind of research out of national borders.

Nevertheless, they do consider the mechanism of adaptation of multinational companies which bring global diffusion of concepts and institutionalized structures and practices aimed at increasing legitimacy. Overall, according to these authors, there seems to be isomorphism at global level but with a lack of research proving it on an established international organizational field.

They also open a topic which is wide and debated, that is to say the relation between international practices and local systems and which one prevails and is more efficient for MNCs. They mention how local subsidiaries take international practices and apply a sort of “interpretation” that makes local and global practices to blend (Meyer 2004, Fiss, Zajack 2004 cited by Tempel, Walgenbach 2007).

#### 2.2.4 Isomorphism in HRM practices for MNCs.

Drawing nearer to the scope of the paper, it is essential to focus on the level of isomorphism in HRM practices. We will start considering HRM practices in general and, following, going even further and investigating the isomorphism in talent management practices in particular.

Brewster, Wood and Brookes (2008) conducted a survey looking for evidence about isomorphism between human resources management policies in multinational corporations.

Multiple views exist about the reason behind corporate choice concerning HRM practices. It is worth pointing them out before providing the outcomes of this survey.

There are theories suggesting that companies would tend to follow common practices regardless of the country where they are in, either for global homogeneity of ethnocentricity. This either because of a nationless vision of the world and a push to pursue economic advantage through the “best practices” possible (Dacin et al., 2008; Deephouse, 1996; Owens, Palmer, & Zueva-Owens, 2013) or to mirror the dominant practices of the country of origin.

As for HRM policies, firms will either put in practice what they think is most efficient or mimic the US model (Jain, Lawler, Morishima, 1998; McDonough, 2003; Smith, Meiksins, 1995 cited by Brewster, Woods, Brookes 2008). There is a desire for companies to have integrated standards when being international (Deephouse, 1996; Tuttle & Dillard, 2007).

Secondly, there is local isomorphism, according to which firms adjust their policies to reflect cultural or institutional realities. These are the theories that most resemble Powell and di Maggio view of institutionalism. They suggest, in fact, that being in the same environment firm will gradually adopt the same characteristics. This kind of isomorphism can be coercive, mimetic or normative, as previously described. According to institutionalism, firms will conform to formal regulations and unwritten norms of the institutional context both for efficiency and legitimacy (Brewster et al., 2008; DiMaggio & Powell, 1983). Despite this, MNC could also have enough power to contest institutional mediation not in line with their changing interests, moving away from institutionalism premises.

Thirdly, cultural perspective theories explain how variation in practices are more in line with different cultural settings rather than with institutional settings. Those are more closely related with authors such as Hofstede (1991).

Concluding, duality theories bring a mix of the first two approaches, stating that firms face conflicting pressures both towards and away from the local practices. The authors divide duality theories between rational, behavioural and regulationist. They ac-

count for a double pull; one towards greater homogeneity and one towards localization in HRM practices (Brewster et al., 2008).

Now, moving to the findings of the survey brought on by the authors, some critical points can be identified.

- First of all, the theories that better portray the reality investigated are duality theories; even if firms tend in fact to do similar things in the same places the survey indicates that there are differences in the same national context;
- Secondly, the survey seems to have disproved cultural explanations;
- Thirdly, whilst there is no evidence of behaviour common to all counterparts the significance influence for corporations comes from institutions at different levels and those level constitute a trade-off for all companies operating.

The last but probably most important insight concerns implications for management. The authors state that a determinate set of practices is replicated in a MNC either on the basis of complementarity (that is to say practices that work better together rather than on their own) or on the basis of their ability to coexist. National institutions may not be strong enough to influence all of their decisions but managers are definitely not free to choose and they look for complementarity or coexistence (Brewster et al., 2008).

### 2.2.5 Concerning Talent Management

Narrowing even more the investigation, the topic of talent management is quite well linked to the topic of institutionalism, especially considering the relation between international practices and local practices. Let us consider two studies, one presented by Sidani and Al Ariss on companies in the Arab Gulf region and another one concerning multinational companies in China by Hartman, Feisel and Schober (Hartmann, Feisel, & Schober, 2010; Sidani & Al Ariss, 2014).

First of all, as Sidani and Al Ariss bring to our attention, there are often requirements to hire a certain numbers of local people in determinate countries. This add complexity and put companies in the position to consider this sort of integration policies as a necessary evil. Because of this they adopt some sort of “symbolic talent management” and miss the opportunity to target and make the best out of new groups.

Essentially, companies tend to have uniform talent management practices and adapt them to national context only when strictly necessary. They recognize the importance of

a strategic talent management in order to succeed in a competitive environment but often because of a traditional mind-set (especially in the countries considered by the authors) an unhealthy style of management takes control, causing inefficient talent management practices.

Sidani and Al Ariss state that while mimetic and normative forces can have a positive impact on the development of talent management forces, coercive forces may have a negative impact on talent management initiatives, leaving international practices that might not be the most efficient ones. In fact, in order to achieve balance between all these forces, companies look more for symbolic changes that can help them to attain an equilibrium while on the other side global talent management practices are imported. Going on and considering Hartman Feisel and Schober study about multinational companies in China, coherent issues come out.

Despite seeing talent management as an important part of strategy, western multinationals are apparently introducing relatively unchanged HRM practices from their home country to China. No specific talent management strategies are put in place (Hartman, Feisel, Schober 2010).

### **2.3 Talent management as an Organizational Trend**

From what has been described in the above paragraphs it seems that talent management could be one of those practices connected with mimetic isomorphism, used more in order to appear efficient and legitimate in a certain context rather than to actually improve productivity. to this scope, let us analyse a study conducted by Iles, Preece and Chuai and published in Human Resources Development International in 2010. Their scope was to gather theoretical evidence for talent management as a management fashion and to build a research agenda in order for future practitioners to further investigate the topic (Iles, Preece, & Chuai, 2010).

According to some researchers, HRM professionals have often searched for credibility, recognition and status in the eyes of executives (Legge 1995 cited by Iles, Preece, Chuai). This is actually quite intuitive but what was also stated is that HRM is more vulnerable to trends than other fields and that management rhetoric is often associated with fashion (Swanson 2001 cited by Iles, Preece, Chuai).

These authors ask themselves if talent management is a temporary phenomenon implemented to achieve visibility or is just, in contrast, old wine in new bottles (Cappelli, 2008). The article considered, makes an introduction on talent management, on how its meaning is still blurry throughout literature studies and how it focuses on an exclusive dimension, high-value staff and on the position pipeline. In their opinion, the debate on whether TM is a management fashion has a lot to do, for example, with the debate on strategic HRM in relation to HRM in general. All of these topic can be seen as management fashions.

It must be considered that management techniques and frameworks need to appear both rational and progressive in order to appear fashionable, they must not look irrational. Despite this, many studies do portray the organization cycle for management ideas as a bell curve- with a beginning, a blast and, irremediably, an end (Hopewell, 2002; Ogbonna & Harris, 2002). Management fashions differs in scope and duration (Hopewell, 2002). Moreover, they do not always emerge form managers' behaviour but also from some specific fashion setters such as management consultants, business schools and business press (Dimaggio & Powell, 1983).

Iles Preece and Chuai consider two theories trough which this phenomenon can be studied.

First of all, the contrast between substantive and symbolic decision making. Symbolic decision making is the result of external constraint and need for a company to have a determinate appearance in the context where it is operating. Adopting management fashions is less risky than inventing new solutions and can hide less fitting practices (Sidani & Al Ariss, 2014).

Secondly, the authors take Institutionalism into consideration, linking isomorphism to imitation of management fashions. Despite giving an introduction on Old Institutionalism, they shift the focus of the investigation on new institutionalism as connected to embeddedness to organizational fields and quest for legitimacy. They present the homogenization phenomenon as the adoption of similar practices in order to achieve goals more related to fitness in the environment than efficiency.

Concluding, let us present the relevant findings that can be useful for the scope of the paper (Iles et al., 2010)

- The ambiguity in the definition of talent management enhances an interpretative viability and potentially increases its scope for diffusion
- Talent management displays features of institutionalism and, more specifically, of mimetic isomorphism. That is to say imitation as a result of uncertainty, cultural and social pressures.
- For the scope of further research, it is not useful asking managers if they are adopting a management fashion and practitioners must proceed in more subtle ways. The authors suggest to address questions such as;
  - What questions and issues is tm designed to address;
  - If those are issues related to branding, attraction, retention, leadership development or succession planning;
  - How talent management integrates with corporate culture, for example if it focuses on few talents or is more inclusive.



### 3. CHAPTER THREE

## GRADUATE PROGRAMS

### 3.1 Introduction

This chapter wants to introduce and describe what graduate development programs are, how they are generally structured and what is their point of difference compared to other common recruiting programs. By outlining the main peculiarities of these programs it will also be interesting to link them to talent management general practices and also to strategic human resources management.

Generally speaking, these programs are a way to recruit young people and are at the same time a way for firms to gain visibility in the market.

A young graduate using a research engine in order to find a way to get into a company would often find out that along with direct entry positions, graduate programs are proposed as alternatives. At a first glance it is not very clear what the purpose of these programs is and how they differentiate. The only evident point is their peculiar structure, which is common in many companies. They usually have a duration of approximately 2 years, they consist of several job rotations that can be either international or not and they may also include a learning and development dimension.

There is another controversial point: the so called graduate program are usually university programs for students that have finished their bachelor degree. Companies have used this name for their development programs causing somehow lack of clarity for those who are looking for graduate programs on web.

As far as management literature is concerned, these kinds of programs are often not even called graduate programs but fast-track development program. They are not at all new and most of the research dates back to the 80s / 90s, when the dominant corporate structure was more hierarchical than it is now. They have been developed following the need of those kind of companies and it is indeed interesting to see how they still

work 20 years later in a world that not only has become more globalized but has also brought companies to adapt a more delayed structure<sup>1</sup>.

The purpose of this analysis is to make a picture of the graduate programs now present in the market, see how they are structured and compare them to the existing literature to see how they have adapted to the modern environment.

Three main dimensions will be taken into consideration:

- the learning and development dimension;
- the rotational dimension;
- the “exclusivity” dimension which is connected to the selection process and to whether the program is seen as something elitist or, in contrast, more inclusive.

At the end of the chapter the results of an analysis on graduate programs from a few selected firms will be presented in order to provide some practical examples and moreover, to add some evidence of current practices in the market.

### **3.2 Definition of Graduate Programs and their Scope**

In business literature, graduate programs are usually referred to as fast-track development programs or graduate development programs, to enhance their nature connected to training processes for young employees. They represent a special approach to graduate development as they are programs specifically designed to attract and retain graduates and should enable them to “*quickly release their potential and achieve fast career advancement*” (Mc Dermott, Mangan, O’Connor 2006 p. 459).

They have also been defined fast track development programs because of their targeting fast track graduates. “*Fast track graduates are high potential university graduates that are specifically recruited to fast track development programs with a view for them to reach senior management positions faster*” (Viney Adamson, Doherty 1996 p.174). These graduates are essentially students on which companies have high expectations, that is to say talents. Graduate programs should be tailor made for them and provide privileged access to training and experiences necessary to fulfil these expectations (Arnold & Davey, 1999). For many organizations such schemes remain, in fact, the dominant route to management and professional positions (Connor & Shaw, 2008).

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<sup>1</sup> See Chapter 1

According to Viney, Adamson and Doherty, a distinction must be made between old programs and new ones. The focus, in fact, is supposed to be shifting from vertical progression to continuous personal development while the path to the top is becoming more blurred. This because of the de-layering of organizations and of an expected contribution from day one. The intention is still filling senior management positions but the authors suggest that a new deal characterizes more actual graduate schemes: they can no longer guarantee a quick way up and a long term employment. In spite of this they offer employability and marketability: that is to say opportunities to develop important career skills. This approach could be summed up in the sentence “we add value to you, you add value to us” (Viney, Adamson, & Doherty, 1997).

As a matter of fact many graduate programs include the possibility of getting some professional qualifications that could be marketable in the future- useful not only for the company hiring the graduate but for all his potential employers.

So it is not just a matter of getting rock stars and fast tracking their careers, companies often aim at a wide pool of graduates in order to develop them and make them fill a number of positions (Connor & Shaw, 2008).

The changing nature of graduate schemes could also be explained by the booming of the already mentioned generation Y or “millennials” and the need for a new approach to graduate development (King 2003 cited by Connor, Shaw 2008).

Hogarth et al. (2007) indicate the various alternatives that employers use for recruiting graduates, along with graduate programs, which are on top of the list (Hogarth et al. 2007 p. 19)

1. *Fast track management schemes- designed to fill senior positions*
2. *Sub- fast track management schemes- designed to fill less senior positions in the organization*
3. *Specialist positions- requiring a specific degree*
4. *Localized management schemes – typically serving a defined region*
5. *Ad hoc recruitment to fill a particular position (often with a SME)*

Hence, as also stated by Hayman and Lorman (2004), the general scope of such graduate programs (or graduate schemes or fast-track programs) is developing high-calibre executives. They are usually managed centrally and include a range of career develop-

ment incentives (Hayman & Lorman, 2004; Hogarth et al., 2007). Let us develop the main dimension through which this scope is being pursued.

### 3.3 Exclusivity Dimension and Selection Process

As the previous paragraph has presented above, graduate programs are exclusive by definition. They have been at first designed to provide a privileged access to executive positions, that is to say a fast way up for a selected number of talented individuals by offering special training and developing high expectations (Viney et al., 1997).

Graduate programs have also been described as a way of “buying” the best young graduates through attractive salary and broad training (Hayman & Lorman, 2004).

In a talent management perspective this makes perfect sense; given the growing interest in TM as a key strategic issue, graduate programs are a way to spot talent at an early stage and develop them (Connor & Shaw, 2008). While some practitioners have theorized talent management as an inclusive practice (Cappelli, 2008), most of them still see talent as an exclusive characteristic (see first chapter). If a company accepts such a hypothesis, then talent management must focus on “the best employees” and, consequently, graduate programs will target a small number of individuals compared to all entry-level positions.

This should be reflected by a strategic design of selection processes, specifically structured to filter the applicants and leave only those who are seen as talent by the company. Looking at one of the most recent researches on graduate programs “*Recruitment via the scheme route was substantially different to the route for non-scheme entrants*” (Hayman, Lorman 2004 p.127). The study did not examine the entry qualifications or the ability assessment of one group compared to the other, but made a clear picture on how differentiated the selection process was for graduate programs in the companies considered. <sup>2</sup>

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<sup>2</sup> See table 3.1

*Table 3.1 Recruiting process comparison*

Graduate Scheme Recruiting Process	Non Scheme Recruiting Process
Complete graduate scheme application. If the initial written application was successful applicants were invited to a two-days assessment centre where graduates will have to complete an interview, presentation, test and several practical activities in groups. Graduates were assessed against a predetermined competencies framework made by senior management.	Graduate responds to an advertised position and completes specific application form. If the initial written application is successful applicants are invited to one or more interviews. Applicants may be briefly performance assessed using organisational competency framework. Interviews conducted by site management.

Source: Hayman, Lorman 2004.

Later in this chapter a comparison will be made available with more recent assessment processes used by companies to see whether any significant differences can be spotted.

In conclusion, it must be considered that organizations are changing in nature and this can definitely have an impact on graduate programs. Some researchers have suggested that the de-layering of organizations should shift focus from vertical progression to continuous personal development (Viney et al., 1997). It would be useful for further research to investigate on whether these changes could have an impact on the exclusivity of talent management or graduate programs and hence on the selection processes used.

### **3.4 Training and Development Dimension of Graduate Programs**

Training and developing opportunities are increasing in importance as factors that can help attracting and retaining young graduates (Hogarth et al., 2007). This because graduates actually look for advancing their professional skills to become more marketable (Connor & Shaw, 2008).

Garavan and Morley (1997) cited by Mc Dermott (2006) suggested that the most important things for graduates back then were high salary, career planning and counseling. Mc Dermott et al. in contrast stated that the most important drivers of graduates' satisfaction were stimulating work and opportunities for advancement. This is coherent with what Viney Adamson and Doherty were claiming in 1996, that is to say a growing interest in developing skills and competencies that can be useful for individual's personal career (Holaday, Weaver, & Nilson, 2007; McDermott, Mangan, & O'Connor, 2006; Viney et al., 1997).

According to Hogarth et al (2007) graduate training and development is an imperative for most companies both for career development and retention purposes.

This report is another source which suggest that a shift is happening, toward graduates wanting to know what effectively the firm is doing for them with respect to training and development.

Garger (1999) cited by McDermott et al. (2006) states that development is connected to retention and that graduates search for organizations which can provide them with growth and learning opportunities.

Arnold Makenzie and Davey support the importance of training in career development, claiming that engaging in such career management tools can have a substantial payoff by drawing a map of the potential paths for an individual (Arnold & Davey, 1999).

According to a study by Hayman and Lorman (2004) graduate schemes participants receive a significantly wider and more consistent amount of training compared to non-scheme graduates. Being this a key issue, if graduates are not given a sufficient level of training their career is likely to be slowed (Hayman & Lorman, 2004).

### **3.5 Rotational Dimension of Graduate Programs**

In order to retain as many scheme graduates as possible, companies would often offer graduates the opportunity to move across functions. Function moves or job rotation is a very useful practice for career development (Hayman & Lorman, 2004).

Job rotation is of course not only used in graduate schemes and it is a common learning mechanism. It fosters employee learning and increases motivation by reducing boredom and keeping interest high. In particular, job rotation is a better learning mechanism than specialization when employees are in their early careers (Ortega, 2001). This means it is quite appropriate for young graduates at their first work experience, and also that companies will have a bigger payoff in the form of longer payback period.

Rotations can influence several dimensions (Campion, Cheraskin, & Stevens, 1994);

1. Career development through the increased number of experiences
2. Motivation
3. Socialization dimension trough enhanced flexibility and capability of adjustment

On the other hand, by knowing more about the business, employees do perceive an increase in their knowledge and skills (Campion et al., 1994).

### **3.6 Hints from Management Literature**

According to Hayman and Lorman's study comparing graduate schemes to other forms of recruiting, the former can bring substantial advantage compared to the latter. Personal development, project work and functional position moves contribute to higher career prospects of scheme graduates.

Graduate programs want to ensure that potential is recruited, while direct entry recruitment focuses more on specific job positions. The authors conclude that career performance for employees recruited through graduate schemes exceeds that of employees recruited with direct entry positions and not only for the duration of the program but also for subsequent periods.

Despite being an accelerating program with many advantages it does have its flaws. In particular, McDermott et al. have provided evidence that graduates participating to graduates programs appear to be less satisfied compared to their peers. This dissatisfaction seems to be caused by not understanding their expectations and overburdening them with too much work divided into normal activities, program obligations and individual development. What the authors suggest is that firms should always have a transparent communication with the graduates as a priority and set a clear path with established and realistic responsibilities and prospects (Hayman & Lorman, 2004; McDermott et al., 2006).

### **3.7 Data Analysis on Actual Practices**

Up to this point some of the main features of graduates programs have been highlighted, drawing them from existing literature. Being the existing management literature all from the 1990s or early 2000s, one of the objectives of this section of the paper is providing an up to date picture of some graduate programs present in the market, which can, in turn give an outlook on how the situation is right now and possibly make some assumptions.

The method and the outputs of the research will be outlined, especially linking actual practices to main features coming from business literature.

Such a research has its limits, since it is based on information that companies decide to make public and show on their websites. This can also be linked to a consideration on

how much information is made public and, if some is lacking, what is the rationale behind it.

Adding to a simple portraying of the state of art for what concerns graduate schemes, such an investigation can also be seen in a New Institutionalism framework since it makes a comparison between firms in a common organizational field (Europe) and analyses similarity and differences in their practices. This topic will be further considered in Chapter Four.

The information collected will be read using as a scheme of reference the peculiarities of the graduate schemes individuated above: the selection process, the training and development module and the rotational dimension.

### 3.7.1 Method

The beginning of this research consisted in taking the first biggest 50 European firms, ordered by sales volume (source: Sole24Ore). Of course these would be firms operating in different sectors and with different market strategies; specifically, the industries of these companies are: automotive, banking, chemistry, energy, financial services, food, insurance, logistic, oil, retail, steel technology and telecommunication.

The country of origin is among the following: Belgium, Britain, Germany, France, Italy, Netherland, Norway, Russia, Spain, Switzerland.

The second step was seeing whether they had some sort of graduate program promoted on their website.

Out of these fifty companies, 35 have a graduate program presented on their website while 15, in contrast, do not have any. Even though not all of the information was present, at this stage it was given to the presence of the word “graduate program” in the name of the particular graduate entry scheme.

The graduate programs of these 35 companies have been analysed by means of 11 characteristics.

Below is the list of the 11 variables investigated.

1. Duration
2. Name
3. Selection process
4. Requirements

5. Locations
6. Rotations
7. Learning and Development
8. Mentor
9. Areas
10. Landing Position
11. Others

As a third and more detailed step, these 11 variables have been grouped in 4 clusters in order to get a more efficient comparative analysis that could also be easier to read.

The cases of the organizations considered have been mapped according to these 4 clusters:

- Training & Development
- Job
- Selection
- General Details

The table<sup>3</sup> essentially tries to describe the practices adopted by the company in respect of these 4 macro areas, highlight those which are not accessible to the public and spot potential peculiarities, if present. Every company considered will be taken separately and, afterwards, a consolidated point of view will be given.

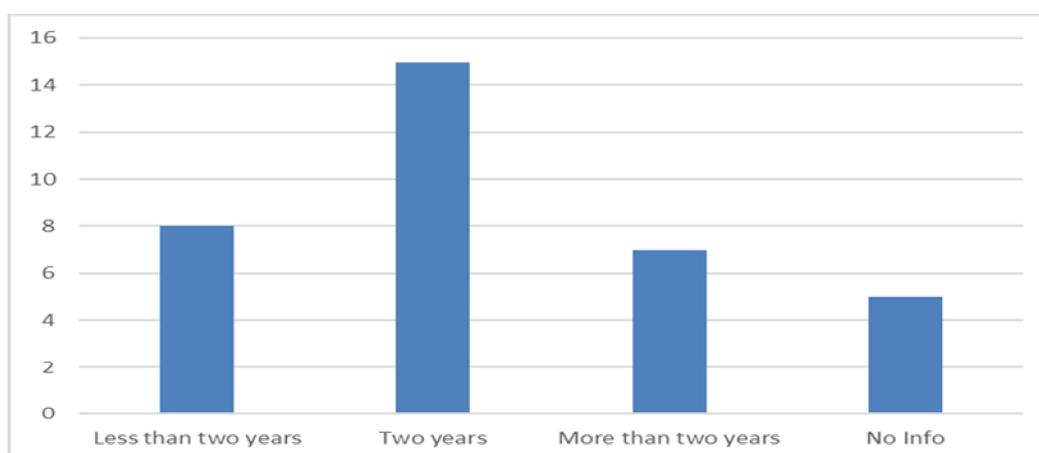
### 3.7.2 Results

Let us consider, as a start, a quick overview of the 11 characteristics analysed. The results are presented over a total of 35 firms considered, one of which is experiencing issues with recruitment fraud hence is not showing any information.

This overview is integrated with the table that can be found in the Appendix section, and which provides details on all companies considered.

## 1. Duration

Graph 3.1 Duration

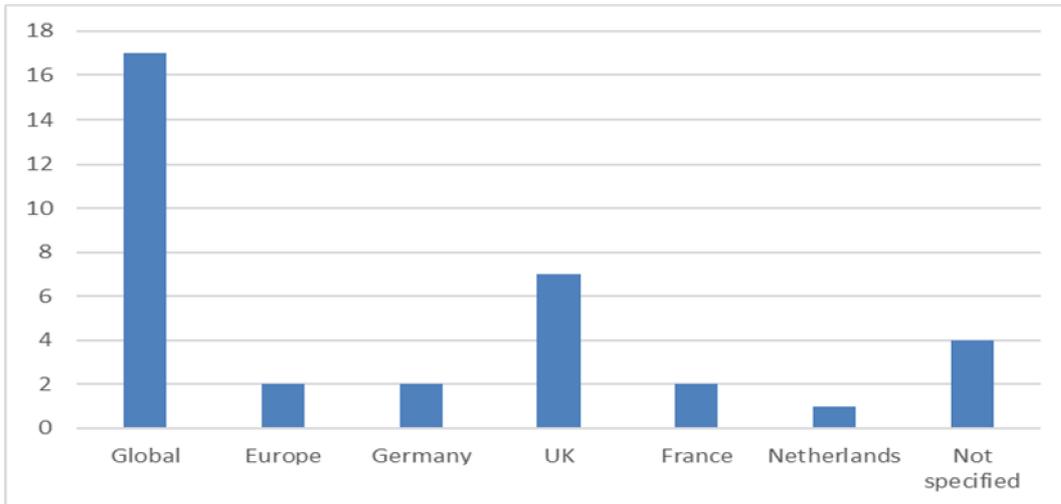


2. **Name:** only three do not have “Graduate Program” specified in the name of the scheme.
3. **Selection process:** most of the companies specify it (19 over 35) and for all of them is composed of:
  - a. Online screening
  - b. Online test
  - c. Video/Phone Interview
  - d. Assessment centre
4. **Requirements:** requirements vary depending on the country where the program is running, but it generally include relevant academic record and previous work experience along with English fluency. 8 companies do not specify any requirement, and all UK based programs require a 2:1 degree.
5. **Locations**

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<sup>3</sup> See Appendix

Graph 3.2 Locations



6. **Rotations:** the rotational dimension is specified for all companies except eight, the number of the rotations goes from two to six and the length from 3 months to 15. 10 companies over 35 give the possibility of an international assignment.
7. **Learning and Development:** 29 companies specify a structured strategy for a formal training and development module.
8. **Mentor:** 16 companies specify the presence of a mentor for each participant.
9. **Areas:** all business areas.
10. **Landing Position:** 8 companies actually mention a guaranteed landing position in the company at the end of the program. 3 make it depending on the performance of the individual during the program and as for the rest of the companies the information is not present at all.
11. **Others:** 8 companies give other opportunities as an enrichment of the program such as networking events, corporate social responsibility activities. As for UK based programs, entry salary is also specified

The analysis now proceeds with a more detailed consideration of the selected companies, mapped through the framework already presented. That is to say, through the four clusters comprised of training & development module, job and selection. Furthermore, the general detail column is added in order to include other generic information. The table is present in the Appendix section; an empty box is left if the company does not provide any information regarding that topic and companies are listed based on sales volume in decreasing order.

### 3.8 Discussion

Most of the variables can be observed in all companies selected, showing a structure that is indeed a multiple denominator to all programs.

#### 3.8.1 Selection Process

Information about selection process is present for 19 companies out of 35, in the other cases the way through which graduates are selected is not provided. In all the cases in which this information is present, the steps of the process are all the same and they are:

- Online screening
- Online test
- Phone or video interview
- Assessment centre

They are generally more numerous than the steps required for other entry-level positions. In particular, the use of an assessment centre is a point of difference between selection for a graduate program and selection for other entry-level programs. They are more costly compared to cognitive tests but they are better predictors of performance and hence often used as an investment when selecting talents (Meriac, Hoffman, Woehr, & Fleisher, 2008).

Requirements have shown to be more variable, maintaining though some fixed elements such as fluency in English and strong academic record (20 out of 27). After that, having a major in quantitative subjects and previous international or extracurricular experience are the most desired characteristics.

Some companies specify that they accept candidates with no more than one year of work experience, or similar internships, while a few others require relevant work experience in order to enter the program. Allianz, for instance, requires proven work experience in the area that the candidate wants to apply for. BASF and Shell give priority to graduates that have previously had an internship inside the company.

Analytical skills and a major in quantitative subjects are also often required, which is coherent with the nature of the industries in which the companies operate.

Flexibility is another requirement for programs that have rotations around different countries.

Whereas most of the companies focus on criteria of exclusivity such as outstanding grades, leadership capabilities and strong analytical skills, some of them do tailor their requirements according to the nature of the firm. Deutsche Telekom for example requires customer orientation and passion for innovation.

All in all, the nature of the selection process for the majority of the programs reflects the dimension of exclusivity that is found in the management literature both because of the number of the steps that candidates need to pass and for the number of requirements.

Generally speaking, all of these selection processes have been developed in order to grasp the most talented graduates just out from university but, as seen in the first chapter, there is a lack of clarity concerning the very definition of what talent is. Before considering to measure the efficiency of these selection step, some questions need to be answered. What characteristics is the company looking for? Are the four step the most efficient way to assess the talents needed by organizations? Let us remind that HR measurement systems usually adopt measures designed for other resources and the result is a less costly and quicker HR but not necessarily a better talent (Boudreau, Ramstad 2005).

Moreover, since HR function in MNCs are now moving from International HRM (managing international employees or employees moving) to Global HRM (development of more globalized people) the field of recruitment and selection has to meet some challenges in order to find a balance between globally coordinated systems and sensitivity to local needs (Sparrow, 2007). This is especially true as some companies have different versions of graduate programs, some local and some with an international breadth. Being the selection process very similar between programs it would be useful to investigate whether the selection process is managed centrally or globally and if there are any local adaptations in this phase.

### **3.8.2 Job**

The nature of the job activities is characterized by rotating assignments in several cases considered, only 8 firms over 35 do not specify it on their website. These rotations can vary in length but they seldom last more than one year. For the most part, the number of rotations goes from 2 to 6. For some programs they can be as short as a cou-

ple of months but they are usually 6/8 months' long. Rotations can be among different function, as in most of the cases, but can also consist in different missions like in Société Generale.

19 companies out of 35 do specify the presence of some international exposure as part of the program; in most cases an international rotation is required.

Only in a couple of cases the job includes direct contact with the consumer, for instance through a rotation in a customer related department as in Vodafone. Having a wide retail structure all over Europe, Vodafone makes its graduates work a couple of months in a shop or a call centre in order to grasp some insight on the customers' side.

Another recurring feature is the presence of a landing position. In 10 companies out of 35 it is guaranteed while in a couple of cases it much depends on the performance of the graduate during the program.

Few companies alter the structure of the program according to the business peculiarities; Telefonica for instance has embedded in the graduate scheme the whole development of a start-up project in the graduate scheme in order to enhance the innovative nature of the company.

Except for those based in the UK most companies still lack a complete transparency on the structure of the program overall. Not all of the dimensions are explicated on the website, even though, it is reasonable to say, it is probably expected by a potential talent looking them up. This lack of transparency at this early stage could be coherent with what suggested by the existent management literature and it is something that should be addressed in order to efficiently compete on the market. The issue of sharing sensible data about the structure of the program is non-existent since the structure is already mutual.

The presence of a landing position is indeed a debatable issue. Given the scope of fast track programs as described by management literature, the landing position should be an essential part of the structure of the program and should definitely have a strategic relevance. It is both linked to graduates' satisfaction, retention, and to the career path that is supposed to be designed for every participant.

If we accept the hypothesis that fast-track programs are aimed at spotting superstars and providing them a highway to the top, the landing position is the first step of this process and should be chosen more than carefully considering several different relevant varia-

bles including business needs, business availability, possibility of strong managerial support, as well as graduates' expectations, ambitions, skills and capabilities. If companies miss that step they are missing a keystone in the process which is supposed to bring top talents in the graduate market to top executives for the company's board.

However, as Viney, Adamson and Doherty (1997) suggest, if organizational restructuring has blurred traditional ways to the top and there is no more guarantee that graduates will eventually become manager, the landing position as well as the whole deal between graduates and organizations can be questioned.

### 3.8.3 Training and Development Module

Coherently with the existing management literature, the training and development dimension of the programs is an essential point and it is present in nearly all the cases considered. Graduate programs differ from other entry positions as the learning opportunities for a participant are not only limited to on the job experience but also include formal training which is developed specifically for their participants. In fact, individual development plans are often proposed along with networking opportunities between graduates. Among the cases considered, it seems that only Generali specifies the presence of a provided master in collaboration with an institution (MIB Trieste) but also Allianz and Zurich do pay formal education for their graduates.

A recurring feature is also the opportunity for graduates to obtain professional qualifications with the sponsorship of the firm. This is particularly true for the financial and oil sector. As an alternative, companies such as France Telecom do provide sponsorship as a study support package.

Generally, at least 20 companies out of 35 specify the presence of a mentorship structure as part of the individual development program; that is to say the presence of a buddy and/or line manager and/or senior manager mentor who follows the graduate during all his path, setting objectives and tracking his performance. In addition, several companies provide direct links between graduates and the leadership team.

Summing up, excluding on the job learning, the tools used by the companies considered for training and development purposes are:

- Collaboration with universities and institutions
- Paid formal education

- Study support package
- Induction programs
- Networking opportunities for graduates
- Mentorship programs
- Classroom training
- Masterclasses
- External experiences
- Moodle
- Development days/ Workshops
- Business simulations
- Soft skills training
- Personal branding and presentation skills development
- Global Graduates events
- Leadership and technical training
- e-learning / WebEx training

The presence of specific modules such as leadership skills development, presentation skills and the links with senior management are aligned with the graduate programs being designed to train future executives.

Being off-the-job formal training modules, these tools can give graduates skills and competencies, which will easily be applicable in different contexts. Along with a personalized career path for every individual, this is coherent with a more delayed vision of the company where employers cannot guarantee a straight ladder to the top but want to provide their talent with sufficient skills to bridge that gap. The de-layering of organizations is indeed a fact that has been taking place during the 90s, eliminating the traditional career ladder and creating gaps between layers. A flatter structure has been seen as desirable in order to achieve faster decision making, innovation and high involvement style of management but it seems to have caused less transparency on the career path to top positions. It also diminished the importance of the on the job learning in favour of more structured formal training that could make the difference between one employee and another (Littler, Wiesner, & Dunford, 2003). Clearly, the risk is that

graduates bridging that gap by switching to different organizations if they do not see any interesting prospects in the company they are in.<sup>4</sup>

Finally, in most cases considered companies contribute to creating a community among graduate programs participants, not only with events or networking opportunities created ad hoc for them but also with a community of ex alumni. It could be interesting to investigate if and how the creation of such a community can have some influence on the employee engagement and hence on their retaining.

### **3.9 Conclusions**

At a first glance, what comes out is the similarity of the cases considered, despite being so widespread among different industries and geographical regions. The three dimensions investigated are present in the vast majority of the cases and the focus on development is evident.

First of all, the exclusivity dimension of graduate programs seems to be still there compared to the first graduate programs. The selection process is very long and a significant number of companies invest in a four-steps selection process in order to grasp the best talent. This should be compared to the company's strategy and to what talent according to its corporate culture and philosophy exactly means. Also, intercultural issues should be considered when using graduate programs with international breadth.

Secondly, a rotational dimension is present and often used to give graduates international exposure and insight on different organizational functions. This is coherent with the management literature that considers such a rotation an excellent development tool for employees. Another critical point in the job dimensions of graduate programs is the landing position, which reflects the strategic goal of the program and links the graduate experience to concrete outcomes for the company. Despite being an important strategic link it is, in most cases, not clearly identified or, at least, not clearly communicated to graduates from the beginning.

Since one of the main causes of graduates' dissatisfaction is employers not understanding graduates' expectations and failing to provide the promised career path,<sup>5</sup> the landing

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<sup>4</sup> See p.56

<sup>5</sup> See p.56

position as well as career prospects should be realistically planned from the beginning as well as connected with the company's strategy.

Finally, the learning and development models and tools considered do reflect the changes in graduate programs that theorists such as McDermott individuated as means of adaptation to the new nature of organization. That is to say, being the path to the top more blurred than in the past the focus of graduate programs has shifted towards the marketability and formal development of young talents.

All things considered, what comes out is that while for some aspects the structure of graduate programs has changed following market changes, other aspects remain blurry. The fact of having a very similar structure but unclear goals suggests the presence of some isomorphic tendencies that could obfuscate the link between graduate programs and companies' strategies. Moreover, in the organizations considered, local and global graduate programs share the very same structure. BASF, for example, has a GP specific for Greater China and BMW has one specific for South Africa and they do look very similar. AXA uses the same structure for both its Global Graduate Program and for local GP, in UK for instance. Some further investigation could be useful in order to individuate local adaptation measures, if present, and how to integrate them in global practices.

## 4. CHAPTER FOUR

# EMPIRICAL EVIDENCE ON GRADUATE PROGRAMS

### 4.1 Introduction

*“In the instances of fast-track and sub-fast track graduate recruitment when employers were asked why they recruited graduates the answer tended to be because “we have always done so””*

(Hogarth et al. 2007 p. 19)

Starting from this point of view along with the conclusions from the previous chapter, the discussion aims now at linking the New Institutionalism approach to graduate scheme practices. As Hogarth suggests, while business literature authors pretty much agree on the scope of graduate programs, it is not sure whether companies are aligned on the ultimate rationale of what they propose as graduate program.

This consideration finds its roots in the New Institutionalism theories illustrated in the second chapter, as it means that companies do not always act according to efficiency criteria but also to increase their visibility, legitimacy, and to follow the practices of the most successful companies in the industry. After all, Powell and Di Maggio actually propose uncertainties in technologies and goals as one of the main drivers of isomorphism among a group of organizations (Dimaggio & Powell, 1983) and uncertainty is indeed one of the main characteristic in the labour market right now.<sup>6</sup>

Furthermore, it has been stated that HRM is actually more vulnerable to trends compared to other fields and talent management in particular displays features of new institutionalism (Iles et al., 2010).

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<sup>6</sup> See Chapter 1

## 4.2 Analysis on Companies' Practices

What came out from the previous chapter is that graduate programs do show a common structure among companies. Such a structure was also shared between graduate programs in different countries and for different industries.

Rather than considering the efficiency of graduate programs, this part of the investigation considers if and why the structure has always been the same since graduate programs first started. It also hypothesizes an isomorphic tendency behind these similarities. What is more, it gives a more detailed picture of companies' practices regarding graduate programs. The research question behind this part of the research can thus be outlined:

*RQ1: Are companies keeping the traditional format of graduate programs, including scope and structure, despite a different and fast-paced changing market? And, if so, are they doing it as a result of isomorphic pressures?*

The fact that New Institutionalism has been used to describe HRM practices makes reasonable to use it in a talent management frame of reference and, hence, in the context of graduate programs. In order to be coherent with New Institutionalism theories the organizational field considered was the European one. As a matter of fact, the 35 companies selected in the previous chapter are the biggest in Europe, ordered by sales volume. This choice may well be subject to criticism in the same way that the very concept of organizational field has been criticized by management literature. All companies are operating globally and social and institutional pressures might not be fully explained by the fact that they are based in Europe.

Anyway, given that all companies are multinational companies, the organizational field could also be individuated in a subset of MNCs operating globally and sharing common challenges concerning graduates' recruiting. The labour market in which MNCs are struggling is in fact showing trends that are common to all organizations, challenging them with issues of talent shortage, reduced employee engagement, lack of specific skills and growing presence of millennials in the workforce.<sup>7</sup>In this perspective, the

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<sup>7</sup> See Chapter 1

competitive arena in which companies look for talent is the same and this causes pressures which may bring organizations to be similar.

#### 4.2.1 Method

The idea behind this part of the investigation came from a suggested approach from the authors Iles Preece and Chuai (2010) to individuate the adoption of a management fashion.<sup>8</sup>

What they proposed was to operate in a smart way and to design some questions in order to address:

- What the objectives of talent management are;
- If those issues are related to branding, attraction and retention, leadership development or succession planning;
- How talent management integrates with corporate culture and whether it includes an exclusive or inclusive vision if talent.

Starting from this, the idea of investigating the presence of management fashions, or isomorphism, was applied to graduate programs as a part of talent management. In addition, such an interview could add details to the picture of graduate programs portrayed in the previous chapter. Hence, the method chosen was to design a questionnaire to be discussed with companies on the graduate program topic and, specifically, on its scope and its structure.

What follows is the structure of the interview proposed.

- What is the objective of the Graduate Program implemented by the company? Is it developed in parallel with other entry programs?
  - When was it created and why?
  - How did it change through time?
  - How is it managed (centrally or locally)?
  - Is it linked to objectives such as leadership development, branding or attraction?
- What are the structure and the main peculiarities of the program?
  - What is the duration and structure of the modules?

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<sup>8</sup> See p.55

- What is the number and background of the graduates involved?
- What are the number and characteristics of the job rotations, if present?
- What is the geographical organization of the activities?
- Is there any collaboration with institutions such as Universities or Business schools?
- How do you measure the results of the program?
  - Efficiency and efficacy
  - Participants' satisfaction
  - Participants' retention

A few selected companies have been asked to provide a feedback to these questions through a phone call. The companies have been chosen among the 35 ones considered in the previous chapter. For the sake of convenience, the organizations chose are Italian, plus some others present in Italy which could be contacted more easily.

Below, a short introduction of the companies.

### **UniCredit**

UniCredit is an Italian bank born in 1998 headquartered in Milan. It is the fourth company in Italy as for sales volume. It is present in Italy, Germany, Austria and East Europe. It is recently undergoing some major changes such as different board, improved organizational structure and capital increase, keeping a stable outlook according to rating agencies. UniCredit business model merges its commercial bank nature with Investment Banking, Asset Management and Asset Gathering. The group pursues the goal of becoming a brand recognizable all over Europe and globally and becoming a trustworthy keystone for financial services. Its Impact Graduate Program consists in 18 months, including 3 job rotations and international experience. It provides mobility across all Italy and beyond. The company guarantees a landing position at the end of the program as well as visibility to top management and networking events (Sources: [unicreditgroup.eu](http://unicreditgroup.eu), UniCredit 3Q16 Press Release).

### **Generali**

Generali is an Italian insurance group, born in Trieste in 1831 Its registered office lies in Trieste and it is headquartered in both Milan and Trieste. It operates mainly in Europe

and Asia, but it is also present in North and South America for a total of 60 countries. It is one of the 50 biggest companies in the world (Fortune Global 500) and the biggest Italian insurance company, third in the world as for sales volume after Allianz and Axa. Generali Global Graduate Program was launched in 2015 for the first time and included 20 graduates from different parts of Europe and the World. It provides three rotations around the globe and a landing position at the end of the program. Moreover, it includes a Master in Insurance Management provided by MIB Trieste. (Sources: generali.com)

#### 4.2.2 Considerations on the scope and results of the research

First of all, it is necessary to say that the results of this section mainly depend on the availability of HR specialists to collaborate with the survey.

Not just the availability to make the actual call but also to genuinely report all the facts concerning graduate programs and practices.

What was expected from these results, provided companies would accept to collaborate answering the questions, was a more detailed picture of practical activities related to graduate programs and some insight on operative issues. As for isomorphic tendencies concerning the structure, this paper tries, as far as possible, to compare the programs to what described by management literature.

The target of the research is not to question the scope of management programs or to measure its efficiency but to observe whether some aspects emerging in management literature are actually present in the real world of organizations and possibly gather some intuitions from it. Hence what will be addressed is;

- If the ultimate rationale of the program is aligned with that individuated by the management literature in the 90s
- If the structure is aligned with what individuated by the management literature in the 90s
- How the two are related, what efficiency measures are used to assess the performance of the programs.
- If any isomorphic tendency can be held responsible for shaping scope and structure of the program.

### 4.2.3 Results

**Company Name:** UniCredit S.p.A

**Interviewed:** Domenico Di Toro (Impact Participant) in collaboration with Rocco Sibilla (Talent Acquisition, Human Capital Development).

**Interview Date:** 17<sup>th</sup> February 2017

The UniCredit Graduate Program “Impact” was developed around five years ago in collaboration with the management board of the bank. Its objective is attracting high-potential graduates and developing them to be the future executives of the company.

Moreover, the program is also a way to promote employer branding, as it one of the few graduate programs offered by an Italian company.

The program just started its fourth edition in January 2017. The main changes it has undergone since its first launch have been respectively;

- Third edition: a mandatory international assignment was introduced as third rotation.
- Fourth edition: the mandatory rotation in a customer related function (Retail banking/Corporate banking/Wealth management) was eliminated.

This last change became necessary as the “Impact” program is now the only graduate program provided by the company. Beforehand, in fact, three different programs were carried out:

- Corporate & Investment Banking Graduate Program, which used to select 20 candidates with an international breadth in order to fill positions in such a division.
- Graduate Program HVB, which was limited to the German segment of the bank.
- Graduate Program “Impact”, which was the general graduate program of the group but risked to be seen as a program limited to the Italian division.

Essentially, the fourth edition of the program unites these three versions and provides 60 positions in all groups’ divisions for graduates of every nationality.

The program is managed centrally by the Talent Acquisition Office, which reports directly to group HR, and which determines the budget and the overall structure of the program.

Each participant is assigned both an HR partner and the manager of the area where he is assigned; these two contribute to create the personalized path with goal settings and periodical formal assessment. During each rotation, the graduate reports to the manager of the function where he is. The number of participants has been growing, from the initial 18 participants to the final 60 after the merger of the three previously existing programs. With the new structure introduced in the fourth edition, a significant increase in international participants is expected.

The length of the program varies from 18 and 24 months, the rotations are three and each of them lasts between 6 and 8 months. However, it is possible to have different assignments within the same rotation (for instance, during the rotation in the commercial area graduates could find themselves to switch between Retail, Corporate and Wealth branches).

As for the training and development dimension, the program provides a two weeks' induction period in the headquarter in Milan. In addition, some formal and mandatory training modules are provided on line. In the first two editions, the participation to a Risk Management specialization course was provided and financed in collaboration with SDA Bocconi.

The retention rate and the efficiency of the program will be measured in the long term, as the first edition's participants concluded their rotation path one year ago. Participants' satisfaction is assessed through moments of discussion between participants and the HR responsible for the program.

**Company Name:** Assicurazioni Generali S.p.A

**Interviewed:** Bolognesi Chiara (Leadership Development & Group Academy; Group Generali Academy)

**Interview Date:** 17<sup>th</sup> February 2017

Generali's Global Graduate Program (GGP) started its first edition in 2015, after a design period of around one year. It was conceived as a global project, to be managed centrally by the Leadership Development and Group Academy, directly reporting to group HR, but which could also connect HR departments from different entities. The 20

participants have been selected through a process comprised of different steps including tests, online business game, interviews and assessment centre.

The main objectives of the programs can be summarized in these main points;

1. Selecting people that could bring fresh and new perspectives, and that could be a factor of change in the corporate culture. That is why the original name of the program is “Lead your future and shape our change”.
2. Investing in young future leaders with high potential. Nurture leadership pipeline and succession planning by developing a program that provides graduate with technical, managerial and transversal skills.
3. Employer branding: positioning the company as an attractive employer in a market dominated by millennials.
4. Internationalization; offering participants the possibility of broadening their perspectives in an international level.

The focus is mainly on bringing factors of changes inside the organization; no other entry level programs are developed at a global level.

The GGP has a length of 18 months and its structure is based on a formal training and a system of rotations with three assignments of 6 months each.

As for the learning and development module, it consists in a master in Insurance Management designed in collaboration with MIB Trieste and it is composed of two modules in class and others online. Being a master, it implies different levels of assessment during its duration. At the end of the master the participants are required to submit a dissertation on which they will be evaluated.

On the other hand, the rotational system is structured with three different experiences, one in head office, two in local entities, and the last one in the landing position department. The landing position is predetermined but not necessarily fixed; it might be changed. In addition, the rotations are functionally connected and designed following a path related to the landing position.

Both these two dimensions help to create an individual learning plan that is tailored ad hoc for each participant in each rotation in collaboration with local HR and functional head. The learning plan is primarily designed by the Line Manager (The Line Manager is the head of the department, responsible for ensuring the overall content and quality of the assignment; he/she supervises the on-the-job learning plan and provides

regular monitoring, follow up and feedback) and the Technical Supervisor (The technical supervisor is at least a senior and knowledgeable specialist, responsible for defining learning objectives and action planning and implementation, needed to ensure the participant gains the necessary know how and competencies within the assignment period. He/she also provides the participant with personal and regular follow-up and feedback) and with local HR support. The learning plan is shared with the graduate at the start of the rotation and it is reviewed on a monthly basis during the feedback meeting.

The efficiency and efficacy of the program will be evaluated:

- In the short term: at the end of the program on the basis of general satisfaction of both the graduates and all the related actors.

The tools of this assessment will include surveys as well as a final general meeting, in order leverage and capitalize on the outcomes and the lessons learned.

- In the medium/long term: the retention rate in the next years will be a variable to measure the efficiency of the program as well as the percentage of graduates who – being in managerial roles - will nurture the leadership pipeline and the succession plan. In this perspective, graduate program's participants will be included in the Group's talent pool as junior professionals and their performance and potential monitored on a yearly basis in order to follow their career path. The fact of being included in the Group Talent pool will provide graduates with specific learning and development programs and initiatives. Moreover, they will be eligible to participate in Group strategic projects.

In addition to the Global Graduate Program, Generali has different graduate programs around the world, specifically managed by local entities. In this regard, Generali Asia has been designing a graduate program for the Asian region. Despite the program has not been implemented already, this paper includes some details that could be useful for the scope of the research.

- The project consists in two programs, one junior and one senior, which are supposed to be developed along with an Internship program.

- The objective of the programs shall be to fill in talent gaps, to ensure talent pipeline, to leverage across different cultures and experience and to help building a corporate culture.
- The programs shall be structured with rotations among different countries and departments, and with a landing position at the end. The junior program shall be more standardized while the senior one would be more tailored to the specific individual. The program shall also provide specific training and development modules.
- The selection process shall consist in an online screening, two interviews and an assessment centre.
- The participants shall be assessed throughout the program with presentation to a panel composed by senior managers.
- The success of the program shall be assessed by the percentage of participants assuming management roles, by the increase in productivity in the landing position department, the percentage of retention and the general satisfaction of both participants and hiring manager.

### **4.3 Discussion and Conclusions**

Comparing these two programs goes beyond the scope of the research, and should be anyway made with a much wider knowledge of both realities. Instead, this information adds details to the picture of graduate programs already made in Chapter Three and gives a more realistic perspective on current practices and real issues. Both programs are complex entities which are continuously developing and deep-diving into them makes clear how strictly they are connected to several company's functions. There is indeed a great deal of coordination needed in the designing of such a horizontal process and all the actors involved must be aligned on the scope of the program in order to contribute to its success. It involves not only the HR department but all the departments where graduates rotate in as well as the managing board and external stakeholders.

The dimensions considered in Chapter Three are recurring in both programs which are in fact exclusive, make use of rotations and provide formal training and development modules to all participants. Moreover, they both include the planning of a personalized development path for all graduates.

Switching from the description of the programs to the scope of the analysis, this is briefly what emerged from the management literature about graduates: what Viney, Adamson and Doherty were describing as “old deals” graduate programs are two years’ programs focused on rotations and training, with the ultimate purpose of filling management position with fast track graduates. Since the nature of organization and the competitive market have changed and since career path are not linear any longer, new graduate-programs deals should focus more on the continuous personal development of the participants rather than promise a fast track to the top. The risk of keeping an outdated view on graduate programs is that of giving too many expectations to graduates and then failing to meet promises because of the intrinsic unpredictability of the present market.<sup>9</sup>

This research does not have any presumption of judging the efficiency of graduate programs as reality is far more complex than that described; it will limit itself to identifying those elements that the considered graduate programs have in common with the old deals individuated by management literature. What is more, the number of companies who answered the survey is not sufficient to make any general conclusion but the obtained results can still add to a more precise picture of graduate programs as they are now.

Below, a comparison between actual practices and traditional ones;

- The scope of the programs is still to feed a succession pipeline and gather talents that could be potential executives, as it is traditionally described by management literature in the 90s.
- The rotational dimension is very similar to that described by management literature in the 90s.
- The idea of talent is very much aligned with an exclusive vision of it.
- In both cases employer branding plays a significant role as scope of the program.
- The training and development module has changed in order to provide individualized paths and valuable personal development to participants.
- The landing position is determined in advance even though it can be subject to changes.

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<sup>9</sup> See Chapter Three; Paradoxes of Fast Track Career Management and Satisfaction Levels in Graduate Programs.

Consistently with what emerged from Chapter Three, some traditional elements of graduate programs are still present in organizational practices nowadays, while others have evolved to face modern challenges. These traditional elements which resisted the passing of time are things such as the general scope of the program; consisting in fast tracking future executives and the idea of talent. Business management literature suggests that these traditional approaches might be outdated and not anymore able to contribute to value creation in a strategic perspective, and could moreover contribute to increase dissatisfaction among graduates.

Some other elements such as training and development modules have, on the other hand, experienced some changes and adapted to the modern talent market. For instance, the switch to a more formal training that can increase the marketability and employability of graduates.

The hypothesis of an isomorphic tendency behind the unaltered adoption of determinate practices could be consistent with the employer branding objective of graduate programs and with the fast-pace changing market. It would be interesting to further investigate this topic taking into consideration a bigger number of firms and graduate program cases. Moreover, such an analysis should be supported by some evidence of turnover and flexibility of the specific cases in order to better assess the efficiency of graduate programs.

## 5. CHAPTER FIVE

### CONCLUSION

The starting point of whatever discussion about Graduate Programs and Talent Management in general must be a clear definition of what talent is and the strategic implications of it. This definition is neither fixed nor shared between different organizations<sup>10</sup>, this means that is essential to build a coherent strategy starting from a solid basis rather than debate whether this basis is intrinsically right or wrong. There is not necessary a best option between inclusive or exclusive approach, every organization should choose what fits best according to cultural characteristics and organizational values.<sup>11</sup> A specific view on the meaning of talent implicates specific practices that should be followed. If talent is seen as innate the focus should be put on identification, recruitment and retention. On the other hand, it is seen as something to be acquired the focus should be placed on training, learning and development.<sup>12</sup>

Apparently, the scope of talent management as well as that of graduate programs is more consistent with an innate vision of talent as learning and development practices have the ultimate goal of nurturing those talented individuals after they have been selected.<sup>13</sup>

Truth is that this vision of talent has often been considered outdated by the majority and most recent researchers in management literature. This not due to an irrefutable vision on whether talent is innate or not, but because the true added value that a company can pursue is achieved by looking at talent in terms of key positions and not to superstars. As a matter of fact, the real added value comes from having the right person at the right place not just from having the right person.<sup>14</sup>

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<sup>10</sup> See p.24

<sup>11</sup> See p.41

<sup>12</sup> See Meyers et al. 2013 p.27

<sup>13</sup> See Chapter 3, focus on selection process.

<sup>14</sup> See Collings & Mellahi 2009 p.22

As they are structured now, graduates program are often based on a view of talent and career planning that cannot be pursued anymore given the flexibility and uncertainty of the market. Conditions are likely to change, successors are likely to leave and failing to meet career-planning promises can do more harm than not having a succession plan at all.<sup>15</sup> Not meeting graduates' expectations is one of the most important causes of dissatisfaction among participants and can cause the loss of a major investment if it gets them to leave after the program.<sup>16</sup>

More than its structure, it is the scope of the programs that should be reconsidered. Rotational jobs and learning modules are important tools in developing employees but the idea of fast track program might present some flaws. It is quite unlikely that the company will be able to guarantee a fast career plan ending in an executive position. As a matter of fact, whilst some aspects have developed to face the modern environment, others such as landing position and career plan remain unclear, reflecting a lack of transparency on the ultimate rationale of the program. The exclusivity dimension of such a program should also be taken into consideration again, not necessarily replacing it with a more inclusive one but better considering the needs and strategy of the company.

Without doubt talent management is now more important than ever and, being a part of it, graduate programs can definitely be used as a leverage to pursue strategic goals. In fact, the link between talent management and business strategy consists in individuating those job positions inside the organizations that can have the biggest impact on the company performance. Organizations must investigate where varying performance will most affect its result and where an improvement on talent could yield the biggest return on investment. In this perspective, and considering de-layered organizations, the focus of graduates programs should not be on selecting the top graduates and promising them a career boost – it should actually be divided into two aspects:

- Selection of the most talented graduates coherently with the company's philosophy.

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<sup>15</sup> See Cappelli 2008, p.35

<sup>16</sup> See p.60

- Use of rotations and other ad-hoc training modules in order to individuate the right position for the individual; the occupation where he can better unleash his potential and make a difference.

New assignments are not only useful for learning new skills but for also for expressing and demonstrating latent behaviour. <sup>17</sup>

In this way graduate program could be more closely connected with the company's strategy as it would allow to have the best people exactly where they can contribute most. Being able to rotate an individual is a unique opportunity to experiment his reaction to different environments over a short period of time. Additionally, being in the most fitting position for him, the graduate could feel more satisfied with his landing position and more engaged towards the company. This in turn could serve to increase the retention of these graduates inside the organization. Further research should focus on how to actually measure both the performance differential for graduates in the different rotations and their satisfaction as well. Moreover, companies need to investigate specifically on how to individuate job positions that are more strategically important, at every level.

With such a perspective, however, it is quite straightforward to think that always using the same selection process is not necessarily consistent with the scope of having the right talent in the right position. Also, such a framework could be applied to every level in the company, not only limited to nurture a succession planning process aimed at eventually filling up executive positions in the long term.

If this is the case, the scope of the program as well as the future perspective for potential graduate-programs participants should be made clear. Both for sustainability purposes and for assessing its efficiency by means of appropriate measures.

To sum up, it can be claimed that while some aspects of graduate programs have been developed and evolved with the passing of time and the change in the market structure, other remained somehow linked to the original form and are not necessarily the best fit for modern organizations in a strategic perspective. This, plus the fact of having employer branding related objectives and the intrinsic uncertainty of talent market and of talent management might suggest the influence of some isomorphic tendencies in the designing of graduate programs.

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<sup>17</sup> See Potential p.32

6. APPENDIX

**APPENDIX**



Table 3.2 Cases

Cases	General Details	Selection	Job	Training & Development
Shell	The Shell Graduate Program lasts from 2 to 5 years. It provides comprehensive financial rewards and benefits and focus on work-life balance.	The selection process is structured in: online screening, online assessment, Interview, Recruiting day. The requirements depend on the area but include outstanding grades, flexibility and English fluency. Internship program is functional to entering the GP. They provide tips for writing CV and perform interviews.	Depending on the area, 2 or 3 international role rotations. As for Europe positions are in Germany, Norway, Denmark and UK.	An important aspect of the Programme is monitoring and tracking performance through regular appraisals with the supervisor and mentor, concluding with a final review. Additionally, modules such as leadership and technical training are provided.
Total	The Young Graduate Program for Africa and Middle East lasts 18 months.	The requirements are: bachelor, fluency in French and/or English, less than one year of post graduate exposure.	In Africa/ Middle east across commercial, finance and technical business lines.	
ING Group	The International Talent Programme lasts 4 years.	Requirements are: master degree, not more than two years of work experience, fluency in English and experience related to the chosen area.	In the first 12-18 months, rotations between different projects and departments every few months. Within the first three years' possibility of an assignment abroad. Rotations are among Retail Banking, Wholesale Banking, IT, HR, Finance and Risk. Before the end of the program the participant is assigned to a first job, and afterwards to his landing position.	On-boarding and training events, personal development plan and training on banking fundamentals with the possibility of acquiring international banking certifications. Senior ING manager as mentor.
AXA	Global Graduate Program lasting 18 months, of which 6 of internship and 12 with regular contract.	Selection process composed of: online screening, online test, telephone interview and assessment centre.	Local fields experiences, direct contact with consumers, international breadth. Landing position depending on the performance during the program.	On-going development with dedicated tutor. Global graduate camp and local field experience. Opportunity of being involved in Corporate social responsibility initiatives.
Volkswagen	Graduate Scheme UK lasting two years. Salary of	Selection process composed of: online screening, online	3 placements of 6 months each in UK. Guaranteed position	Structured formal training, personal development plan

	£30000 plus new car every six months. 27 days' holiday, flexible pension scheme.	test, telephone interview and assessment centre. Requirements include undergraduate or bachelor degree, additional language depending on geographical areas.	at the end of the program.	composed of on the job and off the job training. For example, personal branding and presentation skills development. Presence of a mentor for every participant.
Crédit Agricole	Graduate Programme lasting 4 years.		Two jobs and diverse missions in areas such as strategy, HR, data management.	
Allianz	2 years Graduate Program	Requirements such as strong academic record, relevant work experience, strong background with extracurricular activities, second language and communication and leadership capabilities.	Different structure for each area but rotational dimension always present, and with international breadth. Guaranteed position with the company at the end of the program.	Personal development activities such as induction and working with graduate peers cross functionally. Additionally, fully paid formal education with the possibility of obtaining professional qualifications.
HSBC	2 years Graduate Program. Includes the opportunity to take part of sustainability initiatives, for example volunteering programs.	Selection process includes online screening, online tests (situational judgement test and inductive reasoning test), interview, assessment centre. Requirements differ from geographical areas but all include bachelor degree and fluency in English.	4 rotations of 6 months each with global breadth. Landing position in the chosen country.	On the job training along with formal development. Three days' interactive event at the beginning of the program and networking activities. Presence of a mentor and a buddy, along with access to senior business leaders.
BNP Paribas	24 months Asia Pacific Graduate Program.	Requirements include strong degree in analytical subjects, fluency in English, not more than an internship as previous work experience.		Induction, group training, business specific and technical training, financial training.
UBS	Graduate Talent Program			Business Specific Training
Siemens	Siemens Graduate Program lasting two years	Selection process composed of online screening, initial interview, special assessment in-house. Requirements vary depending on the country but overall	3 work assignment of 8 months each, one of which in a foreign country across the globe. The rotation covers at least two different functional areas. At the end of the pro-	Comprehensive training scheme along with a personal development plan elaborated jointly by the graduate and the mentor.

		include master or PhD with above average grades, English fluency and previous international experience.	program a landing position is planned, in a target function individualized jointly by the graduate and the mentor.	
Assicurazioni Generali	Generali Global Graduate Programme lasting 18 months	Selection process composed of online screening, online test, phone interview and assessment centre. Requirements include a brilliant academic record, no more than two years of experience, international exposure, fluency in English and at least another language.	3 rotations across the globe with a landing position at the end of the programme.	On the job training plus a Master in Insurance Management provided by MIB Trieste.
Carrefour	Carrefour Graduate Programme lasting 3-4 years		From 3 to 6 rotations depending on the area. Possibility of one international rotation while the program is based in France.	Formal training specific for every scheme. Plus, some modules shared between all graduates.
Deutsche Bank			wide-ranging work opportunities and in many different locations.	Business, technical and soft skills training
RBC Dexia Group	Graduate Rotational Program lasting 24 months.	Requirements include strong academic record, analytical skills along with soft skills such as commitment, enthusiasm, self-awareness and leadership capabilities.	4 rotations with international breadth and guaranteed landing position at the end of the program.	Structured formal training.
Société Générale	General Inspection Program	Selection process includes online screening, online test, assessment centre and final oral exam. Requirements are: degree or master in engineering, business or political studies and no previous work experience.	The structure is not provided, but it comprises 5 months' missions across the globe in all business lines.	
Aviva	Global Graduate Leadership Programme lasting 2 years. The company	Selection process including online screening, online test, video interview	2 rotations of one-year length, across the globe.	Combination of face-to-face, e-learning and WebEx training platforms, along with

	specifies that provides healthcare plans, competitive salary, bonuses, paid holidays and pension scheme.	and assessment centre. Requirements are: strong academic record, ambition, leadership abilities and flexibility.		on the job learning and a three-day induction event at the beginning of the program. Each participant is assigned a personal mentor, a buddy and a line manager.
E.ON	International or Regional EON Graduate Programme lasting 2 years. The company offers pension scheme, flexible working hours' model, health and fitness offers.	Selection process comprised of online screening, online application, online test, telephone interview, EON career day. Requirements are previous international or working experience, English fluency, high level of flexibility.	Three to six different placements. Rotations take place in home country except from a three months' international rotation included in the international program.	Various training modules with the other graduates, plus a personal mentor and an individual mentoring plan.
RBS	RBS Graduate Program. The company offers flexible and tailored benefits and bonuses.	Selection process includes online screening, online test, telephone interview, assessment centre.	Rotational program in UK.	
Tesco	15 different programs depending on the area, lasting around two years. Salary starting from £26k per annum but depending on the area.	Selection process includes online screening, online test, telephone interview, assessment centre. Requirements are: specific degree, analytical approach and soft skills.	Rotations "at the heart of the programs" within the department and depending on the area. Some international exposure.	On the job learning, e-learning, classroom training, masterclasses, development days, celebration events. Structured mentorship program with line manager, mentor, buddy, programme sponsor, training manager and the whole team.
Nestlé	11 programs depending on the area lasting two years. The company offers £27000 a year plus £2000 welcome bonus, annual bonuses based on the business performance, pension fund membership, flexible reward scheme and shift allowance.	Selection process includes: online assessment, Situational Strength Test, Online numerical reasoning test, strengths-based video interview, assessment centre, Senior Leadership Team interview. Requirements are specific degree and English fluency.	Depending on the areas, but usually six months' rotations.	Participants are assigned a mentor, a dedicated graduate champion and strong links to leadership team
DHL	Grow Graduate Program lasting from 24	Selection process includes online as-	2 placements of seven months each,	On the job, plus formal workshops and

	to 36 months depending on the area. The company offers 44000 euro per annum with regular salary reviews and increments.	assessment, telephone interview, assessment centre. Requirements depend on the area but language and above average grades are essentials, along with analytical skills, communication and leadership abilities, internship and international experience.	one placement of three months which can be international.	training.
Deutsche Telekom	Start UP! Trainee Program lasting 15-18 months.	Selection process includes online screening, assessment centre, interview. Requirements are passion for innovation, above average grades, customer orientation, leadership capabilities, German and English.	5 rotations lasting 3-4 months, with possibility of international European assignments.	Formal and Innovative training along with mentoring and coaching from senior management.
EDF	Various graduate programs, one for every area, lasting 16 months. Competitive salary, relocation support and bonuses are provided.	Selection process includes online assessment, telephone interview, assessment centre. Strong academic record and flexibility are required.	Structured rotations depending on the areas but always present, across the UK. Permanent role after the program.	Extensive training forward professional qualifications both for science and engineering and for business functions.
ABN AMRO	Corporate Banking Graduate Program lasting 36 months.	Above average grades, extracurricular activities, internship and analytical skills are required	3-4 rotations from three to 15 months in the Netherlands. Possibility of one abroad.	Mainly learning by doing, with additional relevant training.
Santander	24 months Graduate Programme. Company provides £30000 per annum, retirement plans and benefit schemes.	2:1 degree		Possibility of achieving professional qualifications, dedicated line manager and buddy.
Telefonica	12 months Graduate Programme	Required: outstanding degree in analytical subject, tech skills, entrepreneurial skills, social, fluency in English.	First 1.5 months: working in small teams to come up with a start-up idea. The following 10.5 months are about bringing the idea to life.	Training and coaching.
Statoil	Graduate Programme			
BASF	2 years Grow Graduate Program in	A major in a quantitative subject is es-	3 to 4 rotations. At the end of the pro-	Off and on the job training.

	Greater China	sential, along with language and computer skills. Previous experience with BASF is preferred.	gram, permanent role based on skills developed.	
France Telecom	5 years Orange Graduate Programme	Selection process includes online screening, online test, assessment days. Requirements are: master degree in engineering or business administration, no work experience longer than 18 months and fluency in both English and French,	3 positions in France.	A five years individualized and structured development scheme with high level sponsorship, development workshops, training courses. Every participant is mentored by an orange leader.
Zurich	3 years Future Leader Programme. Company offers competitive salary, bonuses, 22 days of leave, private medical cover, flexible benefits.	online screening, online test, phone interview, assessment centre. Outstanding grades are required, plus flexibility in moving across the UK.		Full study support package, business simulations, interactive masterclasses and outdoor experiential learning. Plus, mentoring program.
BMW (South Africa)	2 years Future Talent Programme	Initial screening based on academic performance, interview.	Six months' rotations in South Africa	Each graduate is assigned a personal mentor and coach.
Vodafone	2 years Vodafone Discovery Program	Online Testing, Interview, Assessment Centre.	3 assignments of 4 months each. First one dedicated to customer experience, second one in a business function to be chosen and the last in the landing position function. After, 12 months in the landing position.	Training and personal development.
UniCredit	18 months Impact Graduate Program	Online Application, Online Assessment, Interview with HR, Business Game in Milan, Interview with manager. Strong academic record, relevant international and working experience is required.	3 job rotations, at least one abroad.	Individual learning and development path.
Munich Re Group	2 years International Graduate Trainee Programme	Analytical abilities, above average degree in a quantitative subject, English and other languages preferably.	4 job rotations, one abroad.	Specific learning modules off the job, e-learning modules opportunities for professional qualification.



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