How to keep up with the war for talent?

A comparative study between talent management in Company X and literature suggestions for identification of talent

Author: Josefin Rönnlund

Supervisor: Owe R. Hedström
Talent management and identification of leadership potential within Company X in Finland

Abstract

The need for talent management and a company’s assets in form of Human Capital creates the demand of consultant firms and their services. The problem for companies today is to keep their up with the war for talented workers, and the way leadership talent is managed in the company is crucial for gaining competitive advantage. The research problem in my study is to identify how companies can manage talent within their organization successfully and by doing a research within a specific company, compare findings in their different organizational levels. This research project was assigned by Human Capital Management Services, as a part of my internship during spring 2009.

The purpose in this study is to investigate talent management processes in one company known for their success in the area of talent management and compare different views on talent management that might exist in different levels. My paper aims to value their talent management processes, and if there are gaps that could be filled and methods that could be developed. I will analyse how one specific business line manages development of executive potential, and how they identify talent in recruitment, development and succession planning. If these processes and methods are not working properly, organizations can not success in today’s environment.

The literature theories will be compared to the empirical findings that I have conducted by a qualitative study through six interviews. To discover if the talent management processes are coherent between existing literature and empirical data, I made a comparison between important themes for talent management. I have also compared different views on talent management in different business lines in Company X to discover internal mismatches regarding talent management and to get a clearer picture of how talent management is handled at different levels inside and outside the organization.

Results of this paper indicates, that talent management processes are very well developed in this business line in Company X, and in some areas they are even better than what literature suggests. They need to keep encouraging their personnel to take challenges and rotate. They also need to have a clear understanding of the roles in the organization, the responsibility of top recruitment and development. The areas that are in need of further development are leadership development, learning and training. Even if they have grasped the importance of these factors, they have some difficulties implementing right methods for reaching their targets. The company should encourage their employees to take challenges to be able to discover who can learn the most from them.
# TABLE OF CONTENT

Abstract ..................................................................................................................................1

1 INTRODUCTION .................................................................................................................5
  1.1 Background ..................................................................................................................5
    1.1.1 Problem discussion ...........................................................................................6
  1.2 Research Question.......................................................................................................7
  1.3 Research objectives ....................................................................................................7
  1.4 Limitations ..................................................................................................................8
  1.5 Definitions and concepts ..........................................................................................8

2 THEORETICAL METHODOLOGY ...............................................................................9
  2.1 Perspectives ..............................................................................................................9
  2.2 Philosophies .............................................................................................................9
  2.3 Research approach ..................................................................................................10
  2.4 Research method .....................................................................................................10
  2.5 Critique on sources ................................................................................................11

3 THEORETICAL FRAMEWORK .....................................................................................12
  3.1 Introduction ..............................................................................................................12
  3.2 Overview on talent management .............................................................................13
  3.3 Human Capital in organizations ............................................................................14
    3.3.1 Talent and potential .......................................................................................15
    3.3.2 Executive leadership talent ............................................................................17
    3.3.3 The role of corporate HR function .................................................................20
    3.3.4 Leadership development ................................................................................21
    3.3.5 Leadership attributes .....................................................................................23
  3.4 Emotional Intelligence ..............................................................................................25
    3.4.1 Personal competence .....................................................................................25
    3.4.2 Social competence .........................................................................................26
  3.5 Talent reservoir .......................................................................................................27
  3.6 Human capital review .............................................................................................28
  3.7 360-Degree feedback .............................................................................................29
  3.8 Identification of personnel ......................................................................................30
  3.9 Attract the best personnel .......................................................................................30
  3.10 Conclusions on Talent Management ......................................................................31

4 PRACTICAL RESEARCH METHODOLOGY ..............................................................32
  4.1 Data collection ..........................................................................................................32
    4.1.1 Access to data ................................................................................................32
    4.1.2 The interviewees ............................................................................................33
    4.1.3 The interviews ................................................................................................33
  4.2 The interview questions ...........................................................................................35
  4.3 Conclusions drawing ...............................................................................................35
  4.4 Processing of primary data .....................................................................................36
  4.5 Reflections on Method .............................................................................................36
LIST OF TABLES

TABLE 1: The Emotional Intelligence Competencies of High Achievers ............... 25
TABLE 2: Human Capital review ........................................................................ 28
TABLE 3: Traditional view on HR vs. Human Capital Review ............................ 28
TABLE 4: The Interviews ..................................................................................... 34
TABLE 5: Managerial career stages in Company X ...................................... 39
TABLE 6: Four Facet Analysis ........................................................................... 44
TABLE 7: Summary of empirical findings .................................................... 51

LIST OF FIGURES

FIGURE 1: Talent management ....................................................................... 12
FIGURE 2: Experience as a “test” ................................................................. 18
FIGURE 3: Talent management .................................................................... 31
FIGURE 4: Company X structure ................................................................. 33
FIGURE 5: Developing (executive) potential ............................................... 40
FIGURE 6: Key persons’ quality review ....................................................... 41
FIGURE 7: Development areas for Company X ........................................ 60
1 INTRODUCTION

1.1 Background

Today’s business environment is changing rapidly, and the need of successful leaders and identification of key personnel is crucial for organizational survival. The demand of competent personnel is increasing steadily and the shortage of managers is becoming a problem for many companies, which will constrain the implementation of their strategies.\(^1\) From this rises a need of identification of potential within companies. The identification of such talent is often in the hands of HR department with focus on development and learning in the organization. The challenge for organizations and its HR professionals, is to understand how better use can be made of higher-level skills. Organizations have to understand the need of talented people and development. This has created the war for talent, which has been on the tap for over a decade and ever since, various training and consultancies have been building tools and methods for talent management.\(^2\) The “War for Talent” is growing stronger and possibilities for outer recruitments are decreasing. Early identification of executive potential is of crucial importance.

Identifying people with the “right stuff” is one of the most competitive tools for the company.\(^3\) There is a need from the clients to identify potential within their company, and this is where consultant companies, specialized in different fields to help organizations with identifying the most talented and suitable persons for different positions comes into the picture. Even if there is a lot written about talent management and its importance is underlined by most organizations today, not all companies have institutionalized the practices and shown that they understand the value finding, hiring and developing talented personnel.\(^4\) Leadership success depends on a handful of key competencies that in various combinations, most frequently lead to outstanding performance.\(^5\) Researchers highlight the fact that the environment of the organization should encourage the people with talent to grow, and provide them with opportunities to do so.\(^6\)

The need for talent management and a company’s assets in form of Human Capital is what creates the demand of consultant firms and their services. I have made my internship at Human Capital Management Services (HC Management services) during spring 2009. HC Management Services are providing assessment services to companies like Company X regarding identification of high-potential executives and leaders. The topic was agreed upon by both the consultants at HC Management Services and my self. The investigated company in the study, Company X, is global corporate supplier of sustainable technology and one of HC Management Services biggest customers and the chosen topic is very important to them. Company X was one of HC Managements first clients and they are today working very close when it comes to identifying talented persons in Company X.

---

1 Hugh Scullion and David G. Collongs, GLOBAL STAFFING (Global Human Resource Management), 2006, p 87
2 McKinsey & Co The war for talent, Organization and Leadership Practice, April 2001
6 Morgan W. McCall, Jr.HIGH FLYERS, Developing the next generation of leaders, 1998 p. 153
The number of companies that has introduced talent management initiatives is growing and these normally consist of leadership development, high potential development, executive coaching and international opportunities. The traditional view on talent management is often that it consists of traditional HR, and that it is a task for the HR personnel. I have chosen to highlight a perspective that defines talent management as a process owned by line management, with HR as a supportive organization. These theories and perspectives will be further explained in the analysis.

1.1.1 Problem discussion

Without new talented people an organization risks to stagnate and can not develop to their full potential. The traditional view of talent management is that the one who is the strongest will survive in the end and the “fittest” will in a natural way get to the top and to the right position, but the view has changed into identifying potential at all levels in the organization. HC Management Services tries to answer to this need as fast as possible and with the best methods. To be able to retain the people in your organization, you need to provide them with possibilities to upgrade and developmental challenges. The research problem is to identify the best processes for finding these talents and to successfully develop them into real stars. HC Management services are involved in assessment of higher executives and managers within Company X, and they assigned this project to me as a part of my internship. My task was to identify if there are any existing gaps in their current methods, and find solutions to improve their talent management within the field of recruitment processes for identification of talented candidates for leaders’ positions.

Important for the company is to be able to keep the talented people and the workforce within their company to prevent loss of capabilities and experience to other. It is a challenge to develop the staff and get them into the needed experiences for identifying their talent. But, there are different obstacles to consider here as well. Morgan McCall describes in his book, ”who are the high flyers”, that “some talented people somehow, may not want to take a given chance for development when they are offered, some may want it but can’t get it, and some don’t know that they need it. This makes organizations overlook people with potential to develop, but also mislead the people they have identified as the high flyers, teaching them to behave in ineffective ways instead of finding the right positions for them.

It is crucial for an organization to recognise where the real development opportunities are, who needs them, and the long-term value of making developmental choices and creating effective mechanisms for the match of talent and experience. This is after all, a strategic advantage for the company. The main task for Human Capital Management Services lies in identifying those with potential of becoming successful executives and predicts who assesses the talent.

---

7 Hugh Scullion and David G. Collongs, GLOBAL STAFFING, 2006, p 87
8 Tom Wolfe, The right stuff, 1979, in HIGH FLYERS, 1998 p. 6
Since this is an assigned project, Human Capital Management Services has also suggested further problem areas:

(i) Compare different views on talent management that might exist in different levels in Company X.
(ii) Do theoretical findings agree with the talent management processes identified in Company X?
(iii) What are the developing needs for assessment consultation: what are the current gaps despite of the offerings of the key agents.

Although it was an assigned project, I worked as a freestanding researcher and had the research problem as the main problem to solve. HC Management Services wishes were of second priority even if their guidelines during the process helped me in my work. There were implications in finding the right balance between HC Management services and my own research problem, and it is one of the disadvantages of writing an assigned project. I had to change focus many times during the writing process and it was hard to narrow the field down so it would be beneficial to all parties.

1.2 Research Question

With this problem background, I have developed the following research question:

- How can a company manage leadership talent successfully to gain competitive advantage and benefit from services provided by outer assessment services?

1.3 Research objectives

Literature has been extensively researching the field of talent management and there exist many talent management companies today. I wanted to investigate talent management services in Company X and identify their processes and assessment of executives and talented people. I also wanted to identify the most usable and suitable tools for identification of talent and potential among an organizations existing personnel. Finally, I wanted to investigate the need for outer assessment services.

The purpose is to answer the research question and achieve the research objectives given by HC Management Services. The theoretical base from articles and literature will serve as a base for he interviews and build an understanding of talent management and why knowledge in this field is so important for managers today. This is done by identifying the important factors that influences how organizations such as Company X choose their leaders and how they manage talent in their organizations for developing leaders for the future and identifying potential leaders and key personnel. HC Management Services are also interested in how a company like Company X values their services in general.

My primary research objective is to identify the best talent management processes in one business line in Company X and find weaknesses in their talent management.

10 Morgan W. McCall, Jr. HIGH FLYERS., 1998, p.15
1.4 Limitations

This study was originally suppose to have a bigger focus on the services provide by HC Management Services, but during the study it become visible that the field of talent management was so extensive in this business line in Company X, that I had to narrow down the field investigated. The assessment services functions as a complementary service for Company X in this study and is not investigated further for this reason, even if they were highlighted during the interviews. If they would have been included, the thesis had lost its focus on the talent management processes themselves and no final conclusions could have been made on the comparison to literature theories.

The assessment procedures focuses on identification of potential among possible executives and leaders since assessment of employees normally are handled by a company’s HR department and the identification of higher positions are in cooperation with consultant firms such as HC Management Services. Therefore, the knowledge they possess will contribute to a greater understanding of the importance of talent management. HC Management Services has a lot of clients, but they especially recommended me to use Company X for my qualitative study since they are focusing a lot on talent management. The study has focus on only the people in the internal organization, not on attracting new personnel from outside the company. To focus on only one business line in Company X limits the generalizability of my own findings, but can be usable to companies facing similar situations. HC Management Services is mostly involved with this specific business line, and by identifying strengths and weaknesses in their current methods, they can better develop mechanisms that they can use when working with similar companies.

1.5 Definitions and concepts

Assessment consultant = Consultant working with personnel assessment in forms of personality tests and interviews

Applicants = the investigated person in the organization applying for a certain position

Client= the company that has assigned the task to investigate their employees, in this case Company X

Due Diligence= a term used for a number of concepts involving either the performance of an investigation of a business or person, or the performance of an act, in this case a acquisition.

Executive, general manager or higher officer = A person in charge of a certain department at Company X

Talent management= finding and developing talents, finding a path for a successful track record

Talent Pools= Keeping persons predicted to assess high potential in a special group that receives more attention regarding development and possibilities

Potential= being able to rise to very high levels in the organization, assess attributes that are significant for a good leader
2 THEORETICAL METHODOLOGY

The theoretical methodology chapter aims to give the reader an understanding of the approach applied in the study. In this chapter, research perspectives, philosophies, research approach and research method will be discussed to show that the various methods used are appropriate for these circumstances, and to enable an examination of the study. The chapter also includes how the theoretical data has been gathered, preconception and criticism of secondary sources. The demand for methodological awareness in the knowledge of theoretical terms creates a greater argument for method selection and I want to show that the methods chosen are suitable to solve the stated research question and argue for the approach.

“method is a philosophical question whereby research expresses itself”, and choosing a method is therefore important since it determines “whether one will be able to grasp meaningful dimensions of reality or whether one will merely reproduce one’s own and existing cultural prejudices”.¹¹

2.1 Perspectives

I had in this study, not only my own interests to start from since it was an assigned project. No study is completely objective, and the outcome is partly a result from my own expectations, interests and values and how I chose to solve different issues. During my studies in Management I became interested in peoples management and the path that they follow in their career. From this view I developed fields of interest and started searching information about human capital, development and human resource. The focus was from the beginning to investigate the need of consultant services for improvement of talent management processes, but the end perspective is focusing on talent management processes in Company X and how these correspond to the literature theories. I wanted to grasp the perspective from Company X point of view and how they experience talent management within their own business line.

2.2 Philosophies

I have chosen to highlight the theories in the field of my thesis, and then see whether these can be applied and also reflected in reality, by comparing them to the findings from the interviews. The research philosophy is the guide to develop knowledge during the research, considering that the objective of the research is to produce empirical evidence, like in this case by doing interviews to challenge existing theories and see if there are existing gaps in the field of talent management in Company X. The philosophical focus in this research is the hermeneutic. By using a hermeneutic view, I could grasp the philosophic understanding and the interpretation of talent management from the interviewee’s point of view.

I try to give an understanding of the whole context through analysis and observation of the collected material.¹² This study has a hermeneutic view because the purpose is to understand talent management and identify the processes used in Company X to identify talent and potential.

2.3 Research approach

The purpose of this study is to investigate the talent management processes and identification of potential within different business lines in Company X in Finland, and compare these to literature findings. When choosing a research approach, one has to consider the nature of the study. There are two different research approaches for the empirical study, deductive and inductive. The deductive approach starts from already existing theory and thereafter states a hypothesis and make conclusions that leads us to the empirical results. The Inductive approach starts with the empirical results to broader generalizations and creation of theory.\(^\text{13}\) For this study, the deductive approach was chosen as it provides me with the possibility to confront the empirical result with a theoretical framework. The research question should then be answered with the objectives from the theory and the empirical findings.\(^\text{14}\) After the development of theoretical knowledge, I will use governance documents and best practices as a secondary source specific to talent management provided by Company X, to complement the primary data from the interviews. Conclusions will be drawn based on theories in the areas of talent management compared to the findings from the interviews to make conclusions about the talent management processes in Company X.

2.4 Research method

To process information of the research one can use a quantitative or qualitative approach. A quantitative approach is the statistical method for analyzing information in numerical form and is used in many cases to arrange, describe, process and analyze data. In a qualitative study, the objective is to obtain a deeper and more descriptive knowledge within a studied area than that obtained in a quantitative study. This form of research is more complex and it is difficult to give a general picture of this approach that can be used to describe all qualitative studies. A qualitative examination processes generally more written material than a quantitative study, e.g. for the implementation of interviews and processing of written text.\(^\text{15}\) For the qualitative interviews, I used semi-structured interviews since they are more flexible, with some changes and new questions allowed to be made in the interview that generally has a framework of themes to be explored.

I wanted to grasp the reality from the company’s point of view and not only from a consultant firm to be able to be objective and impartial in my conclusions. The qualitative approach is perceived as a communication process between the interviewees and the researcher, but in this study, also between the consultant and researcher to get a broader picture of the talent management mechanisms, processes and environment and to increase the understanding of their purpose.

\(^{13}\) Jacobsen, Dag Ingvar, Vad, hur och Varför?- Om metodval i företagsekonomi och andra samhällsvetenskapliga ämnen (Lund, studentlitteratur: 2002), p.43
\(^{14}\) Johansson Lindfors Maj-Britt, Att utveckla kunskap (Studentlitteratur: 1993) p. 56
A quantitative study is mostly used to transform information into numbers and quantities and to generate statistic analysis. So in general a quantitative study is based on numbers while qualitative is based on words. I had developed a hypothesis that Company X has good talent management processes and wanted to see if this was the case by using a qualitative deductive research approach. Six interviews were conducted which provided me with qualitative data in the fields of the research. If I would have done a questionnaire based on specific processes and tools, a quantitative study would have been more suitable, but since my task is to reach an understanding about their processes in general, a qualitative study is chosen.

2.5 Critique on sources

Secondary sources used for the research was primary from books provided by HC Management Services, scientific articles and e-books and internal documents. This affected my choice of theories. I aimed to use scientific articles that are relatively fresh, and most of the books used were written after the year 2000. I used Business Source Premier and Google Scholar. Most of the articles used are only a couple of years old. To avoid unreliable articles databases at the university library have been used to find reviewed papers. By having this in mind my purpose has been to use updated material from reliable sources.

A lot of information about these keywords was also provided by HC Management Services and they have done a lot of investigation about this subject. For searching articles I used words such as: talent management, key personnel, high flyers, top performers, human resource and human capital management, identification of potential, talent development and high performers.

When I started to search for theories, I was more focused on human capital, but after becoming familiar with the strategy of HC Management services and their talent management processes, I could discern the most important areas to concentrate on. Human capital, HR and development were all important areas that fit well together under the field of talent management.

The results from these key words were not as extensive as I from the beginning though they would be, and search results were around 100 for talent management. Theories on talent management were somehow not hard to find, but after reading some of them you got a feeling that they were very much the same, and especially in the books a lot of the material was old and same, even if the book itself was very new.

The management consultant at HC Management services shared a lot of necessary information about the processes in Company X and gave additional information if something was unclear. The only restriction I felt during the process was some language difficulties, since the management consultant spoke Finnish and there might be some misunderstandings or unclearness in the translation process. Since the respondents all were contacted by the consultant, I had no restrictions in the process of getting access to respondents, in fact all the respondents said yes the first time they were asked to participate. One critical part of the interviews was that the first two interviews were not recorded since I did not know this was a requirement. But on the other hand, these two interviews provided more sensitive information and took longer time then the rest that were recorded.

I M Holme, B K Solvang, Forskningsmetodik (Studentliteratur AB:1997), p.43
3 THEORETICAL FRAMEWORK

3.1 Introduction

There are thousands of books and articles written about talent management and development of successful leaders. I have chosen to include theories that highlight identification of potential within talent management and especially when it comes to leadership. The approach includes processes like attracting and bringing in talented professionals, retaining the talented key personnel, motivating the most promising talents and developing high performers. The intention in the theoretical part is to give a complete overview of talent management and to function as a base for the empirical part and show how different strategies can be applied in talent management. The focus will be on the internal organization and the workforce that already exist within the company. My aim is to give the reader an understanding of the concept talent management, so they know the concept behind the terms and why it is important to focus on the chosen areas.

The theory chapter is supported by reviews from books, research articles and existing theories about talent management. I will also use information provided by consultant firms to identify methods and theories behind talent management. The chapter is initiated with an overview on talent management and the importance behind implementing talent management in organizations. Since the field of talent management is so large, I have included a lot of concepts and fields since I think these are very important to understand the view that I try to mediate. All the themes described in literature can be found in the figure below. I will start with an overview on talent management, to continue with concepts that I find important for describing the background to identification of potential and the importance of talented manpower in an organization. All of these fields are seen from the company’s point of view, their ambition to find talented workers and what to think about regarding talent management.

Figure 1: Talent management
3.2 Overview on talent management

Most researchers today stress the importance of talent management. Strategic meaning of talent management comes from the fact that success in international business depends most importantly on the quality of top executive talent and how effectively this critical resource is developed and managed. To manage talent in a maximum way would be like having a crystal ball that prevents what will happen in the future to avoid mistakes. There is, however, no such tool and that is why talent management is so important.

Management literature has for many years been dominated by talent management and there are many different aspects of this, but one suggests that there are two key dimensions that need careful consideration; these are those of "focus" and "fit".17 "Focus" relies on a clear organizational strategy, which job roles will be priorities and where talent pools will be sourced. "Fit" supports the strategic objectives in talent management processes, deals with challenges in the organizational culture, and regards the psychological contract between employer and employee.

Talent management in the sense of looking at an executive leadership talent has two different perspectives; a selection perspective, where common characteristics among effective leaders are identified and then you try to identify people who assess these characteristics.18 From a developmental perspective, the focus on identifying those best to take advantage of a developmental opportunity when provided and how to get the right people into the right experience rather than focusing on people that already possesses these qualities.

Besides finding the “fittest” and most suitable person for the position, talent management focuses on many other aspects and is often in the hands of managers and HR professionals. It covers terms as career development, human capital and fast tracking. If you take a broader scope, talent management also includes meeting the needs of the organization and the individual. Talent management can be used to describe the whole scope of human resources management, but this is not helpful when trying to narrow down the meaning of talent management into a leadership focus. Chartered Institute of Personnel and Development (CIPD) identifies talent management as “"the systematic attraction, identification, development, engagement/retention, and deployment of those individuals with high potential who are of particular value to an organization".19 The Institute for Corporate Productivity (i4cp) has identified talent management as consisting of the following practices:20

- Leadership development
- Succession planning
- Career planning
- Performance management
- High-potential employee development
- Learning and training
- Professional development.

---

17 Valerie Garrow, PhD, and Wendy Hirsh, PhD, Talent Management: Issues of Focus and Fit, Public Personnel Management Volume 37 No. 4 Winter 2008, p 389
18 Morgan W. McCall, Jr. HIGH FLYERS, 1998, p.120
19 Valerie Garrow, PhD, and Wendy Hirsh, PhD Talent Management: Issues of Focus and Fit, Public Winter 2008, p 390
20 Pat Galagan, Talent Management, T+D | may 2008 p. 42
These terms cover a very broad scope of talent management, and the perspective in this research will be focusing mainly on the section of high-potential employment identification and development.

One term that has become common when talking about talent management is “The war for talent”. The War for Talent describes the challenge that companies are facing today. The war for talent was written many years ago and has just gotten stronger since that, and the author described the situation as; “There is an ongoing battle to recruit and retain talented people in an environment where the economy is growing and the working population is on the decline”. From this overview I will continue with identification of the talented people and potential among employees. The background behind the war is the need of human capital in organizations and the underlying strategy that the people are the company’s most important asset.

3.3 Human Capital in organizations

The challenge in measuring attributes such as human capital is that they are intangibles and not measurable. To measure human capital in the organization, the organization needs to identify the people of the organization, and evaluate the pros and cons of their staff as currently configured. Many of the key people in your company will be attractive to competitors, and it is of great importance that these people are brought to attention early so that the company will not lose core competencies.

Human capital management is the umbrella that includes three primary components of corporate knowledge. The first is human resources (HR) functions that influence workforce development. The second is training, and the third is knowledge management (KM). There are few organizations today that have the ability to combine these three components, instead, they have separate solutions, and these seldom integrate with each other, which means that they fail to manage an organization's human capital effectively. As described in an article; “The HR department ends up handling recruiting, hiring and workforce planning; the training department tracks employee learning and performance development; and the KM department manages the organization's intellectual capital, ensuring that the right information gets to the right people at the right times”. These three factors can also be seen as alignments, capabilities, and engagement. Those organizations that value human potential build the value of people from the focus of these three critical factors.

---

3.3.1 Talent and potential

In some fields, talent is very visible. A person is very talented in playing an instrument or in learning new languages. But how to know whether a person is talented when it comes to being an executive leader for a company? This can only be answered after this person has had the experience of this kind of job, but still, managers need to choose new personnel for these kinds of jobs. In this case many of them could probably use a crystal ball.

The talent and potential in an organization exist in forms of its personnel. It is the organization’s human capital and the company’s most important asset. By identifying employees with potential, you can develop and retain the people that are vital for continued success for the company. The focus in this research is identifying talented executives, but one has to remember, that to make people with the right skills and potential evolve with the company's development and change, is just as important as to find the right man with the right skills for each task in the company. And this is why I have chosen to bring up the importance of development of personnel in situations of change like acquisitions and mergers.

In the process of identifying potential you might need to define the term “Unlimited potential”, potential to rise to very high levels in the organization or even potential to be CEO. There may be many employees who show outstanding performance but they may not have the potential to advance to higher levels. “Potential” refers to the level of complexity an individual could handle if he or she were to acquire the knowledge and skills required of a higher position. Developing knowledge and skills in high-potential employees is essential to their preparedness for advancement.\(^\text{26}\)

Human Capital in forms of talent workers will accumulate experiences in their work “portfolio” that enhance the value of that portfolio. People will work for your firm if they think the work they do will add value to their portfolio, a stand in proportion to the feedback they receive.

The question that many researchers are trying to answer is whether leaders are born or made and whether leadership can be taught.\(^\text{27}\) A person’s value as a human asset is directly related to his or her knowledge, experience, skills, and competencies and how these match the position the person is applying for.\(^\text{28}\) To assess the right people to the right positions, you need to do a potential forecast of the people. Many managers are here focused on the people that are most “fit” for the positions and not using the right evaluation methods for possessing the real talent of that person. This can be done by using methods and tools developed for this type of measurement.

\(^{28}\) Morgan W. McCall, Jr. HIGH FLYERS, 1998 p.109
This prediction is based on the performance of the employee, development needs and competency levels. But it doesn’t predict how people might behave or learn from a given experience. Most people are being seen as talented as a result of the experience they have had, not of what they might achieve in the future. This is why recognising the talent is such a critical resource. Not everyone can develop into an effective executive leader, and therefore it is important to identify those who have got the potential and the motivation.

People need to feel that they have the possibility to make a difference for being willing to learn new skills. When people feel that doing something that matters depends on mastering something new, they are much more likely to invest energy and time in learning it. Many people may never discover their talent or interest because they never take an opportunity that would allow anyone else to see it. To be able to identify who has talent and who has not, a company must have a talent management system and realize the importance of development and giving people the right opportunities. Organizations that are downsizing, rightsizing, reorganizing or involved in mergers and acquisitions needs to provide displaced people the support they need to make a successful transition into their next position or job.

Some companies have created “high potential” pools for identifying talent and providing those identified with special developmental attention and getting the talented people with the right stuff into the opportunities they need to develop the skills that the business strategy requires, with the final purpose to make sure that the company has a supply of well trained leaders within their organization. For encouraging people with talent to grow, the environment of the organization should provide them with opportunities to do so.

The talented people in the organization are also defined as the high flyers. These are the people who have got the right stuff for a leadership responsibility. The next section will define what executive talent is and who has got it.

---

30 Berger, Lance A. Talent Management Handbook. 2003, p.15
32 W. McCall, Jr. HIGH FLYERS, 1998, p.147
3.3.2 Executive leadership talent

The following example will highlight the importance of identifying the persons with leadership talent and having the right tools for measuring this.

Example:

Paul, CEO of his family’s fast-growing company, had once again been politely reminded by his board that, even if he was in his early 40s, the day would come— sooner than he realized— that he would have to pass the reins to a new leader. And Paul had little idea how to select his replacement. Of course there were members of the family who could take over. But did they have what it takes to lead the firm? Across town George, who runs one of the world’s largest health care companies, was having a similar thought. Although the company had achieved renown through spectacular mergers and great products, it lacked the high-potential managers required to move to the next level. “Frankly, I’m not as concerned about the next 24 months,” he confided to his senior team. “It’s who has the potential beyond that which really concerns me. I wonder how our brightest team leaders and our best product managers will fare when they’re running the new companies we inevitably will have to create. I wish I had a crystal ball.”

The previous scenario describes the issue that most managers are facing. Each level in an organisation requires a higher degree of mental processing. Leadership is a journey of personal development and it is the pleasure they take in their work that separates the extraordinary executives from the ordinary people. Finding persons with this talent is crucial to an organization, since inappropriate management style is one of the primary reasons why people want to leave their organizations.

Researchers discuss whether leadership ability can be learned or not but they agree that creating a context that supports development of talents can become a source of competitive advantage for the organization. Leadership ability is not seen as something that someone either has or doesn’t have, (only a failure can indicate that one really didn’t have it after all) and if only considering the background of the person, the fittest will not always end up at the top. The search for characteristics that diverse leaders from their followers can be used to identify leaders early and the acceleration of their development can be increased by putting them on a fast track to test and mature them.

35 W. McCall, Jr. HIGH FLYERS, 1998, p. 129
36 W. McCall, Jr. HIGH FLYERS, 1998, p. 4
The underlying belief regarding leadership talent and potential is that those who accomplish exceptional things possess this quality, and the right stuff is those qualities necessary for achieving that outcome. The talent of a person is seen as the right stuff, but different challenges should also be tested to identify who has the right stuff. Although it is important to know that a person has survived a challenge (and possesses the talent needed for that challenge), it is more revealing to know what challenges and tests are needed to get the person to demonstrate the needed skills. Beliefs about leadership based on right stuff should focus on finding people who have the abilities and then developing them, this meaning that the experience comes over time, but the importance lies in assessing who can make the best of that experience and who has the ability make the best out of a situation that demands leadership skills. The following picture shows how a talent can be identified through tests, even if they have not been in the right experience yet that would have shown their potential. These tests are a part of the crystal ball companies would like to have.

![Figure 2: Experience as a “test” from W. McCall, Jr. HIGH FLYERS, p. 12](image)

In most companies, the development of the leadership pipeline lies often in the hands of HR department, but one has to remember that successful leadership is about self-development and lies in the employee himself. There are stated characteristics that should be found in people with a gift for leadership and no matter what experience these are put into, if they lack these characteristics, they will not be successful leaders. It is impossible for managers in an organization to identify all the talented people, and it is in many cases up to the employee to get into the right experience to get the attention. In most cases, a person has to excell himself for getting this attention from HR, CEO or other employees. These are all together responsible for developing a sustainable pipeline of leaders.

Finding leaders with the right stuff is a growing challenge for today’s organizations. In the past, where organizational structures and markets were comparatively static, leadership was less complex. One model for leadership was enough for most organizations. Since most employees stayed with one organization for their entire career, the ones that fit the model were upgraded after time. This way of thinking will not work today. There is no single magic crystal ball that will help organizations predict the potential of future leaders. But there exist many processes and theories that can help organizations “gaze” into possible leaders and their leadership attributes. The key is one’s definition of potential that makes a big difference when thinking about predicting potential.

37 W. McCall, Jr. HIGH FLYERS, 1998, p. 10-12
One of these theories highlights three attributes of good leadership, these are:

- How a person thinks
- How a person works with other people
- How resilient a person is

The first question asks, “How does this individual set his or her business agenda?” The second asks, “How does this individual take others with him or her?” The third asks, “How does this individual present himself or herself as a leader?”

When trying to identify high-potential leaders by using this model, it is important that they show strengths in all of these three areas at high level. Weakness in only one of these areas often leads to imbalances and that can eventually result in failure. This is often the case of persons who are moved up in the organization based on the success of their past. This is often where the Peter Principle takes hold — promotion of people to their level of incompetence.

Many popular methods for identifying leadership potential have their limitations. Some fall into the Peter Principle trap, others fail to consider shifts in leadership scope, and some methods easily overlook possible candidates. This is why executives are in a need for a magic ball. Potential great leaders don’t have to be perfect. They don’t even have to possess a complete list of characteristics or competencies that is required for a leadership model in many organizations today. Predictors of leadership success have been shown to be a handful of key competencies, which in various combinations, often leads to outstanding performance. The three crystal balls described above (which are based on years of research on leadership competencies) address the key characteristics that are important, whatever assessment process or rating system an organization is using. Another aspect on leadership highlights the importance of problem solving. To be able to read the answers that the three crystal balls provide, an understanding of what level a person is operating on is necessary. As noted earlier, the variety of levels and various sizes of roles are one of the reasons that performance alone is not a good predictor of future success. To understand at what level a person is operating, you need to look at three areas: the scope of management; the scope of problem solving, and the scope of impact. By observing the behaviour of different managers, how they make decisions and solve problems, it is easier to understand the scope of problem solving and its impact on leadership.

From a study of talented people in 400 companies in the UK, most of the high flyers considered that they were “self-starters”, but some said that other people had been influential in their development. One form of help was supportive management, often from senior management involving in young high flyers schemes and senior management’s attention to project work being carried out by high flyers. Many of the high flyers want a “high level position” in the organization. With a background of talented people and executives, the following section will provide a discussion on HR function and development of key personnel in the organization.

---

42 Linda Holbeche, Aligning human resources and business strategy, 2001, p. 196
3.3.3 The role of corporate HR function

The development process is normally a task of human resource department in the company but they are rarely in a position to make strategic decisions. The most important area for development of leadership-skills is on-the-job-experience, and it is a task for managers to control and understand the importance of critical resources.\(^\text{43}\) The primary problem here is still how to provide the right experience to the people who need it for developing talent. To be guaranteed growth we sometimes need help identifying the experiences we need for that growth. Executive leadership skills are primary developed from experience.\(^\text{44}\) Many executives are making the mistake of creating management development with special programs and systems, without really identifying who has the potential and experience of really becoming a leader.

Leadership development and promotion of key performers is often very subjective, depending on who knows whom, instead of an objective selection process. This subjectivity can be seen as a threat to one’s job and survival in the workplace and create a feeling of unfairness.\(^\text{45}\) To develop assessment methods to ensure that right people are selected for their roles is one of the most important tasks for HR departments in organizations. It can also help the employees to see their possibilities and capabilities for new roles.\(^\text{46}\) It is important to think of the organization as a learning organization and the importance of getting the HR process aligned with the organizations business strategies. HR can help to implement high-performance work practices by creating a culture supportive to this kind of performance.\(^\text{47}\)

Talent management is very important for organizations that are concerned with their talent pipeline. This requires HR managers to “develop a much deeper understanding about the links between the business agenda and the capabilities of the most talented people in the organization, and also understand the potentiality for mobility around these people”. There are many different opinions about HR function in corporate strategy, and the dominant view in literature is that HR specialists are not typically key players in the development of the strategy. The role of HR can be seen more as attracting, retaining, motivating and developing talent to identify persons that are the strategic human resources, vital for the success of the organization.\(^\text{48}\)

A research focusing on groups of companies that have a different approach to HR functions has provided three different aspects of HR in companies; centralized HR companies, decentralized HR companies and transition HR companies.

---

\(^{43}\) W. McCall, Jr. HIGH FLYERS, 1998, preface (xii)
\(^{44}\) W. McCall, Jr. HIGH FLYERS, 1998, p. 2
\(^{45}\) Lauren S. Harris, Karl W. Kuhnert, Looking through the lens of leadership: a constructive developmental approach, Volume 29 Issue 1, p 51
\(^{46}\) Linda Holbeche, 2001, p.126
\(^{47}\) Linda Holbeche, 2001, p 125
\(^{48}\) Hugh Scullion and David G. Collongs, GLOBAL 2006, p 95
In decentralized HR companies, corporate HR staff had control of careers and over senior managers’ positions and high potential. The management development function became most important for developing local talent. The last one, transition HR companies, is companies that have grown mainly through acquisitions. The degree of control over management development is greater than in the two previous, and talent management and strategic staffing is more important due to the importance of international acquisitions.\(^\text{49}\)

### 3.3.4 Leadership development

The word development has two meanings. The first is identifying and realizing potentialities – strengthening what already exists. The second is development – bringing new things into beings.\(^\text{50}\) In leadership development, a “finite set of positive attributes” should become “multiple possibilities”. These should not be fixed; it should say that “if you don’t have it now, you might get it later”. It is important to identify strategic challenges that leaders must face and what kind of experience that could prepare people to meet those challenges. First then you know what form of development tools is needed and to whom they should be provided. “Creating mechanisms for moving talent into needed experiences, one has to assume that the needed experiences are to be found somewhere else than where people already are”. If this is not possible, developmental challenges might be found within the existing framework like in special projects, temporary assignments or task forces that all can create development when is needed but someone can’t move to it.\(^\text{51}\) The possibility to get the right person to the right place is often depending on the willingness of senior management for nurturing responsibility of a talent.

Companies that don’t invest in training and development for their people might eventually find themselves with an outdated workforce. Nowadays, people work for smaller firms and don’t work for the same companies for extended numbers of years. To change jobs after a short period of time is no longer seen as a stigma, switching jobs regularly might even be seen as a good experience in some branches.\(^\text{52}\) After all, people are hired for their potential in the first place and may not have all of the skills required, but if they have the potential and the organization is willing to provide the learning environment, the outcome will be positive. The person will feel valuable because the organization believed in him in and will feel a greater connection to his or her organization.\(^\text{53}\)

Talent management on a global basis is more devoted into combining local recruitment strategies with a more global approach, and the competition for talent is not just local. The question every organization needs to ask is; why would a highly talented person want to work for my company? Research has shown that senior management involvement is critical to the long-term retention of high potential staff. They must pay attention to the development and career aspirations.

\(^{49}\) Hugh Scullion and David G. Collongs, GLOBAL STAFFING, 2006, p 95  
\(^{50}\) W. McCall, Jr. HIGH FLYERS, 1998, p.11-12  
\(^{51}\) W. McCall, Jr. HIGH FLYERS, 1998, p.157-158  
\(^{52}\) Aldisert, Lisa M, Valuing People: 2002, p.52.  
It is definitely a key challenge for the acquiring company to integrate high potential employees into leadership development of the new company. The super keepers—people with high potential and performance who also personify the organization’s value-creating competencies are hard to identify and even harder to recruit and retain. An organization’s success can be directly traced to the quality and quantity of these individuals. Developing these people from within is a challenge but companies that have successfully developed their own super keepers have also gotten much better on keeping them from leaving by developing strategies and incentives. Organizations can not afford to not focus on keeping them since the replacement costs if they leave are too high.

Every organization has its own culture and every position its specific requirements. Before choosing candidates by their backgrounds, work experiences, and inner personal qualities, you need to assess the key elements in an organization culture (values, competencies, skills) and job structure. By defining these elements, you can match candidates that will make a good fit. The second step is to see if the candidates have the technical, management, leadership, and innovation skills and the appropriate style to fit position.

Many big organizations have “fast track” programs. Being spotted as a fast tracker usually means being a “high potential” person within the organization. This usually means being upgraded within a relatively short period of time (within a few years rather than in a few decades). These candidates are often challenged with new tasks within the organization, to see how they can perform. In reward they are getting increased responsibility and increased compensation. Recruiting talented people is a costly war for organizations and requires commitment to and belief at leadership level. If organizations find that their talent outweigh their money and ideas, they are in need of new creative solutions for attracting new talent, and prepare to work hard to keep their best performers. This is the war for talent that was highlighted already back in 1997 by McKinsey & Company as the term for the original research on talent management practices and beliefs. Today they have a global management consulting firm that helps leaders with improvements to the performance of their organizations.

Talent programs are usual in many firms and organizations today and based on the experience, education and personal skills of the firm’s people. These skills differ from leadership skills and require a different level of wisdom and experience, which doesn’t necessarily mean age. The next section presents some qualities and necessary attributes especially important for a leader to have.

54 Hugh Scullion and David G. Collongs, GLOBAL STAFFING 2006, p 100
55 The war for talent, McKinsey & Company, April 2001 p. 288
56 The war for talent, McKinsey & Company, 1997
57 Linda Holbeche, Aligning Human Resources and Business Strategy, p 290
58 Aldisert, Lisa M, Valuing People: 2002 p. 185
### 3.3.5 Leadership attributes

There is a widespread theory that only a few generic qualities can describe all effective leaders and if you assess these qualities, you will make a good leader. Instead, organizations need to consider that people might change over time as a result of their experiences. The company can easily develop a track record of results as the primary marker for their strategy, believing that the best suited for the position will survive the process without much nurturing.

Michael Dell and Bill Gates are examples of visionaries who were very wise at a young age. Leaders can distinguish themselves through their interpersonal skills. Although hundreds of books are written about attributes required for being a good leader, the following are particularly important as they focus on the development of human capital.

- Visionary. Leaders can see the future and identify possibilities before others. They are aware of upcoming trends and factors that affect the environment of their organization.
- People-Oriented. Leaders have to be both people and task oriented to be a good leader. They need to be optimistic about their people and give them feedback on their work. Their people want to work for them.
- Good decision-making skills. Leaders have to be able to make decisions within a reasonable period not to lose attention and respect of their employees.
- Communicating excellence. The effectiveness of individual communication will be measured by how subordinates react to their messages. Leaders also need the ability to listen, and show their people that they are being heard.
- Idea supporting. Strong leaders give their people the opportunity to explore ideas that lead to innovations.
- Focused. Leaders must stay focused on their goals and objectives to achieve results. Actions need to be followed through for ensuring that they have reached a conclusion.
- Ability to develop future generations of leaders. Leadership is not natural to everyone and future leaders need someone to inspire them. Effective leaders can show their people how to take action and commit to the company’s vision and mission.
- Intuitive. Potential to develop human capital. They know the value of people and will do their best to get the right people in the right situations.
- Self-leadership skills. Personal effectiveness and self-management.

When these attributes have been mastered, the leader is supposed to master a self-awareness that influences others. The following traits are a subset of self-leadership:

- Self-confidence. Strong leaders have to believe in themselves and their capabilities, even in tuff situations.
- Resilient. This attribute allows people to come back after set-backs and be able to move forward with the same confidence as before. Leaders need this to survive during turbulence and be a role model for the rest of their people.
- Initiative. Leaders have to take the first step. This is one thing that separate leaders from followers.
- Self-responsible. To be able to admit mistakes, learn from them, and move on.
- Respectfulness. Strong leaders must show respect, both to themselves and to others.
- Trustworthiness. Trustworthy leaders do what they mean and mean what they say.

---

Not all companies and industries require the same attributes, but these characteristics are central to effective leadership. By developing these traits, they increase their human asset value as well as their leadership capital. Leaders who strive to achieve their potential raise the overall value of human capital in the firm.\(^{60}\)

Another theory describes eleven dimensions of early identification of global executives, these are:\(^{61}\)

1. Seeks opportunities to learn
2. Acts with integrity
3. Adapts to cultural differences
4. Is committed to making a difference
5. Seeks broad business knowledge
6. Brings out the best in people
7. Is insightful: sees things from new angles
8. Has the courage to take risks
9. Seeks and uses feedback
10. Learns from mistakes
11. Is open to criticism

John Kotter at Harvard University stated that the best-led firms put lot of effort into identifying people with leadership potential and providing them with challenges and developmental experiences.\(^{62}\) Other organizations are doing this by moving talented people around the organization. For example, many old Japanese corporations routinely move their managers around different departments in the company. This is very costly and time demanding for an organization.\(^{63}\)

There are many examples of bad executives but it is harder to define a good one. One thing researchers has agreed on, is that actions of a good leader can shape the attitudes of its subordinates and they see it as a challenge to do a good job.\(^{64}\) Of course, executives have weaknesses too, but they have achieved their success despite of these and have both self-confidence and real strengths.\(^{65}\) To find a leader for a certain position means that the management team has to decide the key requirements for the role. “What attributes, characteristics, skills, or competencies will enable the person in the role to perform this accountability in an outstanding manner?” These attributes describe a person who asset that competence in an outstanding way.\(^{66}\) One important competence a good leader should have is emotional intelligence.

\(^{60}\) Aldisert, Lisa M, Valuing People: 2002, p.186

\(^{61}\) W. McCall, Jr. HIGH FLYERS, 1998, p.128

\(^{62}\) W. McCall, Jr. HIGH FLYERS, 1998, p.137


\(^{64}\) McCall, Morgan W, The lessons of experience, 1998, p. 73


3.4 Emotional Intelligence

One of the best theories of emotional intelligence is a theory by Daniel Goleman. The four characteristics are self-awareness, social awareness, self-management, and relationship management. The meaning of these will be described in the following text.

<table>
<thead>
<tr>
<th>Self Personal Competence</th>
<th>Other Social Competence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self-Awareness</strong></td>
<td><strong>Social Awareness</strong></td>
</tr>
<tr>
<td>- Emotional Self-awareness</td>
<td>- Empathy</td>
</tr>
<tr>
<td>- Accurate Self assessment</td>
<td>- Organizational Awareness</td>
</tr>
<tr>
<td>- Self-Confidence</td>
<td>- Service Orientation</td>
</tr>
<tr>
<td><strong>Self-Management</strong></td>
<td><strong>Relationship Management</strong></td>
</tr>
<tr>
<td>- Emotional Self-Control</td>
<td>- Developing Others</td>
</tr>
<tr>
<td>- Transparency</td>
<td>- Inspirational Leadership</td>
</tr>
<tr>
<td>- Adaptability</td>
<td>- Influence</td>
</tr>
<tr>
<td>- Achievement</td>
<td>- Change Catalyst</td>
</tr>
<tr>
<td>- Initiative</td>
<td>- Conflict Management</td>
</tr>
<tr>
<td>- Optimism</td>
<td>- Teamwork and Collaboration</td>
</tr>
</tbody>
</table>

Table 1: The Emotional Intelligence Competencies of High Achievers:

3.4.1 Personal competence

Self-Awareness:
- Emotional self-awareness: recognizing one’s emotions and their effects
- Accurate self-assessment: knowing one’s strengths and limits

Self-Management:
- Adaptability: flexibility in dealing with changing situations or obstacles
- Emotional self-control: inhibiting emotions in service of group or organizational norms
- Initiative: proactive, bias toward action
- Achievement orientation: striving to do better
- Trustworthiness: integrity or consistency with one’s values, emotions, and behaviour
- Optimism: a positive view of the life and the future

---

3.4.2 Social competence

Social Awareness:
- Empathy: understanding others and taking active interest in their concern
- Service orientation: recognizing and meeting customers’ needs
- Organizational awareness: perceiving political relationships within the organization

Relationship Management:
- Inspirational leadership: inspiring and guiding groups and people
- Developing others: helping others improve performance
- Change catalyst: initiating or managing change
- Conflict management: resolving disagreements
- Influence: getting others to agree with you
- Teamwork and collaboration: Building relationships with a creating a shared vision and synergy

Emotional intelligence and talent are close linked to each other; one can not be a successful executive leader if one of these is weak. This model above can be used as an assessment tool for emotional intelligence, but one should remember that there are many other factors and theories that are important. According to Goleman, emotional intelligence is a key to effective leadership and research has shown that 67% of the competencies required for effective leadership today are emotional competencies, since these are more likely to be effective in dealing with the leadership complexity.

Self awareness means being able to read your own emotions and recognize their impact for making decisions while accurate self-assessment means knowing your strengths and weaknesses. Self-confidence can be described as a sound sense of your self-worth and your capabilities. Emotional self-control involves keeping your emotions and impulses under control while transparency means displaying honesty and integrity. Adaptability is being flexible in changing situations or when facing obstacles. Achievement is the drive to improve performance to meet inner standards of excellence and you need to be initiative to act and seize opportunities. Optimism is seeing the bright side in events.

Empathy can be described as sensing other's emotions and taking active interest in their concerns. Giving right service is to recognize follower, client, or customer needs. To be an inspirational leader you need to guide, motivate, influence, and develop others: Bolster others’ abilities through coaching, feedback and guidance. You also need to be able to change or lead in a new direction. Conflict management means resolving disagreements, and by teamwork and collaboration encourage cooperation and team building.

Many organizations also use these characteristics to give positive and negative feedback to their employees. This feedback is often given by using a 360 system, which will be described in the next section.\textsuperscript{68} Emotional intelligence (EI) is defined as four clusters. The clusters are self-awareness, social awareness, self-management, and relationship management, just like mentioned above.\textsuperscript{69} These are divided into two groups, personal and social competence.

\textsuperscript{68} Murray M. Dalziel in Talent Management Handbook. 2003. p 59
Talent and emotional intelligence can not be seen as either black or white, but needs to be carefully considered and evaluated depending on the environmental and organizational demands. Depending on what strategy the company has and what tools their HR department is using and how big focus is on development, the company can be in a need of a talent identification process. I will in the next chapter describe one process called Talent Reservoir being used for this type of talent assessment.

3.5 Talent reservoir

Talent reservoir is a talent management process that takes into account some other aspects of the assessment process to identify competencies required by the organization. It identifies key areas of risk management and organizational deficiencies. Talent reservoir integrates all components of talent management: selection (both internal and external), competency and performance evaluation, coaching and staff development, and succession planning. When used in the selection process, Talent reservoir utilizes competencies in an organization as defined by stakeholders within the company and compares those competencies with a candidate’s skills and behaviour. The candidate selection has according to talent reservoir three different aspects, the typical script, the hidden script and then the talent reservoir script.

The typical script consists of a résumé, job description and other credentials. The hidden script contains the human factors that often are not taken into account when searching for talent. The talent reservoir script contains additional features like competency assessment, organizational fit and alignment to organizational values. When the process is used for selection, either internally or externally, the following steps must be followed:

1. Select the competencies needed for success in this job. These represent skills, attitudes, and behaviours and every organization choose their own organizational competencies based on their mission statements and core values. Typical competencies might be team participation, respect for others, communication, integrity, innovation, caring and compassion, financial responsibility, safety, professionalism, planning, follow-through, technical skills, and results orientation.

2. Define measurement scales. Rating scales to introduce a series of examples of successful behaviours relevant to each job in the organization.

3. Develop a structured interview outline by using the competencies and measurement scales. By using these, the recruiter develops a list of questions directly related to the job.

Talent Reservoir is appreciated for ensuring a workforce with the behaviours and skills linked to organizational and customer demands.71

3.6 Human capital review

To overcome the weakness that a lack of integration of key elements in the talent management system might create, a leading worldwide hospitality company named Marriott created a Strategic Human Capital Review. This talent and succession system provides line managers with tools, skills and impetus to make sure that talent and organizational capabilities are aligned with business priorities. This system consists of four different steps, and these are:

1. Get leaders to include talent and organizational capability with business priorities.

<table>
<thead>
<tr>
<th>Human capital review</th>
<th>executive and key talent review</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leadership continuity planning</td>
</tr>
<tr>
<td></td>
<td>organizational capability assessment</td>
</tr>
</tbody>
</table>

Table 2: Human Capital review

2. Enhance talent assessment criteria by using a Leadership Talent Development Inventory (LTDI) which for executives and high potential talents includes:
   - in-depth accomplishment review
   - detailed career history
   - multi-source assessment centres
   - supervisor evaluation

For each individual LTDI provides the following:
   - Performance overview
   - Strength and development areas
   - Development action teams
   - Identifies possible next assignments
   - Readiness for next assignment

3. Marriott uses an Organizational Capability Review (ORC) to help business unit managers assess the degree to which their organizational environment is supporting business priorities and talents.

4. The last step is to support business leaders in the HCR follow-up. This requires a strong HR department for Organizational Capability. The role of HR in the talent management process is more dynamic then the traditional human resource talent process.

Traditional view:
- Concerned with talent supply
- Slowly reactions to business changes
- Annual process style
- Led by HR

Human Capital Review:
- Considers talent and organizational strategy, in line with organizational data
- Dynamic activity
- Line owned and led, with HR support

Table 3: Traditional view on HR vs. Human Capital Review

---

Hugh Scullion and David G. Collongs, GLOBAL STAFFING 2006, p 101-103
3.7 360-Degree feedback

One of the most important tools in development is feedback. 360-degree feedback is a multisource assessment method for evaluating individual behaviours that has become one of the most popular but maybe least understood management and organizational feedback systems in recent years.\(^{73}\) Feedback from colleagues will help employees and managers to understand how others perceive their work.

Feedback tools such as the 360-degree feedback represent the “soft” side of performance that is not typically included in a company’s profit and loss statement. Even if most organizations use some feedback mechanisms, few connect these measurements to organizational performance. Feedback has been used for decades as a measurement of past performance and behaviours but it wasn’t until the mid-1980s that extensive use of 360-degree feedback became common for identifying strengths and development needs that might not be exposed in traditional performance evaluations.

Similar to the 360-degree, feedback is gathered from those most familiar with that participant’s performance: supervisors, peers, and direct reports. This way of gathering feedback from multiple sources provides a clearer perspective of the impact a leader’s behaviour has on others. Employee engagement assessments and feedback systems can help an organization to better understand its culture, satisfaction, well-being, and effectiveness. Many organizations today use employee surveys as a way to identify elements of organizational culture. These engagement surveys typically measure employee satisfaction, motivation, and effectiveness. Also, research shows that 360-degree feedback not only provides an understanding of a leader’s past behaviour, it also acted as a predictor of future success.\(^{74}\)

Using 360-degrees feedback system, managers can get access to how others perceive their leadership skills and what their development potential and personal strengths are. With 360-degree feedback assessments collected from all relevant sources, leaders can see if their colleagues' assessment corresponds to their own opinions. A strong theme among serious users of 360-degree feedback is long-term commitment and taking in the feedback they get. Clinton Wingrove wrote in his article “Untangling the Myths of 360”, that “Collecting feedback is relatively easy, but ensuring that people engage with the feedback, make sense of it and then actually change their behaviour is substantially harder. Comments such as, ‘I went through a 360 process and it was really interesting,’ are becoming more common.”\(^{75}\)

\(^{73}\) Allan H. Church, David W. Bracken, Advancing the State of the Art of 360-Degree Feedback, Group & Organization Management, Vol. 22, No. 2, 149-161, 1997

\(^{74}\) Maylett, Tracy; Riboldi, Juan. T+D, Sep 2007, Vol. 61 Issue 9, p48-52, 5p

3.8 Identification of personnel

In today’s business, you have a different situation than many years ago; many of the workers are temporary workers. This is a perplexing aspect of today’s world of work that you don’t know whether the people who work for you are actually your employees. They can be salaried employees or independent contractors. They may work full-time or part-time. They may work in the office or at home or on the road. The lines have blurred considerably, and it’s not so easy to distinguish who is who. Furthermore, companies are able to tap into the personal network of contacts of key employees. These personal networks are becoming an increasingly important component of an individual’s human asset value. Virtually all of the people who worked for a company were full-time workers accounted for on the payroll. To identify the background of these people and why they are working for your organization, you need to identify patterns, where does your best people come from, what is their track records and heir history and where did they start? What were the ankle points and why do they think they are where they are now?\(^\text{76}\)

3.9 Attract the best personnel

To create an environment for keeping the best people is a challenge to all managers. To start with, a creation of a talent mindset at all levels of the organization beginning with senior management can be set up. A talent mindset is the deeply held belief that building a strong Management talent pool is critical to achieving the aspirations of the company.

Create a winning Employee Value Proposition (EVP) that brings scarce talent through the doors, and keeps them there. The company should shape value proposition to its people. The EVP answers the question, “Why would a talented person want to work here?

To recruit great talent continuously, companies must always be on the prowl for top talent. They need to have a sense of who they are looking for, and do their looking in new ways and in new places. They must bring in talent at all levels of the organization, even at senior levels. To grow great leaders, the company needs to differentiate and affirm; companies too often give in to the temptation to treat all their people the same. The leading companies conduct clear-eyed assessments of their talent; they differentiate in how they invest in their top performers and low performers. They shower top performers with job opportunities that excite and challenge them, and pay them for the value they create.\(^\text{77}\)

On the basis of the reviewed literature and articles I have defined talent management and the important areas for defining talent. I have identified the importance of right assessment tools and getting the right people to the right position. To be able to answer the research question stated in the study, I will look into the talent management processes in Company X by moving on to the empirical part of the thesis, starting with a presentation of Human Capital Management services and Company X.

\(^\text{77}\) The war for talent, McKinsey & Company, 1997
3.10 Conclusions on Talent Management

It was first after getting to know the processes that HC Management Services uses for talent management that I was able to identify the main areas to consider when managing talent in a company. These fields describe what defines talent and what to focus on when choosing persons for higher posts. It also shows, that there are no exact handbook to follow for talent management, and that each organization needs to find their own part. In the next part of my thesis, I will give a description on the processes that are used by Company X and HC Management Services.

*Figure 3: Talent management*
4 PRACTICAL RESEARCH METHODOLOGY

As earlier mentioned, the qualitative research method is in the majority of cases related to deductive approaches. Through this method, I gathered the empirical data generally from few respondents. By using interviews, I can ask more detailed questions and receive more information thorough their answers.

4.1 Data collection

The empirical data collection was done through six interviews that provided qualitative data on talent management. The information was recorded and written down and within a few days I wrote a full report and categorised the data into the different themes investigated. Additionally to the interviews, I got access to company literature and tools they are using for their talent management processes to get a better understanding of these. In the following chapter, I will provide an elaboration on the access to data, interviews and critique on sources is given.

As mentioned earlier, the theories I chose were as a result of my growing knowledge within the field of talent management processes used by HC Management services. I got interested in these areas after reading some of the literature HC Management services are using for their assessment services and combined with my own interests I choose to focus on the areas included in my theoretical part. Data collection was therefore a quite natural process for me and the view I chose for my thesis is based on the literature I first read when coming to HC Management services.

4.1.1 Access to data

HC Management Services initiated the idea of talent management as a research topic since it is a part of their services to identify key personnel. Therefore, they provided literature and helped with searching for necessary information to achieve the best outcome. We chose Company X as research object since the topic is of big importance to them and many of the managers has together with HC Management Services developed methods for talent management. The interviewed had all good relationships to the owners of HC Management Services and therefore had positive attitudes and showed interest in the interviews. The topic chosen was seen as very important and as a part of their strategy. All six interviews were conducted during a period of two weeks, three of them in Helsinki, two in Tampere and the last interview with the owner of HC Management Services in Turku. Company X had provided me with company literature and brochures concentrating on talent management and on the tools they are using and that are developed in cooperation with HC Management Services.
### 4.1.2 The interviewees

To achieve the position Company X has today, they have to have a set of routines and processes for talent management and HR. Therefore, me and HC Management Services found it reasonable to talk with people from the HR department considering their expertise and experience in this area. The last interview with the President of the whole segment in Company X was to get a better overview of the strategies and goals of Company X, and to get divergent perceptions. The interviews were conducted with different levels and areas of responsibilities, all having managerial responsibilities, experience and understanding of talent management, and these were contacted first by a phone call from the owner of HC Management Services, then later by an email from me, providing them with some questions to read beforehand and be able to prepare. The email also contained information about the research area and research purpose. All the respondents had prepared beforehand and were keen on contributing hoping their answers would give valuable information.

The gender had no impact on the choices of respondents, but three of them were women and three were men. The age of respondents in Company X was from 31 to 46 and they had been working in Company X for at least 5 years. The three women have a education in Economics and the men has a M.Sc. in Engineering.

### 4.1.3 The interviews

The interviews were the primary empirical part. The two first interviews were not taped since I did not know it was a requirement, but the following four were taped. Notes were also taken during the interviews. The owner of HC Management Services had already explained to the
respondents the purpose and major contents of the interview, so the interview was mostly focusing on the questions. I had developed the questions and main topics based on discussions with the consultant at HC Management Services and the literature and these were used as a base for the interview, but follow up questions or other topics were discussed as well and the interviews gave some additional information to the literature section of the thesis.

The interviews were conducted with people that were involved and responsible for the talent management and can therefore be seen as trustworthy and valid.

There are three different types of interview techniques; structured, semi-structured and unstructured. In this study, semi-structured interviewees were applied, so that I could change, add or leave out questions depending on the characteristics of the interview. The opening question was always the same, but often when they started talking about talent management in general, they answered many questions at the same time and I could skip them. In this way, I never asked all of the questions in the appendix. This enabled me to get different opinions about the themes investigated and the interviewees could also affect the structure of the interview. It was important for me that they knew they could affect the interview and that I did not have any preconceptions about their work. Table 4 represents the list of the interviews completed. I was able to investigate her area of interest, while the interviewee could add facts about areas he or she found important for the outcome.

The five interviews made at Company X took place at their premises during a period of two weeks in Helsinki and Tampere. The interviews were more of a discussion on a pre set of questions provided to the interviews beforehand. The length of the interviews varied between 45 minutes and 2 hours. The interview questions were created based on the theory and on discussions with the consultants from HC Management Services.

<table>
<thead>
<tr>
<th>Position within Company X</th>
<th>Date of interview</th>
<th>Time</th>
<th>Atmosphere</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Vice President, HR</td>
<td>12.03.2009</td>
<td>1 hour 30 min</td>
<td>Tense, strict, relaxed</td>
</tr>
<tr>
<td>Vice President, HR</td>
<td>12.03.2009</td>
<td>2 hours</td>
<td>Relaxed, open</td>
</tr>
<tr>
<td>Vice President, HR</td>
<td>18.03.2009</td>
<td>47 min</td>
<td>Relaxed, concrete</td>
</tr>
<tr>
<td>Vice President, HR</td>
<td>18.03.2009</td>
<td>46 min</td>
<td>Tense, strict</td>
</tr>
<tr>
<td>President (business line)</td>
<td>20.03.2009</td>
<td>41 min</td>
<td>A little stressful</td>
</tr>
<tr>
<td>Consultant, HC-MS</td>
<td>02.04.2009</td>
<td>49 min</td>
<td>Calm, relaxed</td>
</tr>
</tbody>
</table>

Table 4: The interviews

The two first interviews that not were recorded differed from the ones who were recorded. They lasted much longer, since the discussion was much more open and also contained more small talk. I did not find the information more sensitive during the first two interviews, but definitely more relaxed and free. Especially the second interviewee had a lot of great stories to tell about his work life and about the company in general. The atmosphere was stricter and you could tell that his time was very limited. His phone was beeping a lot and his secretary interrupted us one time.

---

The quantity of interviews conducted was satisfactory to me since they gave relevant knowledge on the area investigated and considering the theoretical situation. Since I also had a lot of contact with the consultant at HC Management Services about this topic, I gained all necessary information and additional interviews would not have added more relevant knowledge. The feedback of the respondents was in line with the scope and requirements of my aim and after the interviews were ended, the collected data was analyzed and discussed with the consultant at HC Management Services.

4.2 The interview questions

The questions were created based on the research area that HC Management Services had proposed and the theoretical content I had chosen to highlight in my study. The questions were constructed from the research problem, how Company X manages talent. The interviews were conducted in English since the mother tongue of the respondents is Finnish. Since Company X is a global supplier, everyone is required to speak fluent English so it was not an obstacle to conduct them in English. Every question was focusing on only one area to get a clearer picture of what the respondent thinks about the subject in focus, but since it was a semi-structured interview, one question could cover many areas.

I had different themes to function as an interview guide during the interview to make sure all the categories described in literature were covered. The following subjects from the literature theories were in focus for the questions:

- Talent management processes
- The role of mechanisms
- The role of HR
- Leadership development
- Tools used for evaluation
- Assessment services
- Learning and training
- Leadership attributes

4.3 Conclusions drawing

The conclusions made from the interviews and the information I got about Company X and their processes for identification and management of talent will be compiled in a data analysis and the facts that emerged in the data collection will be included in the analysis. I have applied mechanisms used for talent management at individual, group and organizational level to describe the view on talent management and identify patterns and talent management processes in Company X. This will also be verified to the theoretical framework. I will try to create a picture of how Company X manages talent in their organization by using different tools and mechanisms, and also analyse the role that HC Management Services has in this process and what especial use Company X has of their services. Thereafter, the gained findings will function as a basis for recommendations made for answering the research question:

- How can a company manage leadership talent successfully to gain competitive advantage and benefit from services provided by outer assessment services?
The methodology chapter revealed the philosophy, approach and strategy used in this research, ensuring the right method has been used for ensuring validity and reliability. The next chapter will provide an analysis of the data.

4.4 Processing of primary data

All the material from the interviews was written down almost immediately after the interviews by using the notes I had made during the interviews. After all the material was written down in a structured way by using the notes taken during the interview, I divided each theme into three different categories; line manager, HR personnel and consultant. This way I got a clearer picture of how talent management is handled at different levels inside and outside the organization. It also gave me a better picture of how the respondents had answered and a possibility to identify similar patterns between them. After this, I made general conclusions of talent management in company X that I compared to the literature theories found on the subject.

4.5 Reflections on Method

As I only have a theoretical background within the subject of talent management, I am mainly influenced by the conclusions I have got from reading about this theme and from HC Management Services. The company names and descriptions might feel limiting to some, but this allow a deeper insight into the practises of the company that would otherwise be to integral to be published.
5 ORGANIZATIONAL GUIDELINES

This chapter is included with the purpose to give the reader a clear picture of the companies in this thesis, their activities and services. It is also to give a description of the mechanisms and processes used in HC Management Services for identifying potential.

5.1 Human Capital Management services (HC Management Services)

HC Management Services is a consultant company located in Turku, Tampere and Helsinki, owned by the operating consultants that provide companies and organizations with personal assessment services related to internal and external recruitment as well as to identification of development potential of key personnel. Their clients are internationally operating industrial and service companies that grow both organically and through business acquisitions. Human Capital Management stands for continuous assessment and improvement of people’s competence as well as early identification of potential are considered prerequisites for success in these companies.

Human Capital Management Services Ltd. has developed special tools for indentifying talented candidates in recruitment processes and among young professionals and managers inside the organization. Their aptitude test processes are conducted by authorised psychologists who have considerable testing and method knowledge in their use. After test processes, they provide their clients with reports including a clear verbal description of each candidate and a definition of his / her strengths and development needs required by the task.

HC Management Services are best suitable for companies that

- are implementing strategic change or organizational change in general.
- are seeking growth by business acquisitions and company restructuring.
- want to invest in talent management processes.
- want to ensure the timely encountering of potential persons and challenges.
- want to activate key personnel’s continuous self-development.
- have introduced the resource review practice and want to strengthen the ownership of the management in the personnel strategy.

Their methods are

- integrated “quality defining” in relation to the goals
- positioning of the participants using the dimensions current contribution vs. development potential
- staffing design of the organization: a grid of tasks vs. persons
- feedback: activation of self-development, sparring of superiors to the ownership of review processes

Before purchasing decision, as a part of HR due diligence process, HC Management Services will quickly collect basic information from the already existing personnel data regarding the personnel’s demographic features, background, compensations and liabilities.⁷⁹

⁷⁹http://www.hc-ms.fi
HC Management Services already have a clear strategy for talent assessment and development, but I will further investigate whether there is a need for mapping of potential and key personnel, a track record of earlier experiences and background of the persons like depth career history review of the key persons and demographical facts.

5.2 Company X

Company X is a global corporate supplier of sustainable technology and services for mining, construction, energy, metal recycling and the pulp and paper industries. The company has almost 30,000 employees all over the world with employees serving customers in more than 100 countries. Company X consists of three different industries. Each of these industries has their own Board of directors. Net sales by market area in 2008: 41 percent of net sales came from Europe, 16 percent from North America, 24 percent from Asia-Pacific, 12 percent from South and Central America and 7 percent from the rest of the world. Their corporate office is located in Helsinki, Finland, and they have acquisitions in many different countries. Company X is one of HC-Management Services most important clients and they have established a long-term relationship.

Company X offers a wide range of solutions and services for automation and information management application networks and systems, field control technology and life-cycle performance management. Their main customers are the power, oil and gas industries as well as the pulp and paper industry. The interviews have been held with HR Presidents and Vice Presidents for one business line that is a part of Company X three main segments, energy and environmental technology. The last interview in Company X was held with the President of the whole business segment to get a better overview of the situation. This segment has 6,357 employees, of which 41% are located in Finland. The business line from which the interviewees were chosen is within Automation business line, which is consisting of different units.

Human resource and talent management are key strategic areas for Company X. The expanding geographical scope of their operations sets new requirements on the management of personnel competence and performance. New business competence and ways of thinking are required for the short-term immediate measures as well as for achieving long-term strategic goals in Company X and my investigation in talent management processes is therefore very appropriate to investigate within Company X.

HC Management Services are providing Company X with assessment services within the talent management processes. In my research with Company X, I will ask questions about their talent management processes, and how outer assessment services are valued by Company X. In my survey, I will use a qualitative approach and interviews with managers in Company X who have the responsibility for identifying the key personnel and who are familiar with HC Management Services. I will also interview Matti Reinikainen (certified psychologist and management consultant at HC Management Services about investigation of potential) to get a different view of talent management.
5.3 Talent management processes in Company X

To provide relevant recommendations for talent management in Company X and the need of outer assessment services, the concept of talent management in Company X needed to be elaborated and understood. Analyzing talent management, the way it is utilized helps both me and HC Management Services to understand the way Company X is operating. When all the interviews were conducted, the data was elaborated and this enabled identification and evaluation of the pattern emerged in Company X context of talent management. This chapter will involve a presentation of the talent management processes in Company X that have been established and are a part of their strategy. It will also provide a picture of the assessment processes used by HC Management Services for identification of potential. The information considering the categories of talent management are extracted from the interviews and analyzed from three different points of views, as well as the processes they use.

5.3.1 Identification and development of leadership talents

Company X has developed brochure for the identification and development of leadership talents that is available to everyone. In this brochure, they describe their strategy for their people process, and introduce the Company X People Process in detail. They state that “It is vital for Company X to pay more attention to the availability and development of such capabilities that enable us to reach our goals and guarantee customer satisfaction, employee motivation, and good return on our investment for our shareholders”.

They also state, that “systematic identification, assessment, retention and development of current and future management resources prepare the ground for successful leadership in Company X”. For this purpose, they have developed the Company X People Process, which is a set of processes, practices and tools, which ensures that they will have competent leaders available at the right time, at the right place. The Company X People Process includes the Performance review, Management Resource review and Leadership Development. According to Company X, leadership is a career choice, which matures and develops through various career stages that differ from each other through the extent of core responsibilities.

<table>
<thead>
<tr>
<th>Executives Team</th>
<th>Business Areas’ core management teams</th>
<th>Business Lines’ management teams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core responsibility:</td>
<td>Core responsibility:</td>
<td>Core responsibility:</td>
</tr>
<tr>
<td>- translate and execute company vision into business strategies and new business concepts</td>
<td>- General business management responsibility</td>
<td>- Functional responsibility</td>
</tr>
<tr>
<td>- ensure future people potential</td>
<td>- Profit and loss responsibility</td>
<td>- implement strategies through action plans</td>
</tr>
<tr>
<td>- promote wide performance and competitiveness</td>
<td>- Cost budget responsibility</td>
<td>- Core responsibility</td>
</tr>
<tr>
<td>- strategy creation</td>
<td>- Leadership standard</td>
<td>- direct reports of Business Line Management teams</td>
</tr>
</tbody>
</table>

80 Table 5: Managerial career stages in Company X (Governance brochures)
5.3.2 Performance review

All leaders at Company X must challenge themselves to continuously perform better and that their teams perform in the best possible way. This gives everybody a chance to take action to improve performance. The performance review reveals what skills and capabilities that need to be further developed to meet the requirements of various tasks, defined business objectives and individual targets. The performance is also rewarded with compensations that can be based on position-related responsibilities, personal achievements or company profit related results.

5.3.3 Management resource review

The Management Resource Review is an annual systematic process taking place between a manager and his superior as an integrated element of strategy and business planning. The outcome of these discussions is to identify individuals with potential for career enhancement and nomination as successors and deputies for key positions. The review works as a link between business strategy and long-term human resource planning, with the ultimate goal to generate a solid flow of competent candidates for management positions in Company X.

5.4 Assessment in HC Management Services

The interview with the consultant at HC Management Services provides information about their activities and organizational strategies. The following chapter will give an insight to their processes and assessment strategies. This model shows the whole process for identifying the persons with the “right stuff”. The talent needs to be identified by mechanisms and by getting into the right experiences. It is a part of the business strategy in Company X to identify the right stuff among their personnel.

---

Figure 5: Developing (executive) potential (Morgan McCall p.144)

---

81 Managing Talent and Executive leadership, Governance internal brochure p. 7
Based on this information, it would be possible to optimize the use of talent across the organization and highlight talent gaps.

5.4.1 The core of talent: learning from the experiences one will have

- Is committed to making a difference and success
- Seeks broad business knowledge
- Has courage to take risks and to take a stand
- Acts with integrity
- Brings out the best in people
- Seeks opportunities to learn
- Seeks and uses feedback: learns from mistakes, will change as a result of experience
- Is insightful: sees things from new angles, is reflective as regards to experiences and actions

5.4.2 Methods for assessment in HC Management Services

When a clear picture of talent management in Company X was established, I wanted to find the backgrounds to explain their view on talent management, and this was done through the last interview with the assessment consultant.

Findings in empirical data are presented in the next chapter and describe the different views on talent management, HR view, line management view and assessment consultant view. These findings will together with findings in organizational empirics be compared to literature theories in the final chapter.

---

Figure 6: Key persons’ quality review (Own possessing of material)\textsuperscript{82}

When a clear picture of talent management in Company X was established, I wanted to find the backgrounds to explain their view on talent management, and this was done through the last interview with the assessment consultant.

Findings in empirical data are presented in the next chapter and describe the different views on talent management, HR view, line management view and assessment consultant view. These findings will together with findings in organizational empirics be compared to literature theories in the final chapter.

\textsuperscript{82} www.hc-ms.fi
6 EMPIRICAL DATA

This chapter presents the empirical data and gives a presentation of the respondents’ perception of different talent management processes. It also illustrates how Company X manages talent management and the mechanisms adopted. The analysis is based on the interviews and the processes and environment they exist in is analyzed. I compared the view on talent management of the HR leaders to the President’s view, to get a broader scope from different levels in the organization. I also included a different aspect on talent management from the interview with the management consultant at HC Management Services. I will try to capture the talent management processes in Company X, and compare these findings to the literature theories. The summation of findings from the interviews will be compiled in a table including the view on talent management seen from the three different points of view. This will later on be followed by a comparison to the theoretical findings in these areas.

All respondents are very familiar with the field of talent management and represent a very high standard for handling talent management processes in a company. In the next chapter, I will discuss the different views on talent management and its featuring fields. The analysis of the talent management processes in Company X is based on the interviews, the organizational material provided by company X and the material provided by HC Management Services. Since the processes and tools used by Company X are developed in cooperation with HC Management Services and the interview also strengthens these processes, they are reliable and valid. The questions were different for the HR managers, the Line Manager and the Consultant. What needs to be remembered is that all of the interviewees are working for the same goal, to find the most suitable persons for key positions in Company X and whatever differ their opinions from each other is because of their different positions, experiences or location in the company.

6.1 Talent Management

The overall picture of talent management in Company X is that it is of very big importance. Human resource and talent management are key strategic areas for Company X. The expanding geographical scope of their operations sets new requirements on the management of personnel competence and performance. New business competence and ways of thinking is required for the short-term immediate measures as well as for achieving long-term strategic goals in Company X and my investigation in talent management processes is therefore very appropriate to investigate within Company X.

**HR level** – The view on talent management from HR point of view is that they are depending on talented persons. HR management; you specifically need to think about what is needed for developing a talented workforce. Their most important areas are the MRR, the performance review and the salary planning. These need to fit together, and they must make sure that their efforts is placed on the right focus and target.

Their aim is to hire better and better people, and the most crucial when a vacancy appears, is to analyze what people are ready to take in to make a change. In this business, you don’t just need people; you need people who understand the business. Training and development is mentioned by all the HR Managers and that they can be quite selective when it comes to
competencies. The talent pool is quite limited when it comes to really high positions and these are not easy to find all times. For managing their talent, they need a deeper analysis and assessment. They have a list of “high pos” and stars and they try to put effort into developing these. Their internal management pool is a result of the MRR but these are not told that they are “high pos” since it is not a stable position and might change from year to year. However, they need a deeper analysis and assessment. This is a part of their long term perspective for the company and they always try to find a developing carrier path for these persons. When an open vacancy appears, they try to offer this job to people that has a carrier path that this job would develop. They need to spread their competencies and it is even more important for the individuals themselves to see that they can make use for what they have learnt so far. In HR management; you specifically need to think about what is needed for developing a talented workforce. If you have a sales team and you need these to be service oriented and friendly, you need to give them respect and make sure their line managers are people who can reward them in the right way and can select people with the right mindset for these kinds of jobs. The challenge is in keeping these people. It might take those ten years to get to know the products, and this is very valuable to the organization. Even if you have the talent and potential to grow, experience and knowing is a key factor for success. First, you need to identify different groups, what are the key strategic requirements for each group, develop them by long term training, and then try to keep them in the organization.

**Line Management Level** is more concerned about finding strong leaders for the company. They are in charge of the whole talent management process and success lies in their hands. In Company X annual report, they have a strategy execution for 2008-2012 where they mention “talent and competence development”. The line manager stated that, in a company, most important for developing talent is to rotate people. When they take in new personnel for example from universities, they need to start at a job, and learn that job totally. When one has become good in one job, the company should make sure that they are rotated for example if one has been in service, one should go to projects or sales to get an overview from several different jobs and be challenged for maximal development and to become more valuable to the company and to the market. One should get the international experience needed, and the line manager said that companies today are not focusing enough on rotating future talents to get the experiences they need. No one will benefit from being 10 years in the same position within a big company.

Whatever management team you have, next year they will need a better one and they need to make changes for achieving that. It is just like a football team. If you are playing in division 3 and want to reach division 2, maybe you need to hire some new talents to your team, and replace others. Not all players will continue if you make it to division 2 and it is a tuff call for every manager to keep his group in the new division. They may need to take in external sources and train a lot to be as best as they can to achieve their goals. People need to be pushed out of their comfort zones and want to face challenges to become a specialist. It is very easy to choose an easy way but this will not develop people enough for becoming high potential persons.

**Assessment Consultant** – For managing talent, you must go under surface level. Not only look into skills or competences, but go beyond these and try to evaluate those gender/genetic factors that are predicting who can learn those skills and differentiate whose learning skills are the best. And this is what is so difficult. You can speak about a powerful or strong person, but on operational level they have tried to investigate and research this phenomenon. Another
issue he has investigated is the question of potential, and the difference between a strong person and a potential person.

6.2 Tools

The different mechanisms used for identifying and developing talent don’t differ much from the different organizational levels in Company X. A performance appraisal system is the Management Resource Review that is used for evaluating personnel’s performance on annual basis.

**HR level** - The purpose of the Management Resource Review is to understand what leadership and management capabilities they already have to ensure that they are moving to the right place. They have a database where each manager is evaluated to see if they can move and if they have potential for a more demanding job with more responsibility. There exist also a matrix model that represents the outcome after discussions about potential and talent. Where a person stands in the Matrix is depending on their predicted talent abilities and potential. Their performances are evaluated by numbers, and their management/leadership capabilities are discussed from this outcome. The recruitment process is never the opinion of one person, and it’s linked to performance review and appraisal. Overall, the most important measurements are the management resource review and the four facet analysis that has been mentioned during the interviews. The purpose of these seems to be twofold;

1. To discover how a person has achieved his or her target in a development discussion
2. To evaluate his or hers behaviour competences

They have self assessment tools for preparing job interviews but not for doing the person assessment. When a higher officer position is replaced, the new person is evaluated after four months in a performance review. This review is normally on an annual basis, but when a new person is starting a job on this level, it is more important to do the evaluation. This performance review is often mentioned and seems to be a key issue in the hiring process in Company X. Company X uses 360 feedback as a tool for the resource review, to be used as a tool for personal feedback and self awareness in a professional and confidential way. Since the 360 feedback has been a systematic tool in Company X for only the last 6 months, they have not seen the outcome from this yet. If it is used right, it is effective, but the threat here is if it becomes a weapon that is used for management assessment, which is wrong.

<table>
<thead>
<tr>
<th>Potentials, Talented Prospects</th>
<th>Real Keys, High Performers</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Give challenge, develop</td>
<td>- Invest, commit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Further Analysis needed</th>
<th>Solid Performers</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Need to analyze performance disablers</td>
<td>- Commit and develop</td>
</tr>
<tr>
<td>- Level change or other action</td>
<td></td>
</tr>
</tbody>
</table>

*Table 6: Four Facet Analysis (Company X Organizational guidelines)*
**Line Management level** – The interviewee was involved in the development of the grid used for evaluating personnel. He thinks it is good as a tool, but highlights the importance of it being actionable, and forces people to make actions and provide persons with challenge positions. Here again he used the example about the football team, if you raise the expectations, some persons will fall to a lower level. It should evaluate managers to think that his team is strong enough and what actions need to be done. He points out though, that you should not focus too much on the processes as a tool, but more on the targets and that you have set up measurable goals for your team. Then comes the most important thing and that is to develop the action plan for the team and what needs to be done to reach those goals.

**Consultant** - The philosophy behind HC Management tools is to integrate a broad spectrum of information. Track records is one of the most important tools, but can not use only structured and disciplined tools, they also need to do assessment. HC management services are doing more assessment than testing. Tests are useful, like 260 degree feedback that is common used as a complement to the 360 feedback. To develop good validated ways of assessing track records is possible, but for doing this, you must be able to measure strengths of people.

The whole idea behind using physiological tests for potential assessment comes originally from another company and it was a challenge for HC Management Services to develop better systems and tools for assessment. The grand idea in their development process is potential assessment. You must go under surface level and try to evaluate those gender/genetic factors that are predicting who can learn those skills and differentiate whose learning skills are the best. Assessors need a multi tool attitude and a broad comprehension of the firms to be successful in their work, and therefore they need to know the companies they are providing assessment services. The biggest challenge for them is how to read and understand track record facts.

Appraisal system is more then a tool, it is an important process, and if some company calls them to make this, it is often because they have planned some changes in their organization. Maybe they will start up business in a new area, or make a strategic shift in business focus and need to match those keepers and key persons in a new way. First they must see what kind of mismatch there is in the company, interview and test candidates. Before the process, the company will inform the candidates that they have big possibilities with participating in the process.

6.3 Assessment Services

**HR level** - When Company X has good candidates for a position, they are sent outer assessment such as HC Management Services. Company X often sends the top three candidates for evaluation, depending on the situation, sometimes more. Company X doesn’t have psychological expertise in this area and can not do the assessment needed. Especially in cases of internal transfer, if there are some hesitations, these sorts of reports and opinions are much appreciated. All of the interviewees have a close relationship to the management consultant at HC Management Services and states that these kinds of reports are important and if the result in these differs a lot from their own conclusions, they have a problem. Most often though, the reports are in line with their own perceptions of the person, and to take the final decision is always a task of the line manager. Assessment consultants are always used for personal analysis, and they don’t normally use tools as self-analysis tests, only for lower
positions. The consultant’s opinion is more of a tool for those cases where they have some concerns about someone or for choosing the final candidates. If they are not sure about something, they might look especially on those things in the report and by discussing with the consultants; get a second opinion on the candidates. The report is more of a support and a second channel of information. Normally, there are no big surprises but there have been some candidates where their opinions have differed.

**Line Manager level** – Assessment reports vary a lot depending on what company they use. Some write 20 pages including a lot of grids and statistic which can be thrown directly away, while others can give a very good judgement on only a few pages. The accuracy is better if they are using the same company since they get to know Company X, their strategy, and environment, and the validity the reports will increase a lot. He states though, that reports are never totally the truth, but a necessary tool to have outside the review and can see through the people in another way than the managers interviewing the people can. It provides a good third opinion for choosing the right personnel and a calibration compared to what conclusions they have made. Discussions made with companies like HC Management Services can also be valuable when a manager has difficulties in his team.

**Consultant** - The written reports are a result of the different processes in the assessment evaluation of a person. This includes track record, tests and interviews. The reports include a description of the person’s strengths, personal attributes and recommendations for positions and development areas. The assessment process includes:

1. **Auditing objectives**
   - defining participants’ quality standard with relation to competency, ability and procedure demands set by the strategy implementation of corporation / field
   *Tools: Track Record Analysis, Tests and Interviews, Group Processes, Performance Appraisals*

2. **Organizational development objectives**
   - producing data based on analysis of key persons’ competences, personal strengths and potentials.
   - producing data on development needs and on functionality and internal state of the organization
   *Tools: Tasks vs. Persons Grid, Organizational Assessment Questionnaire*

3. **Talent Management objectives**
   - who are the persons that need to be kept on in the organization
   - who are the potential successors of current key positions
   - which development and replacement measures are needed
   *Tool: Fourfacet according to Boston Matrix using the auditing results: current vs. potential contribution*

4. **Personal development objectives**
   - activating participants to develop themselves on the basis of feedback
   - activating superiors to hold ownership in the staff development
   *Tool: Written and Oral Feedback, Superior’s feedback within the talent management framework*
6.4 HR function

The idea behind this subject was to clear out if the view on HR function is the same in Company X on different levels, and what is the opinion from the consultant. Corporation view on HR: different at different levels, and if the expectations from line management are met by the HR department.

HR level – The view on HR was twofold from the four interviewees in HR department. Two of these were more focused on business (2 & 2) while the other two (1 & 4) were more focused on administration tasks. The purpose of HR function was however the same, to understand what leadership and management capabilities they already have to ensure that they are moving to the right place. For example, the Vice President of Human resources in Flow control business unit said that to fill vacancies of country managers is their biggest task, since this is the most essential group of workers with similar jobs and responsibilities.

The role of HR has also changed. The old one was to take care of people in the organization, but the new one is to take care that they have real professions in the organization and that HR uses the appropriate tools for assessing this.

The role of HR is according to them:

1. Top recruitment
2. Management succession planning
3. Participation to the strategy roll-out

Line Management level - His view on HR is that HR is always a responsibility of line management. They are professionals that should make sure all the tools and measurements are appropriate for the targets, and they are creating a job culture. Company X is going through a lot of changes and is facing a new situation. His solution for facing the new changes has been to appoint a new Senior Vice President in charge of HR. Even if he says that the old one is doing an excellent job, they have been working together for so many years and it is hard to learn new ideas and change the current pattern and that is why new fresh ideas are needed in form of a new person in charge of HR.

Consultant level - He stated that talent management is a responsibility of line management in the company, and they must be very diplomatic with HR in their company. Line management are owners of the talent management processes, and HR is the assisting organization. There exist many wrong preconceived notions on HR in organizations One is that they have the ownership of people management. This is in his opinion wrong. Talent management should be a question for line management.

6.5 Key performers

HR level - One of the interviewee think that Company X is more focused on leadership skills than on technical skills, and thinks that the company should change into being more technical oriented. She also believed more in the term of talent ladder, that one person can take a technical job and grow in that position rather then focusing on managerial tasks from the start. Someone can start as a trainee, and then be an engineer, later a manager and then maybe, if
they want to, a higher officer. Let the leadership capabilities grow after they are defined. She says that to be identified as a good leader, you need to show that you can take a broader role in the future and have potential to develop. The real talent is needed in the technical jobs and the organizational structure. They must focus on their core competencies and make sure that these areas have enough of talented people. One if the interviews also note that talent is not the same as leadership skills. To be a good leader, you also need to have a horizontal view and not see things through the vertical pipeline.

The four facet analyse is evaluated in numbers from 1-5. The previous chef of Automation had a vision that everyone hired in the company should be somewhere in the middle of great star and high potential and give hints of performance and potential. 70% of employees are in the solid performance square, they do their job well but not everything. The organization need a high performance enthusiasm, and must identify and take care of this enthusiasm. But, he stated, that there is a risk with treating people like high performers and talented. They might become so caught up in this believe, that they will start acting like princes and princesses in the end. Even if spotted as a key performer, you need to be able to keep your feet on the ground. For evaluating potential, they always do a top team resource review and a deep analysis of the interviewed. Someone is always in the “further analysis needed” square, but the most important thing is that it not is the same person year after year. Factors that marks key personnel is according to him

- Experience from working in several functions
- Some period of working abroad
- Basic education in the right field

“Everyone can acquire, switch carriers, go abroad and get a basic education”, that doesn’t mean you are ready for a high position. You can even skip some skills if you have the right attitude, since these can be learned later. Attitude is something you either have or not have.

As a result, the most important attributes for key personnel’s are:

- Willing
- Ready
- Able
- Possess the right attitude

One thing that came up during the interviews was that even if a person is spotted as a key performer, you need to be able to keep your feet on the ground. There is a danger in letting people know that they are “high flyers” since this not is a stabile position but might change. People might also expect different treatment after being spotted as key performers.

**Line Management level** - . People need to be pushed out of their comfort zones to become a specialist and want to face challenges. It is very easy to choose an easy way but this will not develop people enough for becoming high potential persons.

**Consultant level** – To be a key person, you need to be able to learn from experiences, not from books. “You need to be street smart - not book smart, and assess tactic knowledge and fingertip knowledge. Ability to learn from experience means that if you predict success for one person, who has in the end learned most from the experience. Even if two persons has the same background factors and experience, one might moved more to managerial tasks since
this one could learn more. He or she takes new positions as possibilities to learn rather then what kind of authority they will get. He or she who is more willing to learn will develop better commitment to his or her work. Human being learns what is really important to them. Those who are candidates for top management are those who are more eager to learn and willing to use feedback from everything they are doing.

6.6 Training and development

**HR level** - Company X has got their own training program, Competence Team Finland, CTF. They arrange training by pulling together people from outside with training skills and they provide IT-training, language training, safety training, leadership training etc. Some training they select themselves, and they have a sales development program covering Europe, Africa and South America. The training programs are also a good way of getting to know the employees and create opportunities for development. Every vacancy is a possibility to change, and this is done by filling these vacancies with talented people. Within the business unit of process automation systems, they have a competence centre and internal training programs where needed. They provide training for challenging jobs and have their own programs for pushing the personnel’s skills and capabilities. Right now they are especially focusing on sales and service and trying to put effort into these groups.

An overall opinion among the HR interviewees is that sales are in need of training right now, and business needs first priority. Service sector is in a growth stage and needs a good strategy and training. They already have the technical competences and should focus on developing talent in places they are unfamiliar with or new areas. One of the managers say that Company X is relying too much on classroom training. The training should work as a navigator or compass, especially important in organizational change. The biggest mistake is to recruit wrong, and then try to fix it with training and development. You need to do it right from the start. You need to estimate right, and it is only a guess who might be the best one. You just need a reason to believe that this person really has it, or has not.

**Line management level** - 5 years ago, Company X was in a crisis, and they had to reduce their expats which means that they now should more actively invest in training and hiring more actively and encourage especially young people to go abroad. He is concerned about how the young people today will be able to get the experience they need for being able to run the business successfully in the future.

**Consultant** – Training and development in a company such as Company X will always be needed, and the consultant is involved in development discussions with for example the line manager in Automation business line in Company X. However, HC Management Services don’t provide any training services and this question was not discussed further with the consultant.

6.7 Additional services

HC Management Services are providing Company X with assessment services within the talent management processes. In my research with Company X, I will ask questions about their talent management processes, how they are evaluated by Company X and if there is a need to include a broader perspective of talent management and identification by collecting information not just about the potential but also about the demographical factors of the
employees by developing a product that would map also other factors then the employees potential.

**HR level** - When Company X has good candidates for a position, they are sent outer assessment such as HC Management Services. Company X often sends the top three candidates for evaluation, depending on the situation, sometimes more. Company X doesn’t have psychological expertise in this area and can not do the assessment needed. They have self assessment tools for preparing job interviews but not for doing the person assessment. If there are some hesitations, these sorts of reports and opinions are much appreciated.

The last question in the interview was concerning assessment services. The interviewees were interested in a service that would also map demographical factors, since it often is so much to be done in an acquisition that this sort of information provided by a Company like HC Management Services would be needed. This service could though be usable right in the beginning of merging processes and personnel information and could provide information about sales volume, service, experience, background etc. This could be done by using ex. questionnaires. It is, somehow, not possible to standardise these since Company X is an international company and needs a global understanding of their market and in acquisitions. For example, the personnel in China have a labour turnover on 20% while in Japan the employment is more long term focused. They have their database for information and make reports about age structure and attitude assessment but further analysis of these things could be useful, but it is not a top priority for the moment.

**Line Management level** - Regarding the reports provided by the assessment consultants, he says that these vary a lot depending on what company they use. Some write 20 pages including a lot of grids and statistic which can be thrown directly away, while others can give a very good judgement on only a few pages. The accuracy is better if they are using the same company since they get to know Company X and their strategy and environment and the validity the reports will increase a lot. He states though, that reports are never totally the truth, but a necessary tool to have outside the review and can see through the people in another way than the managers interviewing the people can. It provides a good third opinion for choosing the right personnel and a calibration compared to what conclusions they have made. Discussions made with companies like HC Management Services can also be valuable when a manager has difficulties in his team. To the last question regarding the service of additional information, he says that it is very difficult to do such research even if it is needed in many cases to get the personnel analyzed.

**Consultant** – The report provided is a part of the assessment process, and represents the written part of the outcome. However, these reports can not say if they should hire the person or not, and that is why discussions are important as an additional service.

### 6.8 Overall perspective on empirical findings

The themes that were in focus during the interviews were **Talent Management, Tools, HR Function, Key performers, Training and development, and additional services.** These themes are also in focus in the literature theories since they are most important in talent management in a company. Empirical findings show that they are originally developed from literature theories, but adapted to the special needs of Company X. Even if so, there are some further recommendations that can be made for Company X regarding their future talent management.
The talent management processes in Company X were similar from all the respondents point of view, and their answers shows that their talent management processes are very well developed and the line manager shows that he is responsible for a lot of what has happened in the talent management area and that he is very educated in this area, he knows what he is talking about.

I divided the respondents into three different groups, with all the HR managers in one. This does not mean their opinions did not differ from each other. I will discuss their different opinions on talent management in the analysis and discussion chapter as an additional subtitle.

6.9 Summary of empirical findings:

<table>
<thead>
<tr>
<th>Area</th>
<th>HR</th>
<th>Line Management</th>
<th>Consultant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent management</td>
<td>People are moving to the right place</td>
<td>Action plan Rotation, expats</td>
<td>Strong people</td>
</tr>
<tr>
<td>Tools</td>
<td>The grid, matrix, 360, interviews, Four facet, Boston Matrix, MRR</td>
<td>Four facet according to Boston Matrix: current vs. potential contribution, 360, interviews, discussions with consultants, HR, MRR</td>
<td>Track record analysis, Tests and interviews, Group processes, Performance appraisal</td>
</tr>
<tr>
<td>HR Function</td>
<td>Identify leadership and management capabilities, use appropriate tools for assessment</td>
<td>Assisting organization, make sure measurements are appropriate for the targets, create the job culture</td>
<td>HR is the assisting organization, not owners of talent management processes</td>
</tr>
<tr>
<td>Key performers</td>
<td>grow in their positions, show potential to develop</td>
<td>Job rotation, needs to be pushed out of comfort zones,</td>
<td>Street smart, tactic knowledge, learn from experience, strong person</td>
</tr>
<tr>
<td>Training and development</td>
<td>Training programs, internal and external</td>
<td>Job rotation, expats</td>
<td>Developmental discussions</td>
</tr>
<tr>
<td>Additional services</td>
<td>Reports, discussions</td>
<td>Development of tools, closer cooperation, meetings and discussions</td>
<td>Services for outer assessment, third perspective on person</td>
</tr>
</tbody>
</table>

Table 7: Summary of empirical findings
7 DISCUSSION AND ANALYSIS

Based on the developed research categories, I have studied these phenomena in Company X and how they are seen from different perspectives in the company. The findings will also be compared to the literature theories. The empirical findings support the identified propositions in literature and Company X has well developed mechanisms for talent management and identification of potential. The findings in empirical data gave an overview of the talent management processes in Company X and I will discuss how Company X handles talent management and give recommendations to problems based on the literature.

The main themes in this study are the following:

- Talent management processes
- The role of HR
- Leadership development
- Tools used for evaluation
- Assessment services
- Learning and training
- Leadership attributes

The following subtitles describe the themes discussed during the interviews. The most visible opinions from the respondents have been written out in the text and will be compared to literature findings.

7.1 Talent management processes

As mentioned in the literature chapter, the focus on talent management processes is getting bigger due to the war for talent. During the interviews held, it became clear to me that this business line of Company X had understood the importance in talent management, and a lot of effort has been put into this field. They have their own vision of talent management under the supervision of the President of Energy and Environmental technology, also the person interviewed in interview 5. But, he should consider, that talent management is no longer only reserved for the top levels in the hierarchies, and that an organization can assess all of its employees in order to find talents.

Company X can be seen as a transition HR company, a highly internationalized company that has grown mainly through acquisitions. Strategic staffing and talent management has emerged as a very important issue due to the growing importance of international acquisitions. A challenge for HR is to achieve a central control of the talent management process and the talent pipeline. I got many viewpoints on talent management from her interviews, but overall, the mechanisms and tools used were the same. The literature gave a good picture of talent management, but every company is unique and has its different processes and mechanism for identifying potential and how they handle their talents.

83 Hugh Scullion and David G. Collongs, GLOBAL STAFFING, 2006, p 103
Talent management in Company X is considered very important and as one of the highest priorities. This is supported in research and literature done by Warren McCall in his book; the high flyers. He defines talent management from two perspectives.

The first is a selection perspective, where common characteristics among effective leaders are identified and after you try to identify people who assess these characteristics. The second is from a developmental perspective where the focus on identifying those best to take advantage of a developmental opportunity when provided and how to get the right people into the right experience rather then focusing on people that already demonstrate these qualities. The empirical findings from the interviews are in line with his statements.\(^{84}\)

**Selective perspective** – I asked all the interviews to describe the characteristics they think are important for high flyers. The tools and mechanisms are developed to identify the strong people and these all share some common characteristics.

**Developmental perspective** – The Management Resource Review evaluates people’s resources and their capability to learn from experience. Every vacancy is a possibility to develop new talents, and this is done by filling these vacancies with people that has potential to do so.

The business line in Company X where the research was done has a very strong, active and successful talent management process. They have captured the meaning and importance of this mechanism that are developed during a long time of supervision and management. But as the consultant mentioned, they could have done the talent management better, but it is a very difficult mission. Having effective talent management reduces errors and decreases unnecessary workload and will give Company X competitive advantages. The old view is that the person is going up in the hierarchy or to the side. In this study, it becomes clear that people can choose other ways for maximal experience. One should not become manager of a department where one has been working for ten years, but maybe in another department. This is to be pushed out of ones comfort zone”. And according to line manager, they need more of these choices in their strategy. It goes beyond the traditional HR but gives more in exchange for persons that want to learn. And being willing is one of the key attributes when it comes to development.

The hardest is to identify who has the talent and potential to become a good leader and is ready for taking the responsibility that this position demands. It is also difficult to identify the best processes for this and to know what they are searching for. The line manager is more focused on the action plan and rotation, expatriates. He is also more focused on starting from the local and moving towards a global rotation. Not just evaluate and focus on the processes, but also reflect over the action plan, learn from experiences. He is very good at evaluating people, and thinks that how good a person is in doing something depends on the opportunity he or she is given. He is focusing more on the strategy of the company and that HR is doing their job correct, he is the one who chooses the people that are in charge of HR. In 3 years you learn a job properly. Then you need new challenges to develop.

\(^{84}\) Hugh Scullion and David G. Collongs, GLOBAL STAFFING, 2006, p 95
It seems like in Company X, the overall picture of talent management was clear and everyone was familiar with the concept of how to identify talents and why this is so important for the business strategy. The talent management processes and the tools are similar at all levels, but when it comes to how the process is supposed to be handled there are some differences. Some of the HR Managers are more into the business strategy and others more into corporate strategy. This will affect Company X negatively, and they should decide who is taking care of what in HR department. They need to decide what is more important, what is done or how it is done?

7.2 HR department

Talent management can be used to describe the whole scope of human resources management, and covers terms as career development, human capital and fast tracking and meeting the needs of the organization and the individual. This view on talent management differs from the view of the interviewees, especially the line manager and the consultant, who think that talent management is a task for line management and not HR. HR is the assisting organization to line management and are responsible for the processes and tools used for talent management. But main responsibility is always in line management. Since these two different levels in the organization need to cooperate for the best results, they need to make up clear guidelines for their talent management processes and identify the people of the organization, and evaluate the pros and cons of their staff as currently configured to be able to measure human capital in the organization.  

Organizations should be able to combine three different factors for a successful talent management; human resources, training, and knowledge management. There are few organizations today that have the ability to combine these three components; instead, they have separate solutions, seldom integrate with each other with the result that they fail to manage an organization's human capital effectively.

In Company X, Line management are seen as the process owners of talent management and it is very interesting to see how HR is answering to their expectations and whether their view on talent management is the same as line managements. HR specialists should maybe more have the strategy of the organization in mind when choosing people for high positions to live up to the goals that line management has set to be successful in their strategy. They need to listen to the voice of the process owner. To follow and plan is a difficult issue when you are not in charge of making the final decisions and this can be seen in HR departments in organizations. From my interviews, I could notice that HR and line management had some different views on talent management and separate solutions regarding how to solve the task of finding key persons. For example, the line manager was more into job rotation, and sending people abroad, while only one of the HR managers mentioned the importance of expats. Experience from different departments was mentioned by several, but some had a tendency to focus more on the functional structure of the organization then on the business success.

85 Aldisert, Lisa M, Valuing People, 2002, p.63
86 Hall, Brandon, here comes HUMAN CAPITAL MANAGEMENT, Mar2004, Vol. 41, Issue 3 Business Source Premier
7.3 Leadership development

The consultant states, that there are managers who derail in their positions or fail even if spotted to have big potential, and literature shows, that when it comes to finding the right person for the job, there may be many employees who exhibit outstanding performance but they may not have the potential to advance to higher levels. The potential refers to the level of complexity an individual could handle if he or she were to acquire the knowledge and skills required of a higher position, but one must show that one can learn from experiences to be seen as a high flyer.

The war for talent has created an ongoing battle for high potential workers, and companies today need to attract talented personnel to survive and be successful. Literature says, that people will work for your firm if they think the work they do will add to the value of their portfolio, and their human capital will stand in proportion to the value they can bring the organization and what feedback and development they are provided for that work. People feel that they are doing something that matters, and it is up to their supervisors to encourage them

Make the people want to work for the organization and find those with an eagerness to make a difference. Persons are moved up in the organization based on the success of their past, and this might bring people to their level of incompetence. This is also what the consultant stated, that there is big tendency in business, that one single manager will take one step too much.

All of the interviewees also said, that there are no stated characteristics that can describe a key person, potential great leaders don’t have to be perfect. Just as literature describes, predictors of leadership success has been shown to be a handful of key competencies that in various combinations, often leads to outstanding performance. These facts show that the attributes for being a high flyer differ a lot and are very individual. Most important is that you are willing to learn, have passion for doing a good job and is motivated.

The literature describes many attributes to describe high flyers. The interviews also said, that it is impossible to use only a few to describe a high flyer, but they all had a couple they thought necessary to find in someone to be a high flyer. These have been stated in the data analysis part. What seems to be the most important is that you have confidence in your self that you are able to learn and open for new possibilities. The Emotion Intelligence Competencies of High Achievers by Daniel Goleman gives a very good description of the competencies that also were described by the interviews. He means that 67% of the competencies required for effective leadership today are emotional competencies. This was also mentioned during one interview, that you can skip some of the skills to be learned later if you have the right attitude.

---

7.4 Tools for talent management

The Human Capital Review described in the literature reminds a lot about the resource review that is one of the most important tools in Company X for identification of high flyers. The Human Capital Review focuses on executive and key talent review and leadership planning and the process for identification is similar to the one in Company X. The view on HR in company X can be seen as the Human Capital Review, that talent management is led by line management and supported by HR. One of the interviewees suggested that in addition to the management resource review, they should have an expert resource review for high talents to map their strengths and recent performances. They need a different grid for the top experts and not just identify this person as a key star.

The section about 360 feedback as a tool was initially proposed from HC Management Services as an important key word to discuss under the interviews. The literature suggests this tool as an important method for evaluating individual behaviours, but somehow the opinions about this tool were different from the people actually using it.

It turned out, that this tool can be misused and instead of showing how others perceive a persons leadership skills and what their development potential and personal strengths are, it can be used as a tool to point out negative information about a person in an important assessment process. Even if Company X has a clear vision of talent management in this business line, they could still work with some of the tools and develop the vision about talent management. They should motivate their personnel to development, their organizational environment should even more encourage people to rotate, and learn from experiences.

The old approach to development of talent is that the unit owns the talent and people don’t move across units while nowadays, the company owns the talent and people move easily around the company.88 From the last two interviews, I got a clear picture of what is most important for developing key players that will be able to make a difference in the future. And that is experience and ability to learn from the experience. Who can learn is a question that only can be answered by giving the people a chance to learn.

7.5 Learning and training

Within this specific business line in Company X, they focus much on training and learning for developing. One could almost say it is one of their core capabilities, that they have realised how much learning from a given experience can develop a person. Literature says, that “Creating mechanisms for moving talent into needed experiences assumes that the needed experiences are to be found somewhere else than where people already are”89. This was also highlighted by the line manager who said, that “people need to be pushed out of their comfort zones to develop”. He stated though, that not enough is focused on rotating people and sending them on international missions, which means that he don’t know how good the they will respond to the requirements of future leaders.

89 Morgan W. McCall, Jr. HIGH FLYERS, Developing the next generation of leaders, 1998 p.109
7.6 Assessment services

It is very good to use outer assessment to get an objective picture of the investigated. The assessment services provided by HC Management services complement the talent management process in Company X on many levels. But just like the consultant himself said, it is not a job for young people, but demands a special “gift” from the consultant and this is something you learn from the experiences. The overall picture I got from Company X was that the service provided by HC Management is seen as very valuable, and I heard nothing negative about their services. The reports and discussions gave the line management and HR managers a supporting service to back up their decisions and also something to go back to when problems occur later. Consultants that do not know the people investigated can provide a totally different aspect on the investigated since they do not know them from before and has no preconceived notions about these. It might also give the investigated themselves some new aspects or information they had not noticed before and can develop or work with.

One of the research objectives was to further investigate whether there is a need for mapping of potential and key personnel, a track record of earlier experiences and background of the persons that would include in depth career history review of the key person, experiences from different life cycle the business etc. It turned out, that this already was a part of HR due diligence and that this service would need to be more developed to be a supporting service that actually would provide the company with necessary information.

7.7 Leadership attributes

According to the interviewees, there are no exact words that can describe a good or successful leader. Literature suggests many different lists and attributes, and all of these mentioned by the interviewees are highlighted in literature. There are many examples of bad executives but it is harder to define a good one. McCall writes in his book, that actions of a good leader can shape the attitudes of its subordinates and they see it as a challenge to do a good job.90 It is also stated by the respondents, that the attributes themselves are less important if you don’t have the trust and respect from subordinates. You can even skip some skills if you have the right attitude. One can not follow any list or descriptions to find good leaders, since there are so many other important factors that have an impact to the decision, but you can follow some guidelines regarding important attributes for them to possess.

7.8 Obstacles

There are some problems facing this sort of processes. A new vacancy on a high level should be filled immediately or very soon, which creates a time pressure on the HR department and line managers. As mentioned, this process might take months and the biggest mistake is to hire the wrong person. This is why it is so important to have a talent pool and train people for higher positions by developing them beforehand. Another question regarding talent management is whether or not to make the selection of high performers visible to themselves and others with the danger of the high flyers to start to act like they are more valuable to the company and demands more credit for being a key player to the company.

8 MANAGERIAL IMPLICATIONS AND CONCLUSIONS

In this chapter, conclusions are drawn from the empirical findings based on the study and analysis of data in the previous chapter in order to answer the research questions. Finally, some suggestions for future research are presented.

This master thesis has introduced an approach to Talent Management in one specific business line in Company X with the underlying research question:

How can a company manage leadership talent successfully to gain competitive advantage and benefit from services provided by outer assessment services?

The presentation of the empirical findings in the previous chapter are obtained from six interviews and has provided information about talent management processes in one specific business line in Company X. The most important tools have been described and investigated and differences among the different levels have been discussed. This can provide further implications of how to manage and adjust talent management in the future. Also, outer assessment services have been evaluated as one mechanism used for talent management.

In an effort to map the talent management processes in a consistent way, a three-field matrix was created, which arranged the three different views on talent management according to the different fields investigated. Under consideration of the study and the interviewees, the three-field matrix showed talent management from a perspective of HR managers, line manager and assessment consultant. Instead of ranking the mechanisms and tools it is rather the organizational context and the combination of these elements that will help to build a long term relationship with talented candidates to achieve success in the war for talents. An innovative talent management strategy, which comprises a good composition of instruments, will not only lead to a competitive and promising talent pool, but also to a positive perception of the employer brand, which also attracts the attention of other talented candidates.

The investigated company seems to have answered the call to link HR processes with strategy. Given what I have observed in Company X, I can draw the conclusion that the interviewees have an advanced awareness of talent management, and processes are being implemented to combat the future war for talents. The actual practises were surprisingly coherent with what I observed in the literature. The company mostly recruit internally both generally and for key positions. However, I found that they to some extent have to depart from their former reliance on internal talent since new ideas are needed to make a change. Company X has a clear performance culture where views on development were that on-the-job experience is most important and other methods such as courses and training are complementary. In business line, there is a focus on job rotation and horizontal movements but they have recognised that talents are not necessarily good leaders. Another interesting finding from my work is that the managers saw the benefits of having a broad career path and wanted to offer their talents opportunities both as a developer and a process for retention. I also discovered that the traditional vertical promotion scheme is no longer sufficient when it comes to retaining talents. This is also a consequence of the modern “non-hierarchical” organization.

The implication of talent management in Company X has been under development and strong supervision the past years and it seems that they are well prepared for the future war for talents. They have realized, that organizations adapting to talent management and recognising
the strategic importance of it, can gain competitive advantage against others not concerned with these practices. In summation, I found the talent management processes in Company X correlate with the general frame presented by theory. They invest in their talent management, and have even developed special training programs and courses to develop their personnel. The brochures they use is the work of the HR Managers themselves, and this shows that they not only use good processes, they create them. That is why, in some areas, Company X are before literature findings and are already practising methods that has been developed by themselves and in cooperation with HC Management Services. They use external assessment services, with clear feedback, and within the individual development plans they have on-the-job training, job rotation and different forms of development. My research on the processes and mechanisms of talent management shows that these processes are even more demanding in practice than they are in theory. Difficulties arise during the study that were not mentioned in the literature, tools that could be misused and mechanisms that did not fit all types of situations. Top management and HR need to understand the basic assumptions about their talent management processes and implement these according to the environment and need of talents. The talent management processes should be owned by line management since these knows the business strategy best and future goals. They should definitely invest more in job rotation and cross functional jobs to develop future talents.

In a comparison between talent management processes theories found in literature and Company X, the following conclusions can be made:

**Talent management processes**

- Tools and evaluation methods are well developed in company X and similar patterns can be found in literature. Literature suggests different types of resource reviews and track record analysis together with developing people by giving them right experiences. These methods are used by Company X.

**The role of HR**

- The traditional role of HR is that HR is more involved in strategic decisions and that they are the talent management process owner. Talent management can according to theories be used to describe the whole scope of human resources management In Company X, they have adapted a more developed view on HR, where line management is process owners, and HR can concentrate on top recruitment, development and training. In this area, Company X has a very well-functional HR department that are working together with line management. So when it comes to HR, Company X are before theories and has developed their own HR practices.

**Leadership development**

- Getting people to move up or rotate is important in Company X, and here they do just like literature suggests. They are getting the people into the experiences they need to be able to develop. Although, according to the line manager, more people should be sent as expatriates abroad to gain international knowledge.
Tools used for evaluation

- Literature suggests many different tools to use for evaluation. Company X has developed their own tools and processes suitable for them. One of the HR Managers had been one of the founders for a grid used by many organizations, and they have developed these according to their own needs and can be seen as very well managed.

Assessment services

- All of the interviewees were of the opinion that outer assessment services are necessary and important. The personality test that HC Management Services is providing is a rare service, and does not count as consultant services in general. Although, literature theories highlight the importance of different sources for evaluation, and this kind of assessment service provides a good third opinion to companies in general.

Learning and training

- Company X arranges different training for their employees, but too little focus is on getting the right people into the right experiences by sending them away for more difficult job-assignments. The company should encourage their employees to take challenges to be able to discover who can learn the most from them.

Leadership attributes

- Literature suggests many different attributes that could describe a leader. None of these can be generalised to describe all good leaders. The investigated in Company X are of the same opinion. Every situation and position demands different leaders and the best leader possess a mix of important attributes suitable for that specific position.

Company X should even more develop the areas marked:

![Figure 7: Development areas for Company X](image)

60
The final conclusions about the talent management processes that should be found in a company are:

- Talented people require a special attention to them: investments in their talents in order to enhance their value and maintain it on marketplace.

- Suitable management approach for developing talent is important aspect for creation environment within the organization which will encourage growth of people's skills.

- Talent management is a part of their strategy and is owned by business line

The final conclusions about assessment services is that, just like in so many other jobs, wisdom comes with age, and this type of assessment is learned from the job. No one can be really good at it from start. My suggestions are that talent management should be a very important area for future generations and by using assessment services provide by companies like HC Management Services, they have a better chance of identifying those that can be predicted a future in top management. Company X benefits from these assessment services in the way that they get a third opinion, a support in their decision making that can help them avoid making mistakes, or help them find solutions to problems and mismatches.

When comparing the empirical findings to literature, conclusions can be made, that talent management processes in the business line investigated in Company X are very well developed, but when it comes to talent management, there is no optimal level as long as the company is in need of high performers, and more focus can always be put on developing the leaders of tomorrow.

8.1 Recommendations

I will present recommendations for talent management and assessment of key personnel that could contribute to better processes of talent identification within Company X. While working on the master thesis, it became obvious that Company X is focusing a lot on talent management and has implemented this into their environment. For developing the best mechanisms, it would be of interest to conduct a quantitative study among a larger number of organizations to get a more complete picture of their talent management concept.

The following recommendations are proposed for talent management:

- Work with talent management at all levels in the company and do not make talent management only an issue for line and HR management
- Encourage people to rotate by enhance capacities to learn and act through developmental initiatives.
- Help individuals realize their full potential through learning and development
- Identify gaps in current employees and candidate competency level
- The working culture of the organization should focus on retaining talent in the long run
- The organization should identify which talent management elements that have the greatest impact on the business to create a talent management environment
- Talent management processes must create a comprehensive profile of their talent. They must be able to track meaningful talent related information about all of their people, by using tools, assessment services and reviews.
- Align human capital with corporate strategy and objectives
- Develop a expert resource review for mapping of high talents competencies

To develop a functional system for the high flyers in companies there should be different tools for evaluation of these performers. These persons already perceive different treatment and development so the tools for evaluating them should also be more specific and developed for maximal outcome of their special competencies and attitudes. Perhaps a special program developed for the ones that have the willingness and right attitude for going far in a company, to exchange knowledge and maybe even encourage each other to set up high goals for themselves and create a talent management culture. Here comes of course the question of the personnel not belonging to this group, will they feel like outsiders and not be motivated to do a good job or will the high flyers think higher of them selves and treat others different. This is a sensitive question for a company and needs a lot of input to solve. The field of managing the talent is certainly not an easy task but using outer assessment services is a good way for identifying talent and making sure that the right ones are chosen.

### 8.2 Future research

It could be interesting to do a comparison between the empirical findings of this thesis and future research in order to determine differences in the respondents’ valuation after they have got in contact with certain instruments. A final suggestion is concerned with taking another perspective than those of HR managers and line manager. Another suggestion is also to do a similar research within the same field but in another company or within another business line in Company X, and compare the processes and mechanisms. Decide the right amount of talent management in a company and investigate whether there is an optimal level as a question for future research. How much can be focused on talent management before it takes over too much time and work force? Is it really a task for line management and what would be the consequences of having a separate management of strategy and talent management?

Since the originally was more about the tools of HC Management Services, a future research could analyse their tools and services and try to develop these for keeping up the pace with the changing business environment. One interesting task would be to develop a Human Resource Due Diligence, to obtain a fair view of the acquired company (Target Company) as a service to their client before an acquisition. This means, analyzing human capital, organizational culture and the integration in the company their client is about to buy. This is necessary to understand so that the buyer can decide if he wants to continue with the transaction, assess the costs to manage the risks and gather information to best determine how the target company should be headed when the purchase is completed. After the acquisition has gone through, there will also be a need to appoint new services. In this stage the company should analyze the possible gaps that could be in skills and work to fill them as soon as possible.

Another research for HC Management Services could be to analyze whether it is likely that managers will leave their clients organizations. If this is the case, an analysis should be made over opportunities to hire new managers, the cost of it and how quickly such a process can go.
Due to the economic recession, it would be interesting to see how the importance of HR Management services are affected by the situation as companies must make cuts in human capital to see if the investments in talent management can continue to increase.

8.3 Final comments

The study itself is written to give the reader an insight into the field of talent management, and hopefully an understanding about mechanisms and processes that can be used for identification of potential. The access to best informants has been granted through HC Management Services and the interviewee’s experience in the research field is considered important for this study. I was very satisfied with the responses and the treatment from all the respondents and even if only one company was analyzed, the findings and research on talent management can be adapted in other companies, especially in other business units in Company X that has not developed their talent management processes as good as the business line investigated.

The focus of the thesis changed gradually during the whole writing process which caused a lot of confusion for me as a researcher since it was unclear what area to focus on. The findings have although been very valued by the company and I am satisfied with the results.

I hope that this study will contribute to an awareness of talent management to gain competitive advantage in the industry, and provide a clear picture of what talent management processes that needs to be improved. Talent management will be very important for companies in the future; this is demonstrated by studies and researches done in this field.
9 TRUSTWORTHINESS

The test methods are said to have reliability and validity if they are measuring what they is supposed to measure. In a qualitative research, validity is ensured by getting information from the best possible informants. There are four criteria proposed for verifying the quality of the study, these are credibility, transferability, dependability and conformability.\textsuperscript{90}

9.1 Credibility

A credible or believable result requires that the research is made so that the respondents know I have captured their interests and social reality. All of the respondents are involved in the talent management and for this purpose and area investigated, they were the most suitable ones to be interviewed. The information was also given in a written format as brochures to give a more reliable result to the study. The results were sent for approval to the consultant to reduce misinterpretations that could have occurred.\textsuperscript{91} He did not although correct anything but just pointed out to me if there were misunderstandings. In that way, his help was free from bias. To achieve high reliability, respondents were chosen both from different levels in the company business line, but also different business units. The six interviews showed that the study had a theoretical saturation, and no more interviews were necessary. The information about Company X talent management processes is also found in written material that was given to me during the interview with the one of the Vice Presidents of one business unit. All of the respondents were following the same track as given in the written material.

9.2 Transferability

The study has to be transferable into other context or settings. The subject of the thesis is very general, and even if a qualitative study often tells a few objects social reality, this study can applied in other contexts and organizations.\textsuperscript{92} The comparison between theory and empirical findings shows, that the processes of talent management that are used in Company X, is also seen in literature and it is proven to be successful and this concept can be used in other companies for handling their talents as well.

9.3 Dependability

Dependability emphasizes the need for the researcher to account for the ever-changing context within which research occurs. The study was from the beginning meant to focus more on the services provided by HC Management Services, but the area became too wide and I had to change the focus quite late in the writing process. Regarding the interviews there were no major changes and I could go on with the study as planned.

\textsuperscript{90} Alan, Bell Emma, Företagsekonomiska forskningsmetoder, (Liber: 2005) p. 306
\textsuperscript{92} Bryman Alan, Bell Emma, Företagsekonomiska forskningsmetoder, (Liber: 2005), p. 307
9.4 Conformability

Conformability refers to the degree to which results could be confirmed by others. This means, that the results should not be affected by my own values. I had no previous experience in the subject area or from Company X and therefore my role in the study can be seen as objective. If another person had asked the same questions of HR Managers or line managers within this business unit they would have got similar answers regarding the processes and mechanisms. It might be used a bit different between different business units, but the ground stones are the same. Conclusions made could although differ since everyone has their own realities.96

9.5 Authenticity

There are some general criteria’s to measure whether the interviewees has given a fair picture of the investigated area. Especially in this case, where all the interviews were done with higher executives, the results might represent only the picture of manager and executives, and not from lower stab workers. The anthological authenticity refers to the perception the respondents has of their social role in the company and how this study might help them to discover that.97 During the interviews some persons asked what the opinions of other interviewees had been, and they seemed to get “aha” experiences. The questions were created so that the respondent really had to describe her position in the organization, and with some major changes coming up, I think that it was good for them to take the time to do this and consider their role in the whole process.

96 Bryman Alan, Bell Emma, Företagsekonomiska forskningsmetoder, (Liber: 2005) p. 320
97 Bryman Alan, Bell Emma, Företagsekonomiska forskningsmetoder, (Liber: 2005) p. 307-309
REFERENCES

Books:


Bryman Alan, Bell Emma, Företagsekonomiska forskningsmetoder, (Liber: 2005) p. 307, 320

Daniel Goleman, working with emotional intelligence, 1995, Bantam Books


I M Holme, B K Solvang, Forskningsmetodik (Studentliteratur AB:1997), p.43

Jacobsen, Dag Ingvar, *Vad, hur och Varför?- Om metodval i företagsekonomi och andra samhällsvetenskapliga ämnen* (Lund, studentlitteratur: 2002), p.43


Articles:


Hall, Brandon, here comes HUMAN CAPITAL MANAGEMENT, Mar2004, Vol. 41, Issue 3 Business Source Premier

Lauren S. Harris, Karl W. Kuhnert, Looking through the lens of leadership: a constructive developmental approach, Volume 29 Issue 1, p 51

Maylett, Tracy; Riboldi, Juan. T+D, Sep2007, Vol. 61 Issue 9, p48-52, 5p


Pat Galagan, Talent Management, T+D | may 2008 p. 42


Valerie Garrow, PhD, and Wendy Hirsh, PhD, Talent Management: Issues of Focus and Fit, Public Personnel Management Volume 37 No. 4 Winter 2008, p 389-390

Internet sources:

23.2.2009

Human Capital Management Services: http://www.hc-ms.fi

Organizational documents:

PowerPoint presentations and Appendix (2009)
Internal Brochures and documents (2008)
Test materials and reports
Managing Talent and Executive leadership, Governance internal brochure p. 1-12
Interviews:

A.A. Senior Vice President, Human Resources
B.B Vice President, Human Resources
C.C. Vice President, Human Resources
D.D. Vice President, Human Resources
E.E. President of Business segment
F.F Consultant, HC-MS

APPENDIX A

Interview 1.

The first interview was conducted with Senior Vice President for Human Resources of one of the three segments in Company X. She is responsible for the talent management processes in this segment and has also written a book about skills assessment and management. She is mainly involved in recruitment of higher officials in the company. We used the questions I had prepared and sent to her before hand, but the interview was more like an open discussion, with one answer covering several of the questions. The interview was conducted on 12 of March, 2009 in Helsinki.

We start with defining her role in the recruitment process, which she explain can be a very long process and last for months. She thinks it is important to consider people from the internal organization for chef positions in the first place. One of the most common tools they use is the Management Resource Review (MRR). The purpose is to understand what leadership and management capabilities they already have to ensure that they are moving to the right place. They have a database where each manager is evaluated to see if they can move and if they have potential for a more demanding job with more responsibility. After this follows many meetings, it is a long process and many parties involved before any decision is made. The case is discussed at all levels and after this it reaches the HR management and finally the president. She described a Matrix model to me, and said that the matrix model represents the outcome after discussions about potential and talent. Where a person stands in the Matrix is depending on their predicted talent abilities and potential.

<table>
<thead>
<tr>
<th>Ability to move up</th>
<th>Good performer - don’t want to move/can’t move</th>
</tr>
</thead>
<tbody>
<tr>
<td>Majority of the performers</td>
<td>Low performers (outplacement)</td>
</tr>
</tbody>
</table>

Their performances are evaluated by numbers, and their management/leadership capabilities are discussed from this outcome. The recruitment process is never the opinion of one person,
and it’s linked to performance review and appraisal. One problem when recruiting people for a higher position, she described to be the position itself. There might be changes, development and these are additional requirement challenges. It is not enough to do an assessment of the person; you also need to do an assessment of the position. The process for identifying talented people in Company X could be improved according to the interviewee, and with the company being downsized and the current market situation, the areas of responsibility will change and this requires some changes in the identification process. The most important aspects of the replacement process are the features of the person, and then the environment. Here different processes and tools are used to indentify and evaluate, and after this, assessment consultants like HC Management Services are used to evaluate if the conclusions that Company X has come up with are real and that this is the case.

According to the interviewee, Company X is an attractive company, successful, international and they do attract the best people. It is, however, a challenge to attract these in countries where the company is less known, but in Finland they are a top company when it comes to attracting talented people. In their business, the real talent is needed in the technical jobs and the organizational structure. They must focus on their core competencies and make sure that these areas have enough of talented people.

When Company X has good candidates for a position, they are sent outer assessment such as HC Management Services. Company X often sends the top three candidates for evaluation, depending on the situation, sometimes more. Company X doesn’t have psychological expertise in this area and can not do the assessment needed. They have self assessment tools for preparing job interviews but not for doing the person assessment. She says that she does not always read the personal assessment reports and they are always carefully considered in the selection process, but not in the MRR process, (management resource review) especially in cases of internal transfer, if there are some hesitations, these sorts of reports and opinions are much appreciated.

The interviewee think that Company X is more focused on leadership skills then on technical skills, and she think that the company should change into being more technical oriented. She also believed more in the term of talent ladder, that one person can take a technical job and grow in that position rather then focusing on managerial tasks from the start. Someone can start as a trainee, and then be an engineer, later a manager and then maybe, if they want to, a higher officer. Let the leadership capabilities grow after they are defined. She says that to be identified as a good leader, you need to show that you can take a broader role in the future and have potential to develop.

When a higher officer position is replaced, the new person is evaluated after four months in a performance review. This review is normally on an annual basis, but when a new person is starting a job on this level, it is more important to do the evaluation. This performance review is often mentioned and seems to be a key issue in the hiring process in Company X. However, she also mentions that their employees need to be active to be spotted as a high flyer, and they don’t give any one a chance just because they want one. If there is an open position in the company, they put it on intranet and anyone is welcome to apply, but if you don’t have reached the targets in your old job, you won’t be seen as a person having the “right stuff” for a more demanding job either. Company X uses 360 feedback as a tool for the resource review, to be used as a tool for personal feedback and self awareness in a professional and confidential way. Since the 360 feedback has been a systematic tool in Company X for only the last 6 months linked to leadership capabilities, they have not seen the outcome from this
yet. If it is used right, it is effective, but the threat here is if becomes a weapon that is used for management assessment, which is wrong.

She points out, that in HR management; you specifically need to think about what is needed for developing a talented workforce. If you have a sales team, and you need these to be service oriented and friendly, you need to give them respect and make sure their line managers are people who can reward them in the right way and can select people with the right mindset for these kind of jobs. The challenge then lies in keeping these people. It might take those ten years to get to know the products, and this is very valuable to the organization. Even if you have the talent and potential to grow, experience and knowing is a key factor for success. First, you need to identify different groups, what are the key strategic requirements for each group, develop them by long term training, and then try to keep them in the organization.

HR calls these higher officer jobs for “highpos” and they take extra good care of the development plan in these processes. They also put a lot of effort into estimating that the right salary is given to the right person. Their most important areas are the MRR, the performance review and the salary planning. These need to fit together, and they must make sure that their efforts is placed on the right focus and target. When discussing the role of HR, she said that the role has changed. The old one was to take care of people in the organization, but the new one is to take care that they have real professions in the organization and that HR uses the appropriate tools for assessing this.

The last question in the interview concerned the development of tool that would collect information not just about the personnel potential but also about the demographical factors of the employees in an acquisition to see if there is a need for a product that would map also other factors then the employees potential and information about the foreign country and its working conditions. This question was a bit difficult to answer, since it is not possible in most cases to do this before the acquisition, and this is most often already done in the due diligence process that always must be done. This interviewee was though interested in this sort of service, since it often is so much to be done in an acquisition that this sort of information provided by a Company like HC Management Services would be needed.

This service would be usable right in the beginning of merging processes and personnel information and could provide information about sales volume, service, experience, background etc. This could be done by ex. questionnaires. It is, somehow, not possible to standardise these since Company X is an international company and needs a global understanding of their market and in acquisitions. For example, the personnel in China have a labor turnover on 20% while in Japan the employment is more long term focused.

Interview 2.

The second interview was conducted with the Vice President of Human resources in Flow control business unit. He has been working for the company for many years and is a close friend of the management consultant at HC Management Services. He told me very specific about the process of identifying and developing their leadership talent, and he was one of the first people that had participated in a program for developing talent management processes. I got access to this program and I will discuss this information given to compare if the
instructions are followed in the company for identification of talent. I will also compare it to the previous literature in the theoretical part of this study.

He started with describing his role in the hiring process, and how the process is conducted. He is mainly involved in recruitment of middle management, vice presidents, directors and managers. He pointed out, that in 99% of cases; they try to find people from inside the organization for higher officer jobs. In some cases, they join the organization through head hunter companies that are involved in recruitment processes. But in his department, since 1995 all business lines presidents has originally been coming from inside the organization. The recruitment is a long process, and with several persons involved.

The role of HR is according to the interviewee threefold, these are;

1. Top recruitment
2. Management succession planning
3. Participation to the strategy roll-out

He says that the second one took him over 20 years to understand. Their aim is to hire better and better people, and the most crucial when a vacancy appears, is to analyze what people are ready to take in to drive a change. To pick the right person is like a lottery, and this can also be possible by firing people to recruit others. But he made clear that they are not a hiring-firing company. A mistake that often is made is that as soon as a vacancy appears, they want to fill it as soon as possible. A recruitment process for a higher officer post can take up to 7 months and is not something you must stress.

He stated that there are thousands of attributes that could describe a good leader, and that these differ depending on the situation, but if he had to name three of these, they would be ready, willing and able. He also notes that talent is not the same as leadership skills. To be a good leader, you also need to have a horizontal view and not see things through the vertical pipeline. To fill vacancies of country managers is their biggest task, since this is the most essential group of workers with similar jobs and responsibilities.

In the assessment process, the most important task is to analyze the situation and challenge the one who need a challenge. It is a mechanical process before it comes to interviews and it follows the same pattern every time a new vacancy is available. For Company X, he defines talent as needed most in the basic job task, and that skills here are crucial for the organization here, but also in financials and in the organizational information flow. He also noted that in this business, you don’t just need people; you need people who understand the business. That is why it is so important to keep the people in your organization for a long time.

<table>
<thead>
<tr>
<th>Potentials, Talented Prospects</th>
<th>Real Keys, High Performers</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Give challenge, develope</td>
<td>- Invest, commit</td>
</tr>
<tr>
<td>Further Analysis needed</td>
<td>Solid Performers</td>
</tr>
<tr>
<td>- Level change or other action</td>
<td>- Commit and develop</td>
</tr>
</tbody>
</table>
The grid above is a tool for Company X in their resource review. He also points out the mid-term review they do to make sure everyone is fulfilling their targets. This grid is evaluated in numbers from 1-5. He said, that his previous chef had a vision that everyone hired in the company should be somewhere in the middle of great star and high potential and give hints of performance and potential. 70% of employees are in the solid performance square, they do their job well but not everything. The organization need a high performance enthusiasm, and must identify and take care of this enthusiasm. But, he stated, that there is a risk with treating people like high performers and talented. They might become so caught up in this belief, that they will start acting like princes and princesses in the end. Even if spotted as a key performer, you need to be able to keep your feet on the ground. For evaluating potential, they always do a top team resource review and a deep analysis of the interviewed. Before and acquisition, they always do a due diligence since it is stated by law and also an attitude test after the acquisition. This is though, only done among higher officers and does not describe the attitudes of other employees. The information they have about lower employees is the CV and the information they received when they first came to the acquired company.

Training and development is very important he mentions, and Company X has their own training program, Competence Team Finland, CTF. They arrange training by pulling together people from outside with training skills and they provide IT-training, language training, safety training, leadership training etc. Some training they select themselves, and they have a sales development program covering Europe, Africa and South America. The training programs are also a good way of getting to know the employees and create opportunities for development. Every vacancy is a possibility to change, and this is done by filling these vacancies with talented people.

The questions about 360 degree feedback didn’t get a good response from him. He thinks that this feedback is used for the wrong purpose and the results might end up in wrong hands. If it is used for a persons own good it is ok as a tool, but otherwise, he has the same opinion as the first interviewee, it might become a weapon that does more damage then good. He also mentioned reward systems. In the US for example, 50% of the reward system is bonuses, and here only about 25%. It is a totally different way of thinking and can not be compared.

The interviewee has a close relationship to the management consultant at HC Management Services and he states that these kinds of reports are important and if the result in these differs a lot from their own conclusions, they have a problem. He states though, that the reports are almost always in line with their own perceptions of the person. To take the final decision is though always a task of the line manager. Assessment consultants are always used for personal analysis, and they don’t normally use tools as self-analysis tests, only for lower positions.

To the question of he think that they attract really good leaders, he stated that in 80% of the cases yes, in 20% no. Their product brand is really good, and they are a successful company, but it is impossible to always get the best. Even if you have 65 answers to an open vacancy, how do you know that the person is really within these 65? The biggest mistake is to recruit wrong, and then try to fix it with training and development. You need to do it right from the start. You need to estimation right, and it is only a guess who might be the best one. You just need a reason to believe that this person really has it. Or has not.
The third interview was conducted in Tampere, where Company X has their business unit for process automation systems. The interviewee is Vice president in HR for this department and has been involved in a major recruitment process in Finland for 6 months. She thinks, that choosing people from the own organization is important for several reasons. The first one is to show the people that they have possibilities to encourage them. The other is that they know the organization and have knowledge that an external source don’t have. On the other hand, they need new blood and right now they are starting up some new programs and to new positions it might be good to use external sources. This year though, they will try not to get so many people from outside the organization.

For identification of talented people, she mentions the management resource review and the grid that has been mentioned during earlier interviews. The purpose is in her opinion twofold;

1. To discover how a person has achieved his or her target in a development discussion
2. To evaluate his or hers behaviour competences

These two are combined in the grid and provides a good approach to evaluating of a persons potential. The question is how objective this tool is considering the amount of people being investigated and if the calibration is limited in this area. It is a challenge to use this tool in the right way and getting the calibration right. For handling the process of internal recruitments, personal assessment tools are almost always used and for higher officer vacancies. When it comes to factors that mark key personnel, she thinks it is a lot about attitude, motivation and results achieved. You can even skip some skills if you have the right attitude (these can be learned later). She says that attitude is something you either have or not have.

The report provided by HC Management Services is in her opinion more of a tool for those cases where they have some concerns about someone or for choosing the final candidates. If they are not sure about something, they might look especially on those things in the report and by discussing with the consultants; get a second opinion on the candidates. The report is more of a support and a second channel of information. Normally, there are no big surprises but there have been some candidates where their opinions have differed. Within this business unit in Company X, they have licence to use an OPQ self assessment test for internal job rotation and in cases where they know the employees from before. But as she says, it is a risk to use these if you don’t have the experience that the consultant firms has, and that is why it they don’t use this for and external recruitment or for higher positions.

Within this business unit, they have a competence centre and internal training programs where needed. They provide training for challenging jobs and have their own programs for pushing the personnel’s skills and capabilities. Right now they are especially focusing on sales and service and trying to put effort into these groups.

Her opinion about the 360 degree feedback system is very much similar to the previous interviewees. It might be a good tool for getting feedback if used correctly, but the questions in it are not the best possible. It is not however, a tool for assessment of leadership skills, and definitely a tool for executives and managers to look into everyone’s feedback reports when interpreting results from personal assessment tests. It should be used as a tool for the person evaluated, to see him self in the mirror and discover things that are not seen from his own
point of view. It is according to her, not the best tool for this purpose but it is international and the method is satisfying enough for this type of assessment.

The process for identification of talent is very similar in this business unit, but she gave me some other aspects of the process. They have a process, and the person who will be recruited must have some special skills. They are a very attractive company, and that they can be quite selective when it comes to competencies. The talent pool is quite limited when it comes to really high positions and these are not easy to find all times. They have a list of “high pos” and stars and they try to put effort into developing these. Their internal management pool is a result of the MRR but these are not told that they are “high pos” since it is not a stable position and might change from year to year. However, they need a deeper analysis and assessment. This is a part of their long term perspective for the company and they always try to find a developing carrier path for these persons. When an open vacancy appears, they try to offer this job to people that has a carrier path that this job would develop. Then the question is just from what perspective this is best, to look who is more suitable for the position or for whose career path the job would be most suitable. The main thing is that both parties must be active in the process. Their most important instruments for recruiting higher officers are the interviews, made by several persons to get different opinions, assessment testing by specialists and the MRR. That is the closest they get to a crystal ball.

They are not involved in any major acquisitions, and therefore the last questions regarding attitude and demographical testing is not directed to this business unit. However, we discussed about this sort of service for their current unit and employees. They have their database for information and make reports about age structure and attitude assessment but further analysis of these things could in her opinion be useful, but it is not a top priority for the moment.

Interview 4

The fourth interview is conducted in Tampere as well but with Vice President for HR operations. Their service centres is going through a lot of changes and his task is to handle the changes in service jobs. He thinks that it is crucial to use internal resources for open vacancies and talent that they have developed. They need to spread their competencies and it is even more important for the individuals themselves to see that they can make use for what they have learnt so far. In his unit, they don’t have any agreement for tools to use, but he mentions the grid as a measurement. He says, that it is a pitfall to define a person that is good in technical areas as a “high pos” in general manager positions as well. He says, that he thinks that the company has a good image and that they are an interesting company in Finland. He also states that they not always try to get the best candidates, but the best matches.

He tells that in the grid people should mainly be at the same place as the first interviewee described. That is somewhere in high pos or key performer. Someone is always in the “further analysis needed” square, but the most important thing is that it not is the same person year after year. Factors that marks key personnel is according to him:

- Experience from working in several functions
- Some period of working abroad
- Basic education in the right field
The experience from several functions is important for development and gives a broader perspective than if you just have been going up in the hierarchy. There is of course not one solution and always exceptions. As he said, “everyone can acquire, switch carriers, go abroad and get a basic education”, that doesn’t mean you are ready for a high position. He mentions, just as the interviewee before, that sales is in need of training right now, and business needs first priority. Service sector is in a growth stage and needs a good strategy and training. They already have the technical competences and should focus on developing talent in places they are unfamiliar with or new areas. He says that Company X is relying too much on classroom training. The training should work as a navigator or compass, especially important in organizational change.

His crystal ball is very widespread and based on many different things. Their carrier path so far, interviews to find out why they have made the choices they have so far. He thinks that in addition to the management resource review, they should have an expert resource review for high talents to map their strengths and recent performances. They need a different grid for the top experts and not just state that this person is a key star. The reports are to him valuable for example choosing the last two candidates and in his opinion not so straight forward (and must not be) and that is why discussion with consultants are needed to get a more valuable picture of the candidates. They try not to look so much into details and focusing more of the overall picture and getting a “real” opinion. To get an evaluation of newly promoted managers, they have the same system of mid term review and performance review process to set up targets and evaluate how they have done so far.

The 360 feedback is according to him a difficult tool and the evaluators’ don’t know how to analyze persons and their past performance from an objective point of view. He is not totally confident in answering some of the questions and depending on who is answering, the objectivity vary and might give a false result. For evaluation of demographical factors, they have the CV in performance review database, and if you are to start investigating in attitudes might me impossible due to legal aspects. It could easily be a misused tool, just like 360 feedback system.

Interview 5

Fifth interview was conducted with President of Energy and Environmental technology, and he is a part of the line management. He is located in Company X corporate office in Helsinki and has been in the company since 1998. He started his career at 1988 when he graduated with a M.Sc in engineering and has since that been going upwards within his previous companies and he told me, that he always had a goal to aim high.

In Company X annual report, they have a strategy execution for 2008-2012 where they mention “talent and competence development”. I was curious about his approach to talent management. He described that in a company, most important for developing talent is to rotate people. When they take in new personnel for example from universities, they need to start at a job, and learn that job totally. After one is good in one job, the company should make sure that they are rotated for example if one has been in service, one should go to projects or sales to get an overview from several different jobs and be challenged for maximal development and to become more valuable to the company and to the market. One should get the international experience needed, and he said that companies today are not focusing
enough on rotating future talents to get the experiences they need. He had himself started his first job in Canada, and after that gone to Germany. No one will benefit from being 10 years in the same position within a big company.

His view on HR is that HR is always a responsibility of line management. They are professionals that should make sure all the tools and measurements are appropriate for the targets, and they are creating a job culture. Company X is going through a lot of changes and facing a new situation. His solution for facing the new changes has been to appoint a new Senior Vice President in charge of HR. Even if he says that the old one is doing an excellent job, they have been working together for so many years and it is hard to learn new ideas and change the current pattern and that is why new fresh ideas are needed in form of a new person in charge of HR. Even if he thinks that fresh new persons are needed in the company, they have a long tradition of internal appointments. He says it is easy for the organization to choose people from within, and see who is next in line for a fast process to fill vacancies.

However, whatever management team you have, he always tell the manager that in next year they need a better one, and they need to make changes for achieving that. It is just like a football team he says. If you are playing in division 3 and want to reach division 2, you need to maybe hire some new talents to your team, and replace others. Not all players will continue if you make it to division 2 and it is a tuff call for every manager to keep his group in the new division. They may need to take in external sources and train a lot to be as best as they can to achieve their goals. He says, that 5 years ago, Company X was in a crisis, and they had to reduce their expats which means that they now should more actively invest in training and hiring more actively and encourage especially young people to go abroad. People need to be pushed out of their comfort zones to become a specialist and want to face challenges. It is very easy to choose an easy way but this will not develop people enough for becoming high potential persons. In general, he is satisfied with their talent management processes, but says that there are always things to improve in the process. He points out though, that you should not focus too much on the processes as a tool, but more on the targets and that you have set up measurable goals for your team. Then comes the most important thing and that is to develop the action plan for the team and what needs to be done to reach those goals.

The interviewee was involved in the development of the grid used for evaluating personnel. He thinks it is good as a tool, but highlights the importance of it being actionable, and forces people to make actions and provide persons with challenge positions. It should evaluate managers to think that is team strong enough and what actions need to be done. Here again he used the example about the football team, if you raise the expectations, some persons will fall to a lower level.
In Company X, he thinks that talent is always needed in different areas since they are changing so much right now, and the difficulty is to keep the different business units at the same talent level, constantly going upwards. The requirements for keeping that talent high and not losing it requires a good management strategy and actions.

Regarding the reports provided by the assessment consultants, he says that these vary a lot depending on what company they use. Some write 20 pages including a lot of grids and statistic which can be thrown directly away, while others can give a very good judgement on only a few pages. The accuracy is better if they are using the same company since they get to know Company X and their strategy and environment and the validity the reports will increase a lot. He states though, that reports are never totally the truth, but a necessary tool to have outside the review and can see through the people in another way than the managers interviewing the people can. It provides a good third opinion for choosing the right personnel and a calibration compared to what conclusions they have made. Discussions made with companies like HC Management Services can also be valuable when a manager has difficulties in his team. To the last question regarding the service of additional information, he says that it is very difficult to do such research even if it is needed in many cases to get the personnel analyzed.

Interview 6

The last interview was conducted with the assessment consultant at HC Management Services, Matti Reinikainen. He is mainly involved with the assessment process at Company X and has been developing their tools in cooperation with the line management at Company X segment for Automation. I found it very interesting to add an interviewee in Company X, get the viewpoint from the consultant who is handling the assessment processes and also get the background behind these processes.

Reinikainen was earlier working for another consultant company, but got an idea to specialize within the area of potential assessment. That is why he left his former employer, Psykon consulting in ‘99 when he started to develop this process. He had gathered this material from early 80’s, working in clinical sector and wondering what kind of things we can call human strengths in general in human being. Together with two others, they started a company on this basis together with their previous experiences in attitude testing.

The basis for the whole idea of starting up a consultant company came from the international company Egon Zehnder, which is a headhunter company originally from Switzerland and one of the most famous players in this area in Europe. HC Management Services appraisal system is coming from their ideas, but unlike HC Management Services, they don’t use physiological tools or tests. That was the background to the idea, the challenge to develop better systems and tools. They decided to try to complement those processes by specialized tools; they could get better processes than Egon Zehnder. The grand idea in their development process is potential assessment. It is easier to say what is then what might or could be. It is even more difficult when speaking about people. You must go under surface level. Not only look into skills or competences, but go beyond these and try to evaluate those gender/genetic factors that are predicting who can learn those skills and differentiate whose learning skills are the best. And this is what is so difficult. You can speak about a powerful or strong person, but on
operational level they have tried to investigate and research this phenomenon. Another issue he has investigated is the question of potential, and the difference between a strong person and a potential person. According to Reinikainen, clinical experience and physiological education assess weaknesses of people, but he take another route and try to define what the strengths of people is.

Reinikainen said that it is not possible to remain attractive just by advertising; you need to have contacts with important persons in the company and be open to get good references. They started with medical industry in Turku, which is still one of their most important customers, Bayer Zeering. They were their pilot commission assessing potential. Then Bayer Zeering bought a bigger international company and they got to make a bigger assessment in this company, which gave them good references. By using those first references they got more customers and Company X was one of the first one that used them for assessing and auditing their managerial resources. Since then, they have done over 250 potential assessment key persons in Company X Automation. This led to another big customer, Atria in Finland. Componenta is another company they are working with, also in Sweden. Personal contacts and relationships to the key players in the company have also influenced their work. One important feature is that the first contact person in a company is often in line management, not HR. This is very important. They have knowledge about problems in the organization and know what they are aiming to. This has provided HC Management Services with deeper inside into the companies they are doing assessment services in.

He stated that talent management is a responsibility of line management in the company, and they must be very diplomatic with HR in their company. Line management are owners of the talent management processes, and HR is the assisting organization. There exist many wrong emphasises about HR in organizations, that they have the ownership of people management. This is in his opinion wrong. Talent management should be a question for line management.

Talent management in Company X is according to Reinikainen fragmented, but in Automation the situation is very good. Other departments have not been able to face the rapid change and can not see who real key players are or who must be replaced. Even if they have started these processes, it might in some departments be too late. Automation has done this since 1996 and they have made it from the start. It has been under strong leadership of the person interviewed in interview 5. Reinikainen states, that they could have handled it better here as well, but that this is a very hard question, and in Nokia for example, too much authority and power has been given to HR, but they are now trying to diminish it.

The philosophy behind HC Management tools is to integrate a broad spectrum of information. Track records is one of the most important tools, but can not use only structured and disciplined tools, they also need to do assessment. HC management services are doing more assessment than testing. Tests are useful, like 260 degree feedback that is common used. The biggest challenge for them is how to read and understand track record facts. Companies differ when it comes to how much you can learn in that company. Assessors need a multi tool attitude and a broad comprehension of the firms. Like some head-hunters say, assessment is not work of very young people without experience. This is, however, an area for ongoing tool development. To develop good validated ways of assessing track records is possible, but for doing this, you must be able to measure strengths of people. Strong people, he defines as persons with will power and ability to make decisions and be resilient. They also need to be flexible and be able to adapt themselves to others and others needs. Empathy is a feature of strong people too, and to have emotional intelligence. To have a good integrity is an attribute
of a strong person, as well as being predictable, so your boss knows you will be the same tomorrow as you are today. Features of a strong person are also good moral and ethics.

To be able to measure this, he needs to develop physiological measurements. What he really wants to measure is the ability to learn from experiences. This means learning from experiences, not from books. “You need to be street smart - not book smart, and assess tactic knowledge. These attributes are very hard to assess or test. But they are trying to validate and develop methods for this. Ability to learn from experience means that if you predict success for one person, it comes down to that in the end has learned most from the experience. Even if two persons have the same background factors and experience, one might moved more to managerial tasks since this one could learn more. He or she takes new positions as possibilities to learn rather then what kind of authority they will get. He or she who is more willing to learn will develop better commitment to his or her work. Human being learns what is really important to them. Those who are candidates for top management are those who are more eager to learn and willing to use feedback from everything they are doing.

Appraisal system is more then tools, it is an important process, and if some company calls them to make this, it is often because they have planned some changes in their organization. Maybe they will start up in a new business area, or made a strategic shift in business focus and need to match those keepers and key persons in a new way. First they must see what kind of mismatch there is in the company, interview and test candidates. Before the process, the company will inform the candidates that they have big possibilities with participating in the process. They need to motivate them to participate, that it is positive for them if they do this and that even if they must participate, they should think of it as if they are allowed to do it. Those who will participate often get benefits from participating. In most cases they assess not only the people, but also the roles. Role assessment is very interesting since there exist so many kinds of different roles in an organization. Some roles can be used as preliminary steps for managerial roles. They need to know that this role might prepare you for a top management role in the future. After that you can assess who might be the best candidate. This is a many sided process, and it takes time and demands strong management from both company’s side and from HC Management services if they are going to succeed. But HC Management Services has got very good feedback, and Reinikainen is positive when thinking about growth in the future. But for this they need more consultants to join their company.

Company x is aiming for big growth in future, and Reinikainen says, that it is seldom possible only to develop your staff by choosing people from inside the organization. You need to also hire from outside, take persons that some other company has developed and educated. The question is, are they able to get the best from the outside. Are they attractive enough? He thinks that since Company X is so big and has had good growth they are attractive. They have really good possibilities in power energy sector, and are expecting big growth. And their chances for hiring from outside in the future is really good.

Even if appraisal processes are well developed today, 1/3 of all managers starting in top management will derail rapidly or fail. Despite all of the work they have done, they could not predict this would happen. They do have talent, but still they don’t reach success for some mysterious reason. There is big tendency in business, that one single manager will take one step too much. That is why assessing in different ways is so important. They need to assess, if a person is using his or hers top resources right now or if they have much more to give to the company.
APPENDIX A

Interview questions

1. Is it important that you use people from your own organization for managerial tasks and leader positions?
2. Describe your process for identification of “high talented persons”
3. How do you handle the internal process of recruiting executives?
4. Do you think that it is a task of your company to develop the future leaders of the organization?
5. What factors do you think marks key personnel?
6. How much of the choice you make is based on the report provided by Hc-Ms?
7. What is it that Hc-Ms can provide you with that your HR department can not?
8. Do you encourage employees to move forward in their profession within your company?
9. Do you have training programs and/or talent pools? (Can you appreciate how many hours per employee?)
10. Do you have special ankle-points that your applicants must have executed to be able to move forward?
11. Does your organization have a culture of personal feedback (360- degree) and helpful coaching?
12. Do you know your employees?
13. Does your firm provide coaching and other support to newly promoted managers?
14. Do you follow up the work of your managers and leaders? How do you handle complaints from other employees?
15. Does your organization attract really talented professionals - do you get the best?
16. Are you able to retain those of the best?
17. Do you develop high performers quick enough
18. Do you remove those underperformers effectively enough?
19. Do you know where your key talent is now in the organization - have you identified your high performers?
20. Do you invest differentially in your top Talent?
21. Where does your business strategy require that your talent is better than your rivals?
22. Do you know what the developmental needs for individual talents are?
23. Have you been able to create proper development paths for the best?
24. Do you use other methods for evaluating potential? (Do you consider age, life situation, personal behaviour, charisma, international experience, other valuable skills)
25. Are you interested in receiving additional demographical information about new employees that are employed in your company (such as above) e.g. when entering acquisitions? These could be called “assessment of life history”
26. Would you be interested in a more “personal analysis”, taking other factors into account, like social competence, personal competence and emotional intelligence? To draw up a “profile” of the employee. This could also include a 360 feedback system, containing evaluation about the employee’s satisfaction and perception of their work and managers/leaders. (this could be valuable when identifying attributes of good leaders)
27. Would you be interested in a comparison between different groups in your organization/departments? Such as track records (backgrounds), experiences and work satisfaction?
28. What is your crystal ball? Do you provide your personnel with experiences to see what they might be able to do instead of judging them only on the basis of their past?
29. What are the attributes of a good leader in your opinion?

Questions for Consultant:

Background:
- When was HC Management services founded?
- Why did you specialize within this area?
- How did you get in contact with company X?
- Do you think that Company X has a well functional Talent management process?
- Can it be improved?

Talent management:
- Whose is the responsibility for Talent management in an organization?
- Why is it so important to choose the right persons for “higher officer positions”
- Are there any special ankle points for being a ”high flyer”
- What is your view on HR in an organization?

Processer and tools:
- What are your tools developed to measure?

What is your cooperation with Company X?