

CRANFIELD UNIVERSITY

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**IDENTIFICATION OF THE CONDITIONS REQUIRED WITHIN AN
ORGANISATION FOR A TALENT MANAGEMENT STRATEGY TO
SUCCESSFULLY BE PUT IN PLACE**

DEFENCE ACADEMY - COLLEGE OF MANAGEMENT AND
TECHNOLOGY

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Identification of the Conditions Required Within an Organisation for
a Talent Management Strategy to Successfully be Put in Place

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Abstract

Talent management has been viewed both as a relatively new phenomenon that can deliver competitive advantage and as the latest management fad that is nothing more than a sub-section of human resources. Much has been written on the subject, albeit predominantly by consultants, so there is little academic rigour on the subject. Moreover, the majority of the literature focused on highlighting the diminishing supply of talent and providing advice to practitioners around recruiting, retaining, developing and rewarding talent.

This thesis reviewed the existing literature to provide a holistic view on talent management in order to add value both at the academic and practitioner level. It focussed on what conditions an organisation is advised to put in place in order to leverage the performance of talent and whether talent can have a significant impact on organisational performance.

The secondary research suggested that talent could act as a lever for organisational performance. This was tested through primary research, from the organisational and individual perspective, and resulted in the identification of four conditions that impacted on the performance of talent. These conditions were grouped into a model, which was tested both by the case study organisations and by organisations that had not been involved in the research. The findings were used to adapt the model and this is offered for subsequent researchers to further develop in order to explore generalisability for all organisations.

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CHAPTER 1

INTRODUCTION

1.1 CONCEPT AND PURPOSE OF RESEARCH

1.1.1 Starting Point and Problem Statement

A significant amount of research has been conducted into strategic management, and the factors which affect an organisation's ability to create and sustain competitive advantage (Barney, 1991; Michie and Sheehan, 2005; Porter, 1985). Evidently, organisations have greater control over internal rather than external factors, which has led to a focus on three resources that an organisation can maximise: *physical capital*, i.e. its equipment, buildings and geography; *organisational capital*, i.e. the formal and informal planning, control and coordination systems; and *human capital*, i.e. the knowledge, skills, experience, judgement and insight of the employees (Barney, 1991; Barney, 2001; Ployhart and Moliterno, 2011). Recently, research into the contribution of human capital has attracted much attention and, concurrently, psychologists have focused on researching the contribution of 'Knowledge, Skills, Abilities and Other Characteristics' of individuals (KSAOs), as both a macro and micro level resource. According to Polyhart and Moliterno (2011), human capital is the unit level resource created from the collective KSAOs of individuals.

Historical human resource management trends, of which talent management is a distinct but not separate entity, will be explored in greater detail in Chapter Two. However, one notable trend is that, while the ownership and responsibility for human resources previously rested with the human resource department, the ownership of talent management in many organisations now appears to reside with the CEO and senior leadership team, because of the huge impact that talent can have on organisational capability and performance. This can be seen in the active involvement of the senior leadership team in talent reviews and high level potential talent development interventions, not to mention the

investment made in talent management appointments by most large organisations.

Talent managers are employed to get to know the aspirations and capabilities of those viewed as talented: providing the CEO and senior leadership team with information, according to which they make decisions during talent reviews, and subsequently implement them. These decisions may be related to internal resourcing, including international moves, or interventions, such as mentoring, coaching or high performance courses. Moreover, there has been an exponential rise in the number of headhunters, to meet the demand of organisations looking to employ talent with specific skills and capabilities. The concept of talent management has thus attracted much interest, both in academic circles and among HR practitioners, suggesting that it is an emerging field of strategic importance, worthy of greater attention. Certainly, it is now sufficiently embedded within the organisational culture and the recruitment industry to no longer be viewed as a management fad (Business Intelligence and Corporate Research Forum, 2003).

Academic interest in talent management has increased over the last two decades, a great deal of it coming from the US rather than UK (Business Intelligence and Corporate Research Forum, 2003; Guest, 1987). As in the case of other new developments, much has been written by consultants that contains hyperbole and lacks academic rigour. Moreover, journal articles have, in the main, focused on practitioner-level guidance, with many journals detailing the individual processes required to successfully recruit, reward, retain and/or develop talent. There is a gap in the literature on how organisations can holistically leverage the performance of talent in a way that can act as a driver for enhancing organisational performance.

While organisations will pursue outsourcing, offshoring, mergers/acquisitions and other strategies to improve margins, the use of talent management as an additional lever to enhance organisational performance has been well

recognised. The Chartered Institute of Personnel Development (CIPD) (2009, p.2) has introduced a working definition of talent management to demonstrate its value. According to it, talent management is:

‘The systematic attraction, identification, development, engagement, retention and deployment of individuals with a high potential, who are of a particular value to an organisation.’

Despite the fairly extensive literature on talent management, there is still no framework that organisations can adopt which will provide the best conditions in which talent can flourish. One of the findings from Total Quality Management is that, while an initiative might have merit, the inability to provide a framework would result in its downfall (Watson, 2008). This thesis will identify the conditions which can collectively form a framework with which to enable a talent management strategy, and act as a positive driver for enhanced organisational performance. Conditions are defined as ‘circumstances, especially those essential to a thing’s existence’ (Concise Oxford Dictionary, 1979).

1.1.2 Research Aim, Question and Objectives

Research Aim: to identify the conditions within an organisation that would enable a talent management strategy to successfully be put in place.

Research Question: What are the conditions required within organisations that would enable a talent management strategy to be put in place?

Research Objectives:

1. To define and plan the research project.
2. To review the existing literature on talent management.

3. To identify a suitable research methodology to facilitate the collection of data to achieve the research aim.
4. To present the results of the research data collected.
5. To analyse the findings in light of the existing knowledge and the research aim.
6. To draw conclusions about the contribution to the existing knowledge and the lessons learned.

1.1.3 Study Value

In pursuit of the research aim, the first requirement was to confirm whether any generic conditions existed which could enable a talent management strategy to enhance the organisational performance. If such conditions existed, were there any specific criteria within them that had more significance than others, or were they of equal priority? Moreover, was there a relationship between them, or were they linear? Evidently, pursuing the research is likely to create study value at both academic and practitioner levels, as the findings will contribute to the existing body of knowledge by addressing the areas of both theoretical and empirical weaknesses.

At the Academic Level

Most research into talent management has, thus far, been conducted in the US, and focused on examining the different methods through which organisations can recruit, retain, reward and develop talent. In contrast, there is a clear gap in research on how organisations can create conditions that enable a talent management strategy to enhance organisational performance at strategic level. As such, the subject crosses the boundaries of leadership, management, culture, psychology and motivation.

The originality of this research lies precisely in the fact that it identifies these conditions. For the purpose of this thesis, 'conditions' are considered to be the factors within the organisational environment which influence the success of the talent management strategy in delivering an enhanced organisational performance.

There has been increased interest in research surrounding the Dynamic Capabilities Framework and the Resource-Based View, to identify how organisations can harness human capital to achieve a competitive advantage. While this will be further explored in Chapter Two, it is apparent that what is lacking is a framework that organisations can adopt to provide high potential talent with the optimum conditions: ensuring that talent is effectively recruited, developed and retained, in order to harness its potential and focus it on meeting the priorities of the business strategy and improving organisational performance.

In 2006, Becker and Huselid published their study, 'Strategic Human Resources Management: Where do we go from here?' Their aim was to move forward the debate on linking strategic human resource management to enhanced organisational performance. They identified a 'black box' between human resources and enhanced business performance, which required further research (Becker and Huselid, 2006). Essentially, they felt that organisational conditions acted as variables, and affected the extent to which the management of employees could act as an enabler of organisational performance. However, lack of clarity over exactly what these organisational variables actually are still exists.

Therefore, empirical research, conducted in the UK and expected to lead to a theoretical framework, will represent a useful contribution to the existing body of knowledge at the academic level.

At the Practitioner Level

There is a consensus in the literature that demand for talent outstrips supply. As a result of globalisation, organisations are increasingly under pressure to achieve competitive advantage, and demand for high potential managerial talent is unprecedented (Lawler, 2008; Marginson et al., 1995; Sadowski et al., 2002; Sirkin et al., 2008; Wilsdon, 2007). As the global economy moves out of recession, talent will become increasingly important (McCartney, 2009). However, the trend towards de-layering organisations has reduced the opportunities to grow managerial talent at a time when managerial roles are more complex than ever, with an increasing number of managers responsible for managing diverse, multi-ethnic, remotely based teams (Anthoney et al., 2000; Bhatnagar, 2008; Coulson-Thomas, 1989; Hill, 1998; McClelland, 1994; Morison et al., 2008; Morison, 202; Rich, 1999; Van der Colff, 2004). This combination has increased demand for high calibre managerial talent to levels approaching desperation.

Concurrently, there has been a reduction in the supply of potentially new managerial talent. Lower birth rates in the West, particularly the UK, coupled with changing societal values, have resulted in insufficient Generation Y employees entering the workforce (Barron, 2008; Bhattacharya et al., 2008; Carrington, 2004b; Carrington, 2005; Chew et al., 2005; Dowsett, 2008; Gandossy and Kao, 2004; Harris et al., 2006; Hill, 1998; Johnson, 2001; Lockwood and Ansari, 1999; Martin, 2005; McCarthy, 1999; McGettigan and O'Neill, 2009; McGregor et al., 2004; Murray and Greenes, 2007; Oliver, 2001; ONS, 2007; Rosseau, 1989; Stephens, 2006; Storey, 2001; Wilsdon, 2007). It is estimated that, by 2025, the number of new workers entering the global job market will only be one-third of what it is today, thus posing serious challenges for the world economy (McCarthy, 1999). In a survey of over 7,000 managers, nearly 90% stated that the talent shortage was the biggest issue affecting

businesses, and that talent acquisition and retention was becoming increasingly difficult (Axelrod et al., 2001).

Therefore, the formulation of a clear framework will be a useful contribution to the body of knowledge at the practitioner level. It will provide guidance on changes in the business environment, if any, which would need to be made in order to maximise the output of high potential talent, to act as a lever for enhancing organisational performance.

1.2 ASSUMPTIONS

The ontology and epistemology adopted in the research will be clearly outlined in Chapter Three. However, it would be pertinent to highlight at its outset that it employs the lens of the 'managerialist' perspective to conduct the investigation, in order to identify the organisational conditions.

Certain assumptions have been made to identify the boundaries and utility of talent management in the context of an organisation. These assumptions have been tested through both secondary and primary research, and are revisited in Chapter Six to confirm their relevance and validity. They are:

1. 'Talent management' is a distinct but not separate area of human resource management;
2. There is merit in applying the research findings in the US and the UK on 'talent management' in the context of the UK;
3. 'Talent management' is a generic term with utility for all organisations irrespective of their sector or industry;

4. 'Talent management' is not an end in itself, but a lever to improve organisational performance, and can help in the pursuit of competitive advantage;
5. All high performing organisations are competing, to a greater or lesser extent, for a limited pool of talent.

1.3 RESEARCH UNDERTAKEN

In order to understand an area suffering from both theoretical and empirical weaknesses, research was undertaken to examine what conditions, if any, affect the performance of high potential talent within an organisation. The literature review began with an in-depth research into talent, looking at the different definitions of talent and the findings surrounding the generic aspirations and motivations of it, in order to appreciate the impact that a talented individual can have on an organisation. In researching the issues that affect individual performance at work, the scope of the secondary research inevitably expanded to include theories on motivation, leadership and management, and impact of organisational culture. It brought out that there are four main conditions that affect the performance of talent within an organisation: strategy (by which the researcher means the alignment of a talent management strategy with the business strategy), structure, culture and processes. More details regarding these findings are given in Chapter Two, the Literature Review.

The primary research set out to investigate the four conditions, initially from the organisational perspective, through six case studies. The findings were compared to the documentary data collected from the case study organisations. In order to gather information from an individual perspective, the research drew on the findings of the employee engagement surveys, provided by three of the six case study organisations. This quantitative data provided useful insights, and represented the views of all employees, not merely the talented among them.

To help gain an insight into the talent cohorts themselves, it was intended to gain access to those within the case study organisations. However, this was not possible. Instead, views were sought from a military cohort studying a Masters degree in Human Resource Management; and subsequently, from the talent cohort within Vodafone. In both cases, the individuals were asked to complete a questionnaire to articulate what enhanced their personal performance at work. The quantitative data was analysed and cross-referred to the remainder of the primary research data. Chapter Three, Research Methodology, contains details of the research design, including the selection of the participating organisations. Chapter Four, Findings, provides details of the raw findings of the primary research.

The secondary and primary research findings are brought together and analysed in Chapter Five, which seeks to provide a clear line of sight between the literature and the data, thus leading to the creation of a model which brings out the conditions that affect the performance of talent at work: specifically in areas related to strategy, structure, culture and processes. The completed model was circulated for feedback to a wider group of organisations for evaluation. Drawing on this feedback, best practices were determined and the model amended accordingly. Comments on the model and its final version are detailed in Chapter Five.

Finally, Chapter Six, Conclusions, returns to the research question, objectives and assumptions to confirm their relevance and validity, before demonstrating how the background and focal theories have been found to be different as a result of the research undertaken. Moreover, it acknowledges the limitations of the research, discusses lessons learned during the process, and details the contribution it makes to existing knowledge (both for the academic community and practitioners), before making recommendations for further study.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

In recent years, there has been an exponential rise in conferences, seminars and literature dedicated to talent management, largely as a result of the activity of a cadre of enthusiastic consultants and practitioners. As a consequence, the subject has attracted a great deal of hyperbole, and the literature lacks academic rigour. The claims that have been made need to be scrutinised, in order to establish their validity.

Thus far, the majority of the research has focused primarily on the underlying processes of defining, attracting, retaining and rewarding talent (CIPD, 2009b) rather than a holistic approach aimed at identifying how an organisation can leverage the performance of talent. This thesis examines the existing research, to establish if talent management is a worthwhile investment or, as Iles et al. (2010) argue, whether it amounts to nothing more than the latest management fad. In so doing, the literature review considers the evolving role of human resources and analyses talent management: both in terms of how it has evolved, and whether it now exists as a separate entity, or sub-section, of strategic human resources.

Despite the quantity of literature available, which highlights the business benefits behind actively managing the best and brightest into senior roles, there remains a significant diversity gap in many boardrooms (Kulich et al., 2011; Ibeh et al., 2008; Pagano, 2011; Sealy et al., 2009). In FTSE 250 companies, one in ten director roles is occupied by a woman; whereas in FTSE 100 companies, only one in four has a female director on the Board (CBI, 2010). Moreover, differences in remuneration continue to discriminate against women (Kulich et al., 2011). There is even a concern that business schools are not focused on educating women for multi-national, managerial roles (Ibeh et al.,

2008). This may suggest that, in practice, talent management is not being effectively implemented.

The gender gap that exists in the boardroom has led to a number of initiatives: most notably, the independent review by Lord Davies (www.bis.gov.uk/news/topstories/2011/Feb/women-on-boards, accessed 13 Sep 11). Despite highlighting organisational benefits of greater diversity, and the progress being made in other countries, there has been a notable lack of public response to his conclusions on the part of FTSE 100 and FTSE 250 companies, on which he focused. This may suggest that any changes made will be incremental at best; non-existent at worst.

A thorough analysis of the gender gap is, in truth, worthy of its own thesis. In terms of the impact that talent management can have on the gender divide, perhaps there will be a time lag within organisations before any significant form of change in boardroom diversity occurs. For the purpose of this thesis, the diversity issue is rather more focused on whether there is only one definition of talent applicable to all organisations; or if talent, as a concept, is more inclusive. A more detailed examination of the definition of talent and its associated attributes may help explain why organisations should invest in managing talent.

Following this, the Chapter enters a detailed discussion of the literature pertaining to the four key conditions of this research: namely, strategy, structure, culture and processes. These conditions will be explored, and a research methodology designed which focuses upon them, in order to provide new insights and an original contribution to knowledge on how organisations can best go about managing talent.

2.1.1 Definition and Impact of Talent

According to Carrington (2004), despite the extensive level of research into talent management, a clear definition of talent does not exist. Instead,

organisations have elected to adopt an approach to managing talent. The majority have looked to define the attributes that will drive organisational success; while only a minority have taken a more inclusive approach. The latter have adopted what has become known as 'employee segmentation', a method by which organisations categorise their workforce: not by ability, but by *individual needs and requirements* in terms of the support they need, enabling bespoke learning and developmental opportunities to be provided (Ingham, 2006). The aim is to provide talent management for all staff, in order to incentivise, retain and develop all employees. However, Wooldridge (2006) suggests that this constitutes little more than strategic human resources management and, in consequence, 'segmentation' has gained little traction.

In contrast, the more prevalent approach has been to define talent by the contribution it can make to organisational success; yet here again, there are inconsistencies in approach. For example, a senior buyer in retailing, or a drug researcher or clinician involved in developing drugs in a pharmaceutical firm, could be considered as 'talent' (Connolly, 2005; Lawler, 2008; Powell and Lubitsh, 2007). In this example, the definition used would amount to 'critical talent': a descriptor for those individuals with the specific skills, experience and capability to increase profits and/or performance within an organisation (Lawler, 2008).

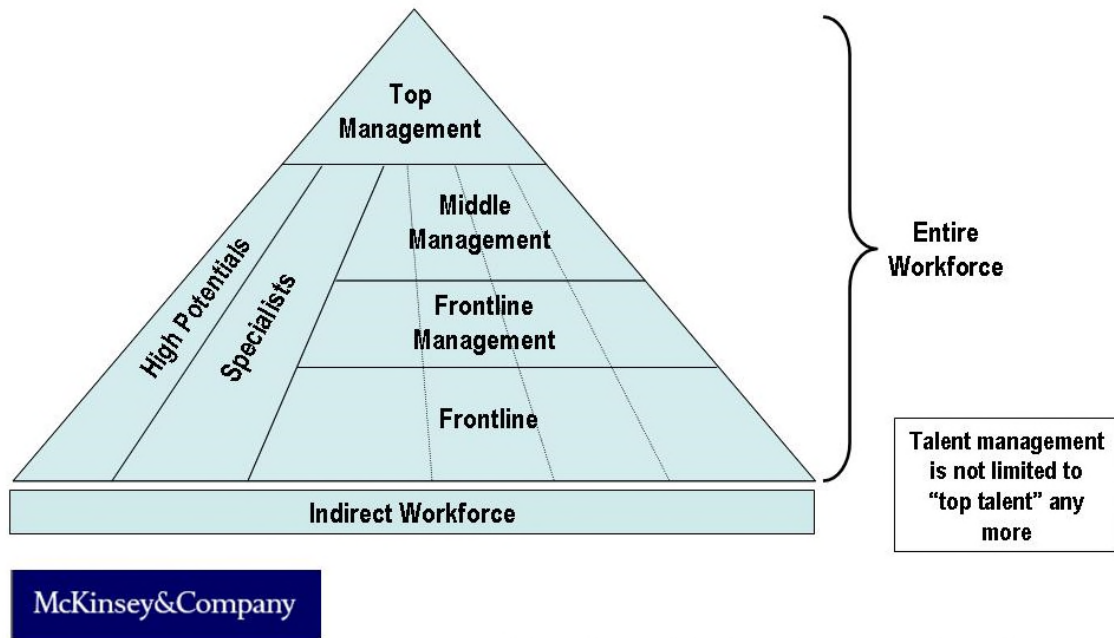
Another definition of talent is that of a 'knowledge worker': so-called because they have technological skills and high levels of reasoning powers which, for example, in the sales environment means that collectively, they can generate three times more profit than any other employee (Guthridge et al., 2008). However, Sadler (1992) argues that 'talent' refers to an individual who does not just fit one definition of talent; but is instead capable of meeting at least two. He cites the examples of Hewlett or Packard: individuals not just with the capability of developing cutting edge technology, but also the business acumen with which to create a global organisation.

Disagreement in the literature may reflect the intrinsic nature of talent; and the fact that its definition is organisation-specific, depending on the skills required to drive performance. Disagreements over the definition can be explained by research conducted on behalf of Ashridge Business School, which identified that the definition can vary: not just between organisations, but even within the same organisation over time (Blass, 2007). However, this may merely be a convenient excuse for a relatively new phenomenon, which has not yet fully developed into a clearly understood concept. A number of organisations have now moved beyond just identifying the attributes and skills of those who are talented, and applied it to the organisational context: so determining which skills will be necessary to drive their business strategy, in order to gain and maintain competitive advantage (Cheese, 2008; Byham et al., 2002; Miller and Desmarais, 2007).

Notwithstanding the different definitions of talent within organisations, Michaels et al. (2001, p. xii) suggest that there are common traits within talented individuals and that '*you know talent when you see it.*' Phrases used to describe talent often include 'self-starter', 'high energy level' and 'drive' (Kakabadse and Margerison, 1988). These characteristics may also reflect an individual's outlook on the world. Enthusiasm, a positive outlook and general positive affectivity tend to be linked to value attainment and high performance (Hochwater et al., 1999). Talent, as a generic label, appears to collectively describe an individual with ability (both innate and learned), engagement (the positive connection to the organisation and job) and aspiration (hunger for recognition, advancement and future rewards) (Martin and Schmidt, 2010).

Recognising the difficulties of defining talent, McKinsey consultants produced a model, Figure 1, which explains the difficulties in identifying one definition (McKinsey & Co, 2008).

What is Talent ?



Source: McKinsey and Co, The New Talent Management Challenge, 2008

Figure 1: Definition of Talent
(McKinsey & Co, 2008).

The model in Figure 1 has been included because it clearly depicts the different labels that could be applied to talent in most large organisations. For example, in cases of top management, the CEO and senior leadership team, having reached such a position of seniority, could be considered as 'talent': therefore, their continued development and retention is of importance to the strategic performance of the organisation. In terms of succession planning, there is a need to ensure that middle management is fully developed, in order to safeguard the future viability of the organisation.

Beneath this layer is that of 'frontline staff': including the management of the 'frontline workers'. These are the employees who come face to face with customers: and work in retail shops, call centres, or in delivering the product. These staff have the ability to 'make or break' the company's reputation, so also

require investment in their problem-solving skills and ability to deal effectively with customers.

Moving up the escalator of the organisation are the 'high potentials', who display the capability and skills to be future members of top management; and the 'specialists': for example, those working in research and development or IT, where the organisation's competitive advantage may depend on their skills. On the right hand side of the pyramid, the entire workforce is encapsulated: which demonstrates that under 'segmentation', all employees are considered to be talent.

Inevitably, resources for training, retention and reward are limited. Whilst companies will endeavour to foster a culture whereby all line managers try to develop all of their personnel (a process known as employee segmentation), the senior leadership and human resource management teams can only focus on some of the workforce; and in most cases, those with high potential are the future senior leadership team (Davenport et al., 2010; Martin and Schmidt, 2010). For the purposes of this thesis, the definition of talent will revolve around those 'high potential' individuals who have the greatest reach for senior appointments. In creating the model in Figure 1, it could be concluded that McKinsey were looking to demonstrate the challenges of defining talent; or perhaps were deliberately being vague: in order to appeal to as many organisations as possible, to secure work for their consultants.

The 'high potential' definition of talent will be employed by this study because it generates a great deal of interest in the literature: perhaps because of its consistent contribution to the organisation. It is suggested that 93% of high potential employees are also high performers; but conversely, only 29% of high performers have high potential (Corporate Leadership Council, 2008). For organisations looking to invest in the future senior leadership team, the high potential cadre appears to offer the greatest return on investment. Moreover, talented individuals have been found to consistently outperform average

workers. According to the managing director of Talent+, a recruitment agency dedicated to talented individuals, it is not uncommon to identify individuals who are 100-300% more productive than their less talented colleagues (Lunn, 1995). Arguably, given the nature of his position, Lunn may be more optimistic than most about the impact and productivity of talent within an organisation. More common is the view that talented individuals are 100-150% more productive (Lawler, 2008).

Tansley et al. (2007) cite case studies reflecting on the impact of talented individuals and high performing teams, resulting in enhanced organisational performance. The consistent message is that organisations seeking to achieve or sustain competitive advantage are reliant on high performing individuals: because their ideas, innovation, superior performance, enthusiasm and commitment will be the differentiator between the organisation and its competitors. In a recent survey, over 1,000 global CEOs were interviewed and asked what concerned them the most; and 72% of respondents stated they were more concerned about the availability of individuals with key skills, than about energy, commodities or intellectual property rights (Lawler, 2008).

With this in mind, the potential shortage of talent has led to a focus on talent management as one of the newer disciplines for human resource professionals to focus on, in order to improve organisational performance. Thus the evolution of the human resource function builds on the work of Drucker (1955) and McGregor (1960), who collectively developed the concept of managing by objectives, and enhancing performance by aligning objectives with business strategy. Thus human resource management has come a long way from its humble roots in 'personnel management'.

To understand this evolution, each stage of the journey is defined below in logical order, starting with 'personnel management' (the earliest); and ending with 'talent management': the latest term to be used in the literature. The definitions used are from authoritative sources and often cited by others.

2.1.2 Personnel Management

'Personnel management is a responsibility of all those who manage people ... It is that part of management which is concerned with people at work and with their relationships with an enterprise. Personnel management aims to achieve both efficiency and justice [and] seeks to provide fair terms and conditions of employment, and satisfying work for those employed' (Legge, 2005, p. 45).

This definition focuses on people as an asset and the requirement for the organisation to provide fair employment for a fair salary, which hints at the earlier definitions of the psychological contract. However, whilst personnel management emphasises that employees are an asset to be managed, human resource management concentrates on the benefits of investing in employees and providing them with the right environment: in order to increase their productivity. The definition of personnel management provided above appears a little outdated given the developments in employment law: which stipulates the necessity for a minimum wage, maximum number of working hours in a week and employer responsibilities for health and safety. The introduction of such legislation brought about a shift in the relationship of management and personnel management.

2.1.3 Human Resource Management

In the 1990s, management began to work with their employees in a far more collaborative way. The decline of the Trade Union movement and rise of pluralism reflected a new role for management - but this was scarcely a case of altruism in action. Rather, the aim was to enhance efficiency and employee productivity in order to increase profits. That said, there is some disagreement over the change in how managers viewed their employees during this period: Beer, Fombrun and Stroezy all argue that this represented a radical shift;

whereas Guest (1987) suggests that it was more a case of shift in *emphasis*. Armstrong (1994) highlighted the shift in style, Table 1, by examining the different approaches against each element of the role, and how the perspective changed from personnel management to human resource management. It could be argued that the main shift between the two is that personnel management supported the management, which affected the stance on all issues; whereas human resource management took a broader view of the organisation, and supported both management and employees.

Element	Personnel Management	Human resource Management
Employee Relations	Adversarial	Developmental and collaborative
Orientation	Reactive and piecemeal	Proactive and business focused
Organisation	Separate functions	Integrated functions
Client	Management	Management and employees
Values	Order, equity, consistency	Client and problem focussed, tailored solutions
Role of Specialist	Regulatory and record keeping	Problem sensing, tailored solutions
Role of Line Management	Passive ownership	Active ownership
Overall Output	Compartmentalised thinking and acting	Linking various human resource levers to business needs

Table 1: Personnel Management and Human Resources Management - an Outline (Armstrong, 1994).

The transition from personnel to human resource management appears to reflect less focus on employment relations, and more on employee development: working with the individual in meeting their expectations, so that the organisation could benefit from satisfied employees, who want to be retained and are willing to work hard for the organisation. Table 1 is particularly useful in highlighting the shift in emphasis that occurred within organisations, and the corresponding evolution in managing the workforce. Some argue that the latter has been significant (Wright and Boswell, 2002); whilst others

consider that little has changed in terms of substance (Armstrong, 1994). Despite these differences in opinion, there has at the very least been a notable shift in style.

2.1.4 Strategic Human Resource Management

A further example of evolution, from human resource management to strategic human resources management, arguably demonstrates enhanced forms of commitment by organisations, to use their workforce as a lever with which to improve organisational performance. Moreover, it reflects a shift from focusing on day-to-day employee engagement and productivity, towards the long term development of people in the organisation (Armstrong, 1994). The development of strategic human resource management appears to be a concept which has evolved from human resources management. Yet their co-existence today reflects that both have a role to play; and that strategic human resource management is merely a discrete area of human resources management itself.

Thus, strategic human resource management supports the long term development of employees: and focuses specifically on aligning personnel needs with the business strategy. As such, it excludes some of the transactional elements of human resource management: notably employee reward, relations and resourcing.

2.1.5 Human Capital

Whilst human resources management focused on day to day management of employees, and strategic human resource management focused on their long term development, what was lacking was a name to describe the resources being managed. This involved far more than just employees; rather, it represented the collection of knowledge, skills, experience and broader attributes which, when harnessed, could drive productivity and the performance

of an organisation. This led to the introduction of the term 'human capital' (CIPD, 2005).

Once this definition had been created, it represented a natural step to consider how this capability could be sustained, in order to avoid a loss in performance and productivity: hence the evolution from the concept of 'manpower planning' to the more specific 'succession planning'.

2.1.6 Succession Planning

According to CIPD (2009a), the definition of succession planning is: '*The identification of future leaders to fill key positions*'. 'Succession planning' appears to focus primarily on the roles within the senior leadership team, as well as key positions within the company, on whom its strategy and performance relies.

Through its very nature, succession planning identifies areas of risk; and where no successor has been identified, developmental requirements to facilitate those more junior moving up the pipeline. As with all forms of planning activity, it is vulnerable to changing circumstances and requirements: but the very nature of conducting the planning acts provides reassurance for all stakeholders that any loss in organisational capability will be minimised when a key individual leaves the organisation. Arguably, it was, through challenges surrounding succession planning that in 1987, McKinsey identified , the shortage of high calibre personnel for managerial appointments; leading in turn to the introduction of the term 'talent management'.

2.1.7 Talent Management

In order to identify, at the earliest possible opportunity, those individuals with high potential who have the capability to outperform their peers and reach senior appointments within an organisation, the term 'talent management' and

the underpinning processes were created (CIPD, 2006). Although Cappelli (2008) argues that talent management fundamentally reflects the processes of manpower planning and human resource management that already existed, CIPD consider the term 'management' to be more holistic and, ideally, fully aligned with an organisation's strategy:

'In its broadest sense it is concerned with ...identification, development, engagement, retention, and deployment of talent within a specific organisational context' (CIPD, 2006, p. 1).

Despite the difficulties in defining 'talent' as a concept, be it as specialists within the organisation or future management, the CIPD definition of 'talent management' appears to be consistent with that of other academics and practitioners: which renders it all the more surprising that there is considerable confusion over use of the terms 'succession planning', and 'talent management'. The latter aims to identify, recruit, retain and reward talent to drive the business strategy and therefore improve organisational performance; whereas the former focuses purely on identifying future individuals for key posts. Clearly, these two processes need to be in alignment with and to complement one another in order to achieve maximum effect; but they are quite separate entities. CIPD have highlighted the difficulties that may occur if the processes are not aligned: not least the potential for one policy to undermine another, particularly if one is overt and the other is covert (Tansley et al., 2006).

Consistency is important if both talent management and succession planning are to be effective and aligned. Ultimately, these policies exist so that 'human capital' can act as an enabler for organisational performance: a theme which has endured for some years. Naturally, the prevailing economic climate has had a real impact on the availability of people with the right skills or potential; as well as organisational appetite to recruit and retain.

2.1.8 Labour Market

The impact of the external environment on organisations will be considered in more detail later; but it is worthy of mention at this point. Market forces, economic climate and regulation all affect the dynamic environment within which organisations operate: resulting in both risks and opportunities (Waring and Glendon, 1998).

In the context of this thesis, the fluctuations within the labour market will be examined specifically. Michaels et al. (2001), consultants for McKinsey, may argue that there is a 'global war on talent'; yet the numbers of highly qualified graduates in the East are exponentially increasing. In contrast, in the West, there is a reducing pool of high potential people, due to the demographic changes, changing values and decline in education. Given that organisations have the ability to shift resourcing from the national to international level in order to bridge the gap, it could be argued that sufficient talent exists at a global level (Torrington et al., 2005). Moreover, 'off-shoring' has long been a method by which organisations have reduced their overheads. Perhaps the potential shortage of talent is only a problem for multi-national organisations, with headquarters in the West, looking to retain the same culture, language and ethos without having to adapt. In order to combat the local skills shortage, there are two apparent approaches: buy or build.

Inevitably, organisations buy talent when the required skill sets do not exist internally, and are required in a short period of time. The unintended consequences of this are reduced employer loyalty and increased remuneration, to reflect the supply/demand dynamics. As such, this has led to a growth in specialist head-hunters looking to meet the resourcing requirement. However, this is not a cost effective way to pursue talent in the long term, leading organisations to invest more heavily on growing talent internally. The added benefits of this are that the culture and skills can be appropriately tailored for the organisation, but it can be a painfully slow process (Torrington et al.,

2005). For human resources, the challenge is to work closely with the senior leadership team: in order to ensure that recruitment and development activities are aligned to the organisational strategy (Schuler et al., 2010).

2.1.9 Return on Investment

Ultimately, organisational investment in talent management (both in terms of time and money) reflects the ability to improve productivity and profit. A belief stemming from the introduction of human resource management is that competitive advantage can be achieved through employees, making them worthy of investment in order to increase their inherent value (Armstrong, 1992).

Notwithstanding the financial challenges of the current economic downturn, it is considered that talent management is more, not less, important (McCartney, 2009). Whilst some organisations have been forced to put new initiatives on hold, the majority have either maintained their focus on talent, or are now placing an even greater focus on it. This appears to be the case for two reasons: talent can help the organisation improve its performance, and talent management is retention-positive; those organisations that fail to support their talent during the recession will inevitably suffer when the economy improves (CIPD, 2009a; McCartney, 2009; Williamson, 2003; Mucha, 2004; Zeigheim and Schuster, 2002).

Goodridge (2009) advises those companies dealing with the current global economic downturn to consider the lessons from those affected when the dot.com bubble burst. Organisations such as Apple took a long term view, and chose to invest in research and development whilst freezing pay increases. This enabled them to retain staff and launch new products: thus improving their market share and gaining increased levels of loyalty and long term retention. In contrast, those organisations that made large scale redundancies subsequently struggled to recruit when the economic position improved (Goodridge, 2009). Whilst this experience reflects a broader view on redundancy versus retention,

given the potential shortage of talent, it also highlights the unintended consequences that a company can create by failing to look after its talent in difficult times.

The plethora of available research on talent management may highlight that there is no silver bullet for success (Cantrell and Benton, 2007; Cheese, 2008; Hay Group, 2007b; Marmol and Murray, 1995). Moreover, there has been a trend in the research to focus on recruiting, rewarding and developing talent. It may be because these areas are more straightforward to analyse than a holistic approach which considers how an organisation can use talent management as a potential lever for enhancing organisational performance. However, a number of factors emerge from the literature which influence the performance of talent in an organisation: these are worthy of closer examination, in order to determine their collective and individual contribution.

2.2 ALIGNING THE BUSINESS STRATEGY AND THE TALENT STRATEGY TO DELIVER RESULTS

The concepts of 'strategy' and 'strategic planning' have evolved since their introduction in the 1960s, as both academics and practitioners have developed their own theories through interpretation (Mintzberg, 1998). For organisations looking to pursue talent management as a tool for competitive advantage, it is necessary to consider the different approaches to strategic planning and the relationship between an organisation's strategy and its human resources strategy; as well as how the latter can provide a broader framework for a talent strategy (which is so often a subset of the human resources strategy in any case). Mintzberg (1998) provides a useful overview on strategy: suggesting that even the term 'strategy' has evolved to represent different meanings: from different approaches to formulating a strategy, through to strategy development as a result of other factors. Mintzberg (1998) usefully brackets these different approaches into ten schools of thought.

The 'Design School', 'Planning School' and 'Positioning School' focus on how a strategy should be formulated. The first believes that the CEO owns the strategy, and creates it based on his/her own values and ethics. Whilst this may result in clarity of direction for the organisation, this approach has a number of disadvantages. First, it is unlikely that any CEO has sufficient detailed insight into all areas of the organisation, to enable him to put together a winning strategy. Second, it is unlikely that the CEO will have the time to write such a comprehensive strategy (particularly as the internal and external factors will not remain stable whilst the strategy is written): introducing the risk that the strategy may be out of date before it is published. Third, an imposed strategy, written without consultation, may face resistance during implementation and fail to operate properly. Whilst a clear strategy may help the human resources department to determine strategic resourcing, development or reward, it could be out of date before recruitment commences: thus the wrong skills could be recruited (Torrington et al., 2005).

The 'Planning School' also promotes strategy development as a formal process; but instead relies heavily on input from the planning staff. A hierarchy of plans and forecasts may draw upon past events to predict future outcomes: but again, conditions may change as this formal process is followed; and in any case, such lengthy bottom-up planning is both slow and unlikely to identify strategic issues. For human resources, this approach may provide more detail in terms of strategic resourcing, development and reward; but conversely, may not necessarily identify the soft skills, knowledge and experience which combine to create human capital.

Finally, the 'Positioning School' draws upon the experience of military strategists and economists, who believe in only limited paths to success. Where conditions are stable and can be analysed through reference to historical trends, this may be appropriate; but for many organisations, competition amongst other companies is too dynamic for this to constitute a successful route with which to plan strategic human resources. Whilst these approaches all

offer thorough methods of devising a strategy, they share a commonality: all are labour intensive and slow.

Despite this, most Business Schools and consultants continue to promote the idea that a deliberate, well thought through strategy can drive organisational performance; perhaps because companies and individuals are willing to pay, in order to learn the skills behind devising a 'winning strategy'. To confirm or rule out the link between strategic planning and organisational performance, nine studies were conducted in manufacturing companies, with a sample size of 10 to 386 companies. Eight of these took place in the US, and one in the UK. Only one study found a connection between strategic planning and organisational performance (Stacey, 1995). Therefore, there remains a difference in viewpoint. Traditional management theory emphasised control, order and predictability, and perpetuated the need for a vision and strategy with measurable outcomes: but according to chaos theorists, this no longer seems to reflect reality (Stacey, 1995). Given that organisations are non-linear systems, where a cause or action can result in a number of different outcomes, any form of long term strategic planning supported by a deliberate strategy will not necessarily deliver the desired outcome; more likely, in fact, is that systems will evolve and futures will emerge (Parker and Stacey, 1994). Chaos theory highlights the futility of trying too hard to structure an organisation: as innovation can end up stifled. Rather than following the traditional path of structured, deliberate plans and detailed performance monitoring, there is a case for organisations, particularly those operating in dynamic sectors of industry, to adopt an emergent strategy (Stacey, 2010).

Mintzberg (1998) identifies six schools of thought that suggest that strategy can emerge or be developed through other forces, rather than deliberately be planned by individuals within the organisation. In consequence, an organisation has more flexibility in the face of changing internal and external conditions. The 'Entrepreneurial School' believes that one gifted individual can lead an organisation and develop a strategy that he can personify: for example, Richard

Branson. Such a visionary leader can encompass and own the strategy: which may suit new organisations, or those in trouble. However, where all the reputation is invested in one person, there can be difficulties if the strategy is not successful or the visionary leader fails. For strategic human resources, it is difficult to plan to support such a strategy.

The 'Cognitive School' believes that strategy formation is influenced by the style of the creator; and seeks to understand motives, personality types and previous experience. Whilst this may reflect a particular school of thought, again it is difficult to map strategic human resources to this. The 'Power School' believes that strategy is shaped by power and politics and that from this, an emergent strategy will evolve. For strategic human resources, this is again a difficult strategy within which to plan: because it may change through negotiation, as power shifts within the organisation. The 'Environmental School' believes that the organisation is passive; and that the environment shapes the strategy around the leadership and the organisation. For strategic human resources, this too can be difficult to plan against; and talent management can place an emphasis on buying talent, rather than growing it organically.

But two remaining schools of thought offer the most promise for strategic human resources looking to recruit and develop talent as the key to competitive advantage. These are the 'Cultural School', and the 'Learning School'.

The first believes that a strategy will evolve, but that ideas will originate from within the organisation; and draws upon the Resource Based View model that within each organisation, three resources exist: physical, human and organisational capital; and these can drive value creation (Mintzberg, 1998; Sirmon et al., 2007). The Resource Based View, said to have dominated business thinking for the last two decades, focuses on the importance of developing and exploiting firm-specific capabilities or assets such as skill acquisition, learning, and the accumulation of intangible organisational assets (Grant, 1996; Teece et al., 1997). However, the Resource Based View approach has attracted extensive criticism for being conceptually vague,

tautological and lacking empirical evidence to support it (Eisenhardt and Martin, 2000; Kraaijenbrink et al., 2010).

The 'Cultural School' model of strategy formation has exciting implications for talent management. Whilst it can help the human resource department focus on the resources that an organisation wants to recruit and develop, it also reflects the importance of retaining such skills. The price for such a resource is governed by the supply and demand theory, which when there is a global shortage of talent, can place great emphasis on an attractive remuneration package and a strong Employer Brand (Barney, 2001; Peteraf, 1993). It places great emphasis on the skills and knowledge of human capital as a means to achieving competitive advantage.

The 'Learning School' also views strategy formation as a process of emergent strategy. In this case, strategy is formed by the collective rather than one individual, and draws upon patterns identified through recent experience. This is said to reflect the approach undertaken by many large organisations, because it is so adaptable (Mintzberg, 1998). Associated with this school of thought is the dynamic capabilities framework. Dynamic capabilities have been defined as the management capabilities, and those combinations of organizational, functional and technological skills, that are difficult to imitate and are thought to hold the key to competitive advantage (Teece et al., 1997). This theory emphasises the importance of developing capabilities that cannot be replicated by a competitor, thereby enabling an organisation to achieve competitive advantage: an approach that has its roots in the Resource Based View (O'Connor, 2008).

The 'Learning School' is also closely associated with chaos theory: specifically, the need for managers to continually adapt and "not rely on structures, systems, rules and procedures" (Mintzberg, 1998). For strategic human resources, this approach also offers an exciting opportunity to identify the capabilities in which an organisation may wish to invest and place a focus on developing, rewarding

and retaining such capabilities (Mintzberg, 1998). Whilst the 'Cultural School' and 'Learning School' may have a different orientation, they are in fact similar: in that both rely on internal soft skills that are rare and difficult to imitate (Mintzberg, 1998; Teece et al., 1997).

Finally, Mintzberg (1998) recognises a tenth School of Thought for strategic planning: namely, the 'Configuration and Transformation School', which clusters together many of the ideas already explored above.

Commensurate with the evolving view of strategy and strategic planning, there have also been developments in strategic management. In fact, a great deal of strategic management research has been conducted in the last 25 years: specifically into the sources of organisational competitive advantage and how these can be sustained (Barney, 1986; Barney, 1991; Barney, 2001; Coff, 1999; Eisenhart and Martin, 2000; Grant, 1996; Kraaijenbrink et al., 2010; O'Connor, 2008; Peteraf, 1993; Sirmon et al., 2007; Teece et al., 1997). The findings highlight a broad state of agreement: only one of the authors considers the holistic picture to include external market forces (Porter, 1995), whereas the remainder focus on internal factors as the source of competitive advantage (Barney, 1986; Barney, 1991; Barney, 2001; Coff, 1999; Eisenhart and Martin, 2000; Grant, 1996; Kraaijenbrink et al., 2010; O'Connor, 2008; Peteraf, 1993; Sirmon et al., 2007; Teece et al., 1997).

The exponential increase in literature examining internal resources has led to an analysis of both the Resource Based View and the dynamic capabilities framework, to determine which approach would be more likely to lead to competitive advantage. The approaches are not dissimilar; but as with the 'Cultural School' and 'Learning School', there are subtle differences within too.

The Resource Based View emphasises the importance of harnessing training, experience, judgement, intelligence and relationships within the human capital resource, such that it is valuable, rare, inimitable and non-substitutable;

whereas the dynamic capabilities approach seeks to rely on competencies (akin to the roots of a tree), to achieve value that cannot be imitated (Barney, 1991; Mintzberg, 1998; Teece et al., 1997). Whilst both the Resource Based View and dynamic capabilities approach can lead to competitive advantage, there is some dispute over whether they can both deliver sustained competitive advantage: which is less about sustaining competitive advantage over time, more about achieving uniqueness that cannot be imitated (Barney, 1991). Two definitions here may help achieve clarity:

‘Competitive advantage is a value creating strategy not simultaneously being implemented by a current or potential competitor’ (Barney, 1991).

‘Sustained competitive advantage is when any competitor is unable to duplicate the benefits of the strategy’ (Barney, 1991).

To achieve sustained competitive advantage, companies must develop resources that are valuable, rare and imitable (Barney, 1991). Eisenhardt and Martin (2000) argue that dynamic capabilities are substitutable by other organisations: so whilst this can be a source of competitive advantage, it cannot deliver sustained competitive advantage, which can only come from the Resource Based View. In either case, the role of the strategic human resources department is both to understand what it is that the company values; then support the development, reward and retention of those skills and capabilities. In order to achieve this, the human resources department has had to evolve from manpower planning capability to understanding the emerging organisational strategy and remain flexible in their approach, or risk failing to deliver the right people at the right time.

From its early roots in the guise of the Social Reformer of the beginning of the 20th century, seeking to improve the life of factory workers, to the benevolent Quaker families of Cadbury and Rowntree, who were paternalistic in their approach, this role developed into the human bureaucrat and Taylorism,

through to the consensus negotiator forging the path for the Trade Union movement. Finally, when the personnel function was fully integrated with management, the role of manpower analyst emerged: focusing on manpower planning (Storey, 1991). Supply and demand manpower forecasting was conducted within a deliberate organisational strategy: and aimed to match requirement against the actual number of employees (by grade and skill set), whilst also managing recruitment against turnover (Torrington et al., 2005). Although manpower planning was a useful tool, particularly during the downsizing and redundancies of the 1990s, the increased popularity of the emergent strategy meant that detailed human resource planning was no longer meaningful. In its place, human resource management developed a more holistic approach: concerned not merely with employee numbers, but their behaviours, capabilities and how the organisation could best capitalise on these (Torrington et al., 2005).

Much has been written on the emergence of human capital and its contribution to organisational success, and how the human resource function can work closely with the business to harness this capability (Coff, 1997; Hitt et al., 2001; Hatch and Dyer, 2004; Michie and Sheehan, 2005; Nahapiet and Ghosal, 1998; Ployhart and Moliterno, 2011; Truss and Gill, 2008; Wright et al., 1994). The consensus appears to be that there are no easy answers; and that each organisation will benefit most from a bespoke solution. Fundamentally, however, the variety of relationships which can exist between the organisational and human resource strategy has remained unchanged since Torrington et al. (2005) published their model, shown in Figure 2. Of all the literature that depicts the different relationships that can exist, this model is perhaps the clearest.

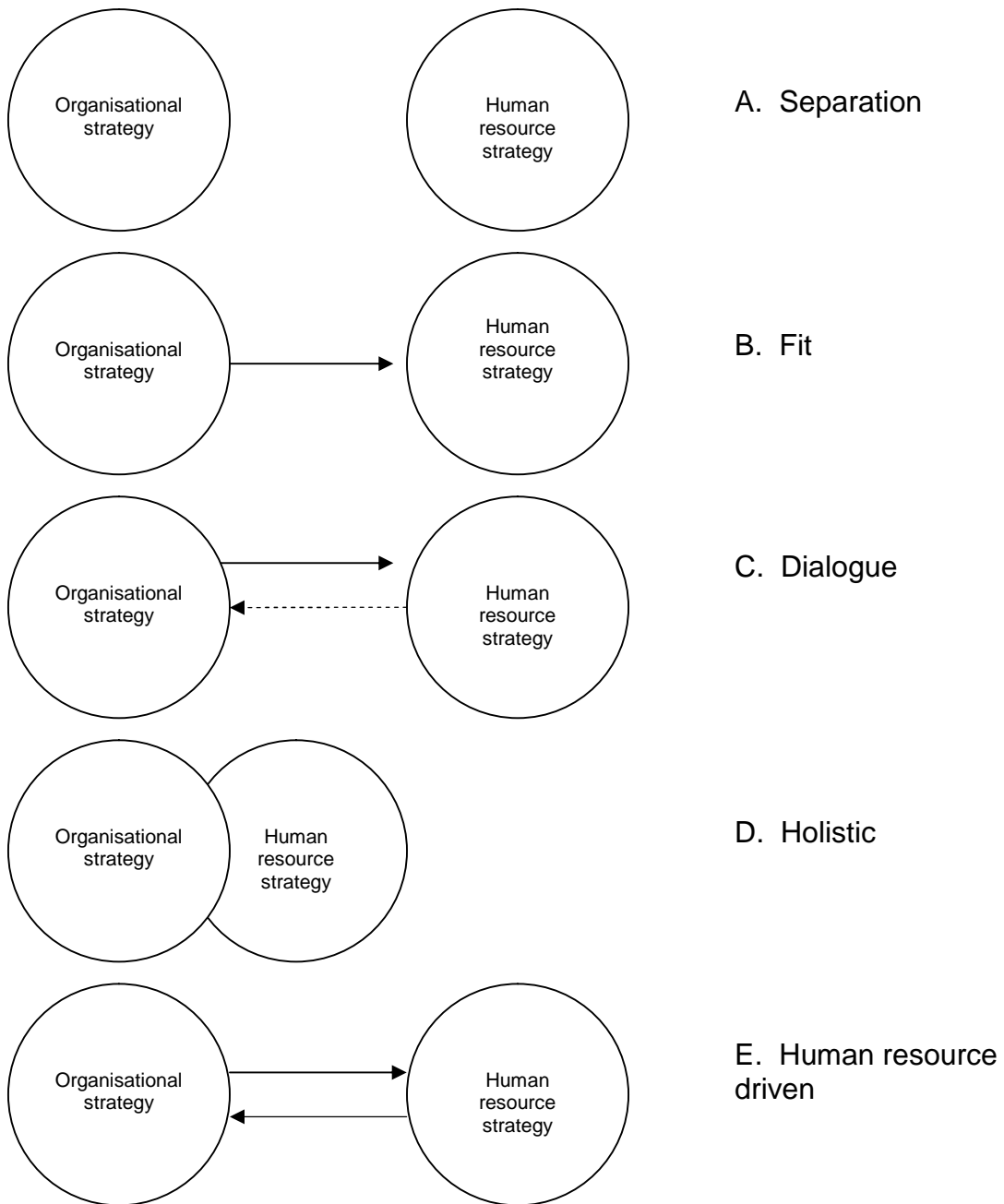


Figure 2: Potential Relationships between Organisational Strategy and Human Resource Strategy
 (Torrington et al., 2005, p.30)

Figure 2 represents the different relationships that can occur between the organisational strategy and human resources. Torrington et al. (2005) suggest that holistic or human resource driven models provide the strongest level of alignment, so that the activities and focus of the human resources staff are fully supportive of the organisational strategy: thereby recruiting, retaining, developing and rewarding the appropriate knowledge, skills and capabilities for the organisation. Arguably, this represents both the Resource Based View and the dynamic capabilities framework approach.

The emphasis implied here constitutes a long term approach to developing and retaining skills; but the reality for many organisations is that this needs to be balanced against short term requirements. Whilst graduate programmes offer the opportunity to join an organisation and test out different roles before settling into a full time appointment, and then 'grow' within the business, for more senior or specialist roles, there is far less flexibility. Indeed, the exponential growth of recruitment agencies specialising in head hunting talent would appear to suggest that for many organisations, there remains the short term requirement to 'buy' talent.

The transferability of talent is an issue here: what worked in one organisation may not be successful in the next. Moreover, there is a risk that the losing organisation will suffer, as knowledge and experience depart: perhaps even to a competitor. This reinforces the importance of the Resource Based View or dynamic capabilities framework: which seeks to imbed within the organisation an intricate set of capabilities, knowledge and experience that no one individual can take with them to another company. In order to develop such an intricate set of capabilities, knowledge and experience, the strategic human resources strategy must be vertically aligned with the business strategy, and horizontally across the organisation; and there must be consistent values reflected in all human resources policies and processes. Achieving such alignment, in the style of a three dimensional strategy, requires active engagement between the human resources department and the business: in order to arrive at a full

appreciation of what skills and capabilities are required (Gratton and Truss, 2003).

Whether an organisation seeks to follow the Resource Based View or dynamic capabilities framework, there will be a requirement to measure both the success and the Return on Investment through metrics. Kaplan and Norton (1996) argue that the Balanced Scorecard is more than a financial measurement tool: that it is an *'integrated set of measurements that link: '.customer... process, employee and system performance to long-term financial success.'* Inevitably, the key to useful metrics is to identify the right indicators in order to arrive at meaningful data. The lack of peer-reviewed articles on this subject may highlight the difficulties in measuring what may be described as intangible. However, Boudreau and Ramstad (2006) recommend the 'LAMP' model, which may represent a useful place at which organisations can start. It emphasises Logic (competitive advantage, pivot points), Analytics (valid questions and results), Measures (sufficient data that is timely, reliable and available), and Process (drawing on values, culture and influence).

Drawing on the experience of the Balanced Scorecard, it is suggested that human resource metrics comprise both lead and lag indicators. The latter highlight past performance: and as such, are comparatively easier to measure and can be used to analyse profitability and market share. However, the former are unique to the business strategy: and measure future factors such as the financial drivers of profitability, specific market segments, learning and growth objectives, customer satisfaction, customer retention and employee skills (Kaplan and Norton, 1996).

Fitz-Enz (2007), the founder and CEO of Human Capital Source in America, argues, perhaps because of his position, that for Human Capital benchmarking performance, lag indicators fail to give meaningful data: they may provide quantifiable data (for example, the number of female employees who exited the organisation voluntarily during the last Financial Year); but fail to explain why, or

what that means for future retention. As such, Fitz-Enz (2007) promotes only the use of lead indicators and intangibles that an organisation should measure in order to drive performance: for example, Employer of Choice, Satisfaction, Engagement, Leadership, Commitment, Training Spend, Turnover, Brand Awareness, Agility and Reputation.

In contrast, Rampersad (2008), places little weight on lag or lead indicators; and instead suggests that greater performance would be achieved by focusing on aligning individual personal goals with their organisational counterparts. The limited research findings on lead and lag indicators, to adequately measure the contribution of talent and the return on investment, are considered an area of empirical weakness.

Notwithstanding this, however, Mintzberg's 'Cultural School' of strategy promotes an evolving strategy to identify skills and capabilities within the workforce that can be adjusted as required, and enable human resource staff to plan a talent management strategy against (Mintzberg, 1998).

The assertion that the strategy comes before the structure appears to be logical: but Chandler's findings have since been criticised for being outdated and too simplistic (Galbraith and Nathanson, 1978). When Chandler wrote that 'the strategy comes first', it reflected the increasing number of organisations adopting diversification as a business strategy: which required a move towards decentralisation. However, whilst this simplistic view is generally still supported, his findings have attracted comment and suggested areas where the theory could be developed: not least in terms of the inclusion of performance measures against the strategy and structure; and the addition of rewards, career paths and leadership styles (Galbraith and Nathanson, 1978). Moreover, whilst structure may follow strategy, it may be that an organisation might wish to focus on delivery against the strategy, and adapt the structure as required: including any response to changes in the strategy (Peters and Waterman, 1989; Swailes, 2006).

In order to examine the question of ‘strategy’, there is merit in first considering the variety of definitions that exist. Accordingly, the five commonly accepted definitions, in Table 2, are provided below:

Plan	Strategy as a <i>consciously intended</i> course of action: for example a kid has a strategy to get over a fence, a corporation has a strategy to capture a market.
Ploy	Strategy can be a ploy or a manoeuvre. A kid may use a fence as a ploy to draw the bully into the yard where his Doberman Pincher awaits intruders.
Pattern	Strategy as a pattern in a stream of actions or a pattern of behaviour when a strategy emerges from a pattern of action. For example, Henry Ford offering his Model T in black only.
Position	Strategy as a position, which can be compatible with one or another above, and describes the environment, external competition or co-operation with other organisations.
Perspective	Strategy, as a perspective, describes the internal environment and the ‘character’ of the organisation.

Table 2: Five Definitions of Strategy
(Mintzberg, 1987).

The definitions in Table 2 highlight how a strategy can be an intended course of action or one that develops over time. In the context of an organisation, ‘position’ and ‘perspective’ provide clarity on the external and internal environment respectively. Both ‘plan’ and ‘ploy’ could be considered as an *intended strategy*: although the emphasis is on a conscious action for ‘plan’, as opposed to action based on fortuitous circumstances for ‘ploy’. ‘Pattern’ could be compared to an *emergent strategy* (Mintzberg, 1987).

The intended and emergent models of strategy are detailed in Figure 3 and demonstrate how an organisation may set out with an intended strategy, which may become a deliberate strategy as expected; or an unrealised one which comes to nothing. Equally, an emergent strategy may develop and turn into a realised one. Arguably, if an organisation is trying to align its business and talent management strategies, there is merit in understanding the type of

business strategy that exists, in order to help it reach the successful conclusion of a realised strategy.

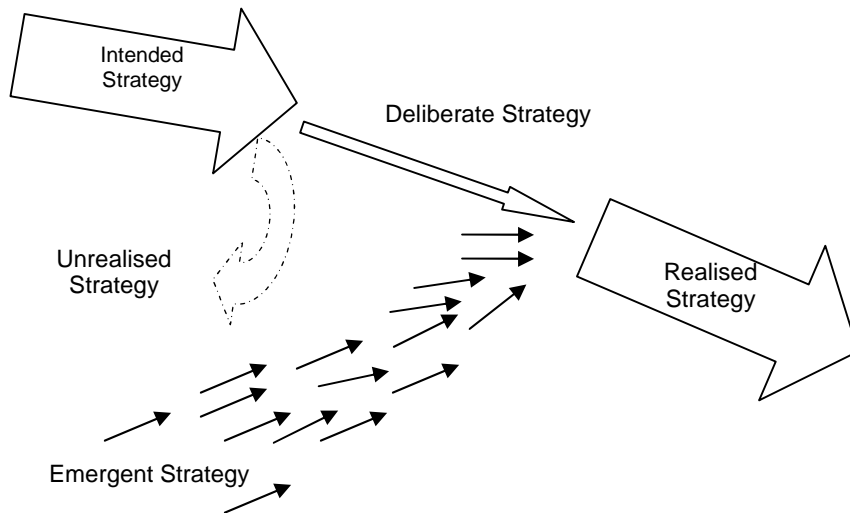


Figure 3: Deliberate and Emergent Strategies
(Mintzberg, 1987).

When examining the model in Figure 3, it can be seen that an organisation may start with an intended strategy, but it will not necessarily move to a realised one; instead, an emergent strategy may develop (Mintzberg, 1987; Wright and Nishii, 2007). However, there is a belief that an intended organisational strategy can be too restrictive. According to Pfeffer and Sutton (2006), the founders of 'Ebay' deliberately avoided an organisational strategy, and instead chose to rely on experimentation to establish what worked, and evolved accordingly. This experience highlights the alternate approach of an emergent strategy.

However, for the purposes of this thesis, Mintzberg's definition of strategy as a 'plan' is used: which considers it to be an Intended and Realised strategy. Bowman et al. (2002) argue that it is important that organisations are very clear about the type of strategy they are pursuing. In large organisations, it is possible for three complementary strategies to exist at the unit, corporate and

functional level (Kakabadse et al., 1987). The benefit of having three strategies is that the corporate strategy can provide the strategic overview; the business unit or business level strategy can provide clarity on how the unit can contribute to the achievement of the corporate strategy; and the third strategy can be a functional one, detailing action plans within the support areas of finance, marketing or human resource management (Kakabadse et al., 1987). However, Johnson et al. (1998) suggest that in lieu of a functional strategy, the third strategy be an operational one: bringing together the broader corporate and detailed business unit strategies, by focusing on resources, processes and people (Johnson et al., 1998).

When considering the levels of strategy within an organisation, be it planned, or Mintzberg's 'Cultural School' version of an emergent strategy (1998), it appears that there is merit in the existence of a corporate strategy to provide broad direction; and a more detailed business level strategy, which provides the clarity on the contribution of the business unit to the corporate strategy (Johnson et al., 1999). Having achieved this, the organisation can align its talent strategy to either corporate or business level strategy: and continually verify the strategic fit, to ensure that the right skills continue to be recruited, developed and rewarded. Many complex global organisations, particularly those operating as conglomerates, choose not to align their talent management strategy with their corporate one because of their diverse nature: so align the former with their business strategy instead (Tvorik and McGivern, 1997). For clarity, this thesis will focus on aligning talent management strategy with business level strategy: while accepting that in simpler or smaller organisations, the alignment could be with corporate strategy instead.

According to Tvorik and McGivern (1997), a company should use its business strategy to align its resources, knowledge and vision, and promote its unique capabilities and strengths; but Collis and Montgomery (1998) argue that it can be difficult for organisations to identify and evaluate their resources, and assess their areas of strength and weakness. In the process, organisations may wish

to consider their three resources: 'Physical Capital', 'Organisational Capital' and 'Human Capital' (Holland et al., 2007). However, globalisation, increasing levels of technology and rapid increases in data transfer speed, have all reduced the ability to differentiate one organisation over another by using physical and organisational capital (Holland et al., 2007). As such, organisations are encouraged to focus on Human Capital, in order to gain competitive advantage through revenue growth and market share (Economist Intelligence Unit, 2006; Holland et al., 2007). Whilst this can be achieved through lowering the overall cost of overheads, such an approach is not sustainable: the only long term solution is to increase the number of motivated high performing staff.

Achieving competitive advantage is difficult, and relies on an organisation possessing a rare resource. However, this may erode over time: as other organisations seek to either duplicate the resource or adopt a cheaper alternative. In contrast, the use of talent may enable organisations to sustain competitive advantage: because competitors will find it harder to replicate the skills and abilities of the workforce (Becker and Gerhart, 1996; Lewis and Heckman, 2006). This places an emphasis on people, and particularly, talent, as a key to competitive advantage if the right skills are harnessed (Delaney and Huselid, 1996; Storey, 1991).

Recognising the resources that can be maximised to achieve competitive advantage is important because '*strategic misalignment can cost an organisation its future*' (Guttman and Hawkes, 2004, p. 35). Having determined the resources within the company that can be maximised, organisations are advised to consider the external and internal environment; and amend business strategy as their environment changes (Boxall and Purcell, 2008; Porter, 1985.) When considering changes in environment, a useful model to employ is the 'Five Forces' Model in Figure 4, because it considers the separate areas which can impact on enhanced performance (Porter, 1991). It is not intended for this study to replicate Porter's work in detail; but only to consider

the various aspects that may affect a strategy. However, this model does nonetheless attract some criticism: because Porter, when developing it, disregarded the success of the Robert Mondavi Winery in Napa Valley, which appeared to gain significant profits from the increased reputation of the wine growing region in question (Pfeffer and Sutton, 2006).

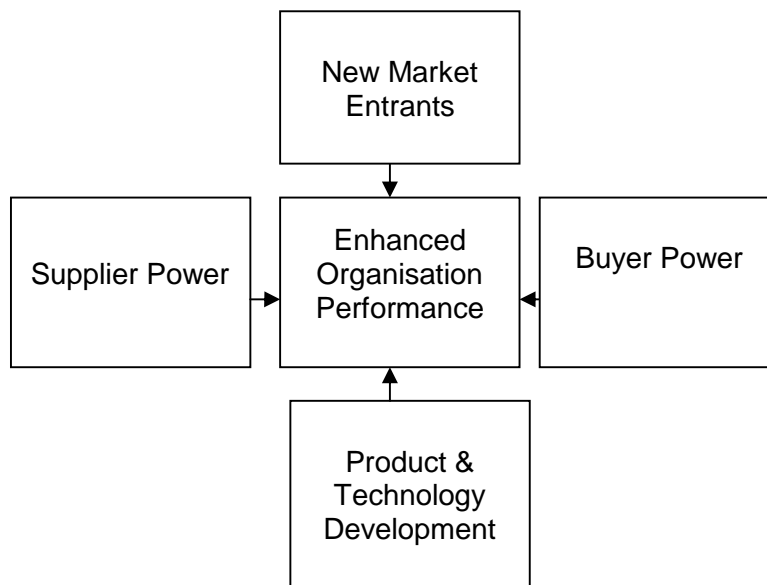


Figure 4: Five Forces Model
(Porter, 1991).

Figure 4 represents a useful model through which to consider the external and internal environment; and can be used by organisations in the Private Sector looking to create a business strategy that will lead to increased profits, productivity, market share and share value. However, devising a business strategy for Public Sector organisations can be more difficult, given political interests and the difficulty in determining what success actually looks like. In order to provide clarity for Public Sector organisations, the Cabinet Office launched 30 Public Sector Agreements in October 2007, which focused primarily on 'value for money' and superior performance. In common with Private Sector organisations, the key to success appeared to lie within the workforce: but concerns exist as to the ability of Public Sector organisations to deliver against the 30 Public Sector Agreements (Deloitte and Touche LLP,

2008). Such concerns are not new: pressures on the Public Sector have traditionally included the shift in emphasis to provide public services that fit around the citizen; increased pressure on public spending; and a charged political and media environment, which leads to fear of mistakes or inadequacies (Dunleavy, 1991).

In order to deliver against the 2007 Public Sector Agreements and be viewed as efficient and value for money, the Public Sector workforce will be required to demonstrate the skills, knowledge and behaviour to develop and deliver policy effectively (Deloitte and Touche LLP, 2008). According to Berger and Berger (2004) creating a successful strategy is not easy; if it were, it would be unlikely to lead to competitive advantage. Moreover, having created a strategy, effective implementation relies on the full support of the CEO and senior leadership team: which is not always a given (Bowman and Kakabadse, 1997).

Having elected to follow a deliberate or emergent strategy, the organisation is advised to align talent management strategy against it, as far as is possible. Legge (1989) suggests that achieving integration or 'strategic fit' between talent management and business strategies is the ultimate aim. Much research has been conducted into the importance of aligning the two strategies, to ensure that the right skills are recruited, developed and retained (Bergeron, 2004; Chanda and Kabra, 2000). Those organisations that do manage to align their business and human resource management strategy (or talent management strategy) have been found to achieve competitive advantage (Harrison, 2005; Kaynak 2006; Wood and Wall, 2002). In order to achieve alignment and develop a consistent talent management strategy, organisations are advised to start with the business level strategy and work down to talent processes and practices, in accordance with Table 3 (Lewis and Heckman, 2006).

Talent Management Component	Relevant Questions Moving Down Levels
Strategy Sustainable Competitive Advantage	What market opportunities exist? Which organisational resources yield advantage?
Strategy Implications for Talent	Where will improvements in talent quality drive strategic gains? Where will improvements in talent drive strategic gains?
Talent Pool Strategy	How do we position various talent pools? - What combination of performers (A vs B vs C) do we need? - What compensation policy should we adopt (above/below/at market?) - Which pools should be linked in career ladders? - Should we 'informate' certain jobs?
Talent Management Systems	How do we implement talent pool strategies across the company? - Company architectures - Enterprise-wide data systems
Talent Practices	Which practices efficiently meet our talent goals and can be captured by our systems? - Selection - Recruiting - Performance management - Compensation administration

Table 3: A High Level Depiction of Management Hierarchy
(Lewis and Heckman, 2006).

Table 3 provides a useful handrail with which to develop a talent management strategy: but in order for it to be successful, it may rely on an organisational structure to help deliver it, along with a supportive culture and clear processes that are both fair and consistent across the organisation. By aligning talent management strategy with business strategy, the organisation can be assured that the output from the highest performers is focused in direct support of the latter, in order to deliver enhanced organisational performance (Bergeron, 2004; Heinen and O'Neill, 2004). Such alignment is strongly recommended by the top ten organisations in the 'Most Admired Companies' list (Hay, 2007a)¹.

¹ The top ten companies in 2009 were: Apple, Berkshire Hathaway, Toyota, Google, Johnson & Johnson, Procter & Gamble, FedEx, Southwest Airlines, General Electric and Microsoft.

In 1997, the Hay Group and Fortune magazine embarked on co-sponsored research, examining corporate reputations over a 10-year period. Starting with the 500 largest public companies in the world (taken from the Fortune 500 list), and divided into 19 industry groupings, a questionnaire was developed for each grouping, to assess 'innovation, quality of management, long term investment value, social responsibility, the ability to attract, develop and retain talent, quality of product and services, financial soundness, use of corporate assets and effectiveness in doing business globally' (Hay, 2007a, p. 2). The questionnaires were then sent to 10,000 senior executives, board directors and expert analysts for that industry group. The results were then calculated to produce a 'reputation score' (Hay, 2007a, p. 2). Despite the geographical challenges of operating across dispersed sites and national boundaries, the organisations on the 'Most Admired' list have found that by adopting a common strategic vision, common corporate culture and a global, long term approach to talent management, their performance has improved (Hay Group, 2007a).

Clearly, these are not linear issues; but rather, interdependencies. Amongst their many research findings into talent management, the Hay Group cite ten areas that organisations are encouraged to adopt when developing a strategic approach to it. The ten areas, shown in Table 4, begin with the importance of being led by strategy: no coincidence, as the literature consistently considers this to be of fundamental importance.

1	Be led by strategy	Talent management has to evolve and reflect the people implications of chosen market contexts, strategies and operating models
2	Get serious	The war has started, it is increasingly difficult to stay ahead using a tactical approach such as 'buying' talent; with rapid change you need a workforce that can adapt quickly
3	Own the problem & invest	The issue isn't going to go away
4	Focus on demand first	Identify the jobs required and what people need to do to succeed in them
5	Close the demand/supply gap	Talent management should be the fulfilment activity to achieve this
6	Build value/don't destroy it	When done well, strategic talent management can be both the 'burning platform' and the 'development bridge' to the future; when done badly it can cast a long shadow and destroy value
7	Motivate/don't demotivate	What's the bigger win if a review of talent means telling 75% of your people they're below par? Talent reviews need to be a catalyst for change and development
8	Focus on the middle as well as the top	Only the middle can provide for longer term needs and allow you to take risks with developmental moves
9	Create ownership	Taking a strategic approach to talent management is not the remit of human resources alone; to succeed it needs to become part of the culture – this means engineering joint Line and human resources ownership, involvement and accountability. This is at the heart of all great CEO/ human resources partnerships
10	Measure ROI	The key is to know what you are after and what you want more or less of

Table 4: Ten Areas - Strategic Approach to Management
(Hay Group, 2007a).

The ten areas detailed by the Hay Group, shown in Table 4 above, identify that not only should an organisation be led by its strategy; but that its talent management strategy should be aligned to it. Moreover, the latter should evolve to reflect the implications of market contexts, strategies and operating models. However, what is less clear from the Hay Group's research is the weighting that was afforded to each criterion, particularly if additional emphasis is placed on market performance rather than engagement: a fundamental issue if the research is to have any validity. It is also questionable whether the research tells us anything new. Yet in an empirical investigation of 111 companies, a relationship was found to exist between workforce attitudes and financial performance (Fulmer et al., 2003).

For organisations looking for straightforward guidance on how to link a talent strategy to a business strategy, there is merit in considering the different processes that need to exist. One of the more simple tools available, Figure 5, with which to achieve this is the six-step model of Heinen and O’Neill (2004):

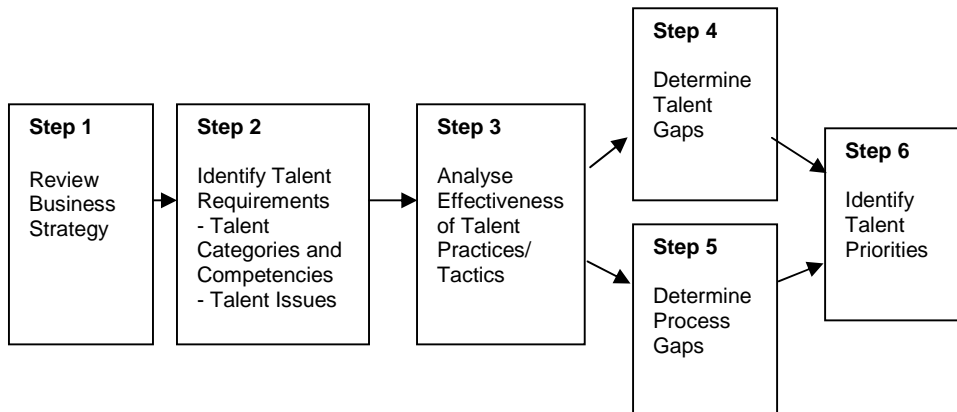


Figure 5: Linkage of Talent Strategy to Business Strategy (Heinen and O’Neill, 2004).

Figure 5 highlights the process of beginning with the business strategy to ensure that it is ‘fit for purpose’; before drawing on this to identify talent requirements and any issues pertinent to the organisation regarding talent. This then leads to an analysis of effectiveness, identifying both gaps and priorities for action. Arguably, conducting this work requires both the acceptance that this process adds value, and the willingness to then conduct the analysis: because in order to add value, the answers must be organisation-specific. Despite the extensive literature on the subject, Byham (2003) argues that many organisations lack the clarity, time and an appreciation of how important the alignment is; and therefore do not undertake the analysis.

Organisations that fail to attract, retain or develop talent, either at all or in alignment with their organisational strategy, face a degree of risk in losing out on market share, profit or productivity. The appetite for risk will vary by organisation, by culture and will be affected by external and internal conditions.

Given the shortage of talent, the organisational and human resources strategies may factor in the risks relating to talent shortages; and both monitor and manage this risk using KPIs. Risk management will be re-visited later in this thesis.

2.3 ORGANISATIONAL STRUCTURE

An organisation may embrace a deliberate or an emergent strategy; but its size and structure can hamper its ability to succeed, and may restrict the ability of talent to perform. According to Kakabadse et al. (1987), when analysing an organisational structure, three elements should be considered: determinants, impact, and components, as detailed in Figure 6. Determinants influence the shape and size of the organisation: this collective grouping includes size, technology, history, geographic dispersal, external environment, people and their attitudes, and IT systems. The components include the role hierarchies and style of decision making. The determinants drive the components, which drive the impact on the organisation: which could be the deliverer of a strategy such as growth, or a change in direction (Kakabadse et al., 1987).

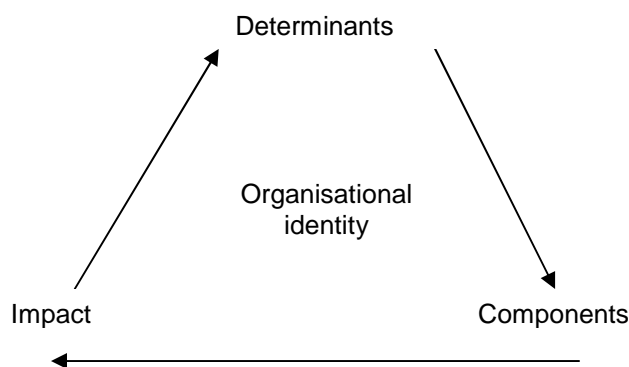


Figure 6: Elements of an Organisational Structure
(Kakabadse et al., 1987)

The elements of the organisational structure above appear to have synergy with Porter's Five Forces model, by reflecting external and internal conditions: which

serves to reinforce the close relationship between strategy and structure. There is no one solution for how an organisation should be structured; but the principle that the structure should support the organisational purpose and the environment in which it exists, appears as a consistent message in the literature. Moreover, that structure reflects the division of tasks and distribution of power; and is organised for business performance and to influence processes (Armstrong, 1994; Mullins, 1996; Pawar and Eastman, 1997). According to research by IBM, the size and structure of the organisation impacts on its ability to deliver against the business strategy, and to manage talent. Organisations with less than 1,000 employees were found to be agile enough to support the development of employees and respond to changes in the environment; whereas organisations with between 1,000 and 10,000 employees which had grown informally had not developed the formal processes or managerial focus to coherently manage talent (Ringo, 2008b). This view is endorsed by Collins (2001, p. 121):

'As a company grows [from small to medium] it begins to trip over its own success - too many new people, too many new customers, too many new orders, too many new products. What was once fun becomes an unwieldy ball of disorganized stuff. Lack of planning, lack of accounting, lack of systems and lack of constraints create friction.'

This suggests that the growth of an organisation above 1,000 employees requires proactive management, a clear structure that is appropriately configured to deliver the business strategy, and the existence of formal processes to reinforce the authority and activity that hitherto had only existed on an informal level. Those organisations employing more than 10,000 employees were found to have formalised talent management procedures; and had developed the capability to ensure that talent can drive business strategy (Ringo, 2008b). This suggests that if talent is to drive business performance, it may be more likely to be supported and flourish within a large organisation employing more than 10,000 employees. However, there is more than a

suggestion that research on structures negatively affecting organisational performance may be flawed. Davis et al. (2009) suggest that the organisational structure guides and influences behaviour, and that the highest performing organisations - irrespective of their size - rely on a moderate amount of structure.

In a comparative study looking at the career advancement of managers in hotels in Ireland, Europe and Asia, the correlation between the size of the hotel (measured by the number of employees) and the quality of processes, specifically for management development, was not found. Instead, the processes for management development, resulting in positive managerial advancement, were superior in those hotels with the higher grades (Garavan et al., 2003). This would suggest that the number of employees is not the most appropriate measure in terms of effectiveness. A better indicator might be that individual performance will be superior in an organisation that is itself high-performing (be it grade of hotel, share price or market dominance).

The Public Sector provides another opportunity to test the correlation theory, that employers with more than 10,000 employees are likely to have processes in place to enable talent to facilitate superior organisational performance. The IBM Institute for Business Value conducted joint research with the Human Capital Institute in 2008: in which they interviewed more than 1,900 individuals from across 1,000 organisations, representing 19 industries across the Public and Private Sector. The findings concluded that the Public Sector lagged behind the Private Sector significantly in terms of talent management:

'Limited budgets, regulations and inertia are hampering this group's efforts to build a high-performance workforce' (Ringo et al., 2008, p. 2).

Lawler (2008) argues that all organisations, in terms of their structure and operating style, conform to one of four models, Table 4. He states that historically, all organisations were structured in a hierarchical manner, and

relied on processes to succeed. This model, known as the 'Structure-Centric' organisation, can be sub-divided into two styles. First, the 'Hierarchical Bureaucracy', which is still prevalent today, particularly in government and not for profit organisations, and may explain why the Public Sector is struggling to build a high-performance workforce. By centralising authority, decision-making and control, it relies heavily on top down direction and many different processes. Whilst this style achieves consistency, it leaves little opportunity for innovation or change and can stifle innovation (Holleyforde and Whiddett, 2002). Therefore, it is not an appropriate environment within which talent can flourish: individuals will be too constrained, and talent will not have the freedom to demonstrate its capability. Moreover, in large cumbersome organisations, it can be difficult to directly relate individual contribution to organisational effectiveness (Dunleavy, 1991).

The second Structure-Centric organisation is that of the 'Low-Cost Operator': which focuses on achieving competitive advantage through focused, top-drawer management, but low levels of remuneration and little training and development throughout the rest of the company. Once again, it appears that talent cannot flourish in such an environment, because of narrow job specifications and the aim of achieving profit through minimal manpower costs. Accordingly, it appears that neither of these management styles is conducive to attracting and retaining talent: because of both lack of freedom and the inability to make a difference (Lawler, 2008).

In contrast, the two 'Human Capital-Centric' organisations: namely, 'High-Involvement Management' and the 'Global Competitor Approach', both promote de-centralised decision-making to maximise innovation and initiative on the part of the employees: thereby providing talent with the opportunity to engage and make a difference. An organisation that encourages employee involvement will attract and retain talent, because talent flourishes in an environment where it can make a difference (Lawler, 2008). The 'High-Involvement Management' style places a shared responsibility on all employees for the performance of the

organisation, as opposed to relying on a few individuals with the vision and key skills to guide the rest. This style has been adopted by organisations such as Proctor & Gamble and Harley Davidson, to encourage greater employee involvement and shared rewards: and promotes a long term relationship between employees and the organisation based on loyalty (Lawler, 2008).

The fourth style, 'Global Competitor', is relatively new: and aims to 'buy talent' rather than 'build it', in order to deliver cutting edge technology, and the skills and services to gain a competitive advantage. This style is popular with large organisations that specialise in technology (for example, Microsoft and IBM), large financial service firms (for example, Merrill Lynch and UBS), and large accounting and consulting firms: where a high level of churn is expected within the workforce (Lawler, 2008). The four styles, shown in Table 5, each represent a different method of configuring the workforce.

Structure-Centric Organisation	
<i>Hierarchical Bureaucracy</i>	<i>Low Cost Operator</i>
<ul style="list-style-type: none"> • Old style of structure still found in Govt and charity organisations • Tight job descriptions • Top-down decision making • Little opportunity to influence or effect change • A style that leads to high cost and inflexibility 	<ul style="list-style-type: none"> • McJobs: “unstimulating, low paid, few prospects” • Minimum fringe benefits • Little training or development • Tight job descriptions • Top-down decision making • Low job security • Extensive use of part-time and temporary employees
Human Capital-Centric (HC-Centric) Organisation	
<i>High-involvement Management</i>	<i>Global Competitor Approach</i>
<ul style="list-style-type: none"> • Enriched work designs • Participative decision-making structures • Shared business information • Committed to education and development of people • Career orientated • Rewards for organisational performance • Community • Shared leadership • Committed to talent management • Employees truly care about the organisation's success and profit 	<ul style="list-style-type: none"> • Interesting work • Global talent pool • Off-shoring • Outsourcing • Employment depends on performance and skills • Pay for performance • Just-in-time training • Career self-management • Long-term core group of employees • Pay to attract and retain talent • Willing to buy talent

Table 5: Four Models of Management Style
(Lawler, 2008).

Lawler's attempt to describe the management style of organisations, as depicted in Table 5, may be simplistic: not least because some organisations may straddle more than one box. Moreover, the argument that talent can only thrive in Human Capital-Centric organisations may be flawed. It might be more accurate to say that talent has more freedom in Human Capital-Centric organisations: which may lead to exponential improvements in organisational productivity and profits; but arguably, talent can flourish in all organisations: irrespective of organisation or management style.

However, the importance of the right structure to support the business strategy is very clear. For example, an organisation that relied on technological development or research and development would wish to promote innovation and agility in order to be successful: in this case, it is clear that a Human Capital-Centric Organisation would be more appropriate than a 'Hierarchical Bureaucracy'.

In sum, the size and structure of a company exists to support the strategy, and is not an end in itself (Kakabadse et al., 1987). Having established the importance of aligning talent management strategy with the business strategy to achieve a strategic fit, organisations are advised to review their structure, to ensure it has the ability to deliver the business strategy. Once this has been conducted, there is then the need to consider organisational culture.

2.4 ORGANISATIONAL CULTURE

Whilst empirical evidence linking culture to enhanced organisational performance is very limited, it is widely acknowledged that there is indeed a direct link (Van der Post et al., 1998). The relationship that exists between organisational strategy, culture and management in driving performance has been a matter of debate for some time, because of the difficulty in capturing the qualitative data for this intangible subject matter (Faulkner and Johnson, 1992).

As a result, there is an exceptional amount of literature on organisational culture and the behaviour of individuals at work. Drawing upon this research, it appears that it straddles organisational behaviour, management and leadership theory; the research that underpins it focuses on what motivates individuals at work: including job satisfaction, theories of motivation, the psychological contract and discretionary effort.

Given the extent of the literature that exists on culture, it is necessary to first define 'culture'.

2.4.1 Definition of Culture

In a literature review, 114 dimensions of culture were identified and grouped into 15 categories (Van der Post et al., 1998). This demonstrates the obvious lack of coherence in the definition of culture; but the grouping does provide a good base line, from which organisations can move forward. According to Hofstede (1980), culture is the '*collective mental programming of the people in an environment*', and can vary by nationality, organisation and business unit. More commonly, culture is referred to as 'the way we do things around here' (Johnson et al., 1999): but for the purposes of this thesis, a clearer definition is required. Given that the majority of references state that culture comprises of 'beliefs, assumptions and values', the definition of culture that will be used for the purpose of this thesis is given below:

'The pattern of shared beliefs, attitudes, assumptions and values in an organisation which may not have been articulated, but in the absence of direct instructions, shape the way people act and interact, and strongly influence the ways in which things get done' (Armstrong, 1992, p. 69).

This definition has been selected because it emphasises the importance of beliefs, attitudes, assumptions and values: at least some of which are not articulated in an organisation. However, it is emphasised that an organisation is

likely to have more than one culture at the same time (Kakabadse et al., 1987). The model in Figure 7 provides a useful visual guide to the various layers within an organisation's culture: and highlights 'beliefs' which exist at the unconscious level, may therefore be the most difficult to detect, but act as the root for affecting subsequent attitudes, values and behaviours. For the purposes of this thesis, the attitudes, values and behaviours held by the CEO and senior leadership team and routinely played out by line managers will be examined because, given the nature of authority vested in their respective positions, it appears that they, rather than the respective peer groups, can affect the performance of a talented individual at work.

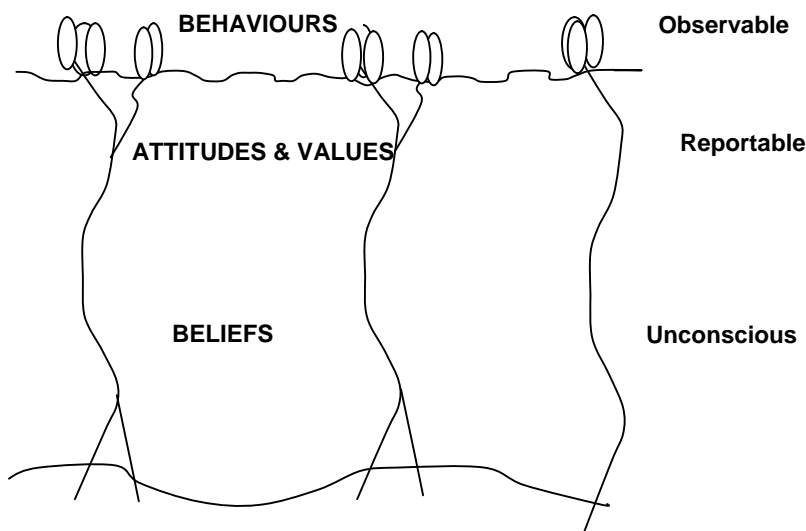


Figure 7: Culture and Behaviour
(Williams et al., 1989).

Figure 7 depicts the beliefs, attitudes, values and behaviours that exist within culture, by using water lilies on a pond, to illustrate that not everything is visible. Whilst beliefs may be strongly defended, they are not often discussed; but are likely to be reflected in attitude and values, which in turn will become apparent through behaviour, actions and language. This is true of both organisations and individuals. An organisational culture often develops over time, shaped by

history and the external and internal factors. If the organisational culture and particularly its values are transparent, this can be helpful for recruiting and retaining individuals who hold similar values. Moreover, if the organisational culture matches the organisational strategy (be it hierarchical, paternalistic and bureaucratic or agile and open to risk), it has the potential to drive performance (Barney, 1986). According to the extensive literature on culture, a number of factors influence and shape peoples' values and behaviour: not least their own particular national culture.

Working with IBM and their global employees, Hofstede (1993) developed five dimensions of culture that existed within all national cultures. He noted that within each dimension was a range of behaviours: and that these tended to vary across national boundaries as well as within areas of the organisation. The five dimensions are reflected in Table 6.

<i>Power Distance</i>	The degree of inequality among people (for example, is the relationship between superior and subordinate distant and formal or close and informal)
<i>Individualism</i>	The degree to which people prefer to act as individuals or members of a group
<i>Masculinity</i>	The extent to which assertiveness, performance, success and competition are emphasised as opposed to the style of femininity which encourages caring and nurturing
<i>Uncertainty Avoidance</i>	The degree of structure and certainty versus a tolerance for ambiguity
<i>Long term versus Short term Orientation</i>	Long term suggests values orientated to future, like thrift and persistence; as opposed to short term, which emphasises past performance, tradition and social values

Table 6: Five Dimensions of Culture
(Hofstede, 1993).

Hofstede (1993) concluded that these cultural dimensions vary enormously within different countries; and recognised that global companies may struggle to imbue their company culture in a country that has opposing cultural values. For example, within the literature, there is consensus that the involvement of the CEOs in talent management in Asian companies may prosper in the West: because their emphasis on formality, family values and tradition may be

appealing to some members of the Western workforce. However, Western companies, particularly those with American values, are more likely to struggle if they try to impose a Western culture on their employees when operating in the East: where informal work styles and masculinity may not be tolerated (Hofsede, 1993).

The conclusion to be drawn from these findings on global organisations is that an over-reliance on talented expatriate managers requires an in depth understanding of the nuances of the national culture which pertains; and the importance of bridging both corporate and national culture (Marginson et al., 1995). For organisations with a corporate headquarters based in the West but with operating divisions in the East, a balance may be required between the masculinity approach to emphasise performance and ambition and, depending on the employees, a degree of femininity to nurture talent over the long term. For the purposes of this thesis, there is no single model, within the five dimensions of culture, which would best elicit high performance from a talented individual. This emphasises the importance of line managers in global organisations understanding the national culture within which they are working; and how their values and behaviour may impact on the performance of employees: as failure to do so may result in a detrimental impact on performance.

2.4.2 Culture and Climate

In a comprehensive literature review, the definitions of culture, climate and values were examined: it was concluded that while they appear to overlap, they actually represent distinctly separate areas (Van der Post et al., 1998). Perhaps the reason for this confusion is that climate includes an element of culture. Drawing on the earlier definition of culture, it was suggested that the components of culture are shared beliefs, attitudes, values and behaviours; whereas climate reflects attitudes and values, but not assumptions (Armstrong, 1992; Schein, 2004; Wallace et al., 1999). For greater clarity on climate, a definition may be useful:

'[Climate is] how people perceive (see and feel about) the culture that has been created in their company or unit' (Armstrong, 1994, p. 65).

Wallace et al. (1999) conducted research with organisations and their findings (see Table 7), and suggest there to be six dimensions of climate. In order to get a feel for the climate within an organisation, each of these areas would need to be the subject of further research (Wallace et al., 1999).

Six Dimensions of Climate	
1	Leadership facilitation and support
2	Workgroup co-operation, friendliness and warmth
3	Conflict and ambiguity
4	Professional and organisational <i>esprit</i>
5	Job challenge, importance and variety
6	Mutual trust

Table 7: Six Dimensions of Climate
(Wallace et al., 1999).

Measuring the climate through the six dimensions in Table 7 may enable an organisation to gain a sense of how satisfied employees are in working there; such knowledge may assist decision making in relation to engagement and retention. Organisations that succeed in developing a climate that encourages the development of talent by promoting honest feedback, praise and constructive criticism have a greater chance of retaining and engaging talent than those that do not; and as a consequence, are more likely to benefit from enhanced organisational performance (Lawler, 2008; Morgan, 2008). Organisations that manage to go a step further and put 'talent' at the heart of everything they do are known as 'High-commitment Companies', and have been found to increasingly outperform their competitors (Cochran, 2003, p. 5):

'In 2000, High-commitment Companies outperformed Low-commitment Companies by 47%. By 2002 High-commitment Companies outperformed Low-commitment Companies by 200%.'

In terms of the literature on the performance of talent, a key area which has attracted attention is that of an organisation's willingness and commitment to deal with underperformance. Not only can this improve organisational performance, but it can also be retention-positive for high quality employees, who would otherwise become despondent and leave. Drawing upon the six dimensions of climate, it could be argued that leadership support and mutual trust would encompass this area. This may reflect the extent to which organisations encourage Employee Involvement: either explicitly as a matter of policy, or implicitly as a way of maximising contributions from employees.

Organisations have found that encouraging Employee Involvement has improved organisational performance and increased levels of employee commitment (Storey, 2001). Research findings suggest that those line managers who demonstrate listening skills, influence, empowerment, respect and trust can increase employee commitment: which impacts positively on performance. Employees that feel valued, consulted and involved have been known to feel high levels of 'perceived organisational support': these positive feelings towards the organisation result in enhanced dedication, loyalty, commitment and performance (Hutchinson and Sowa, 1986; Mann, 2010; Rhoades et al., 2001).

Creating and changing organisational culture can be difficult. One of the ways that an organisation can demonstrate a commitment to talent is to deal overtly with underperformance. Whilst this is a contentious subject that will be explored later under 'processes', dealing with underperformers does reflect on culture, and can have a significant impact on the retention and performance of talented individuals.

In addition to addressing the issue of underperformance, organisations may wish to look at meeting the aspirations of talented employees, in order to successfully recruit and retain talent. Gaining commitment through engagement can lead to enhanced individual, and therefore organisational, performance.

Understanding the aspirations of talented individuals can therefore be considered as highly worthwhile. Feedback, such as that provided by an employee at a conference below, is very clear; and whilst it may represent an aspiration, it perhaps articulates what talented people are looking for from an organisation:

‘What I want is to do work that is really interesting and meaningful and I don’t mind working hard, but I want to do it in my own time...I want to work when I’m feeling inspired...And I also need to work with smart people that I like a lot...in a great company in a location that’s a fun place to live...Where I’m learning every day...And I also want to make a lot of money, I mean a lot of money...really fast’ (Tulgan, 2001, p. 153).

It is not uncommon for organisations to assess the values of an individual at the recruitment stage, in order to ensure that they fit within the organisation. In the talent recruitment process, there is a suggestion that, in effect, only talent can spot other talent at interviews: although this view is not widely held (Pfeffer and Sutton, 2006). Moreover, once talent has been recruited, there appears to be little assessment of employee values which may develop over time.

Understanding these values can ensure that the company targets its messaging and rewards most appropriately.

Wallace et al. (1999) identified 12 core values, Table 8, which could be applied to all organisations, albeit to a differing degree:

Power	Elitism	Reward
Effectiveness	Efficiency	Economy
Fairness	Teamwork	Law and Order
Defence	Competitiveness	Opportunity

Table 8: The 12 Core Values
(Wallace et al., 1999).

Wallace et al. (1999)'s research findings highlight 12 core values, shown in Table 8, that are all-encompassing; and provide organisations with the chance to consider the importance that they place on each, as well as the style of behaviour that they would wish employees to adopt in relation to each. The Table does not afford any degree of priority to these, nor does it suggest a style that would suit all organisations. These core values enable an organisation to consider the values it would wish its workforce to typify: clear articulation of which will promote recruitment, retention and organisational performance. However, for organisations looking to achieve high performance and competitive advantage, the findings on performance driven values, shown in Table 9, are a little more focused (de Waal, 2007):

1	Mistakes are allowed
2	Risks can be taken
3	Complete transparency of results
4	A delegating management style which encourages self-management and taking responsibility
5	A duty for employees to report deviations to management as soon as possible
6	A focus on performance and continuous improvement
7	A focus on knowledge transfer within the company

Table 9: Performance-driven Values

(de Waal, 2007).

Those organisations looking to enhance organisational performance may wish to draw on the findings of de Waal (2007). Rather than identify generic values, the findings shown in Table 9 can drive a culture that is focussed on performance: thus articulating the attitudes and behaviours to be adopted throughout the organisation (de Waal, 2007).

The importance of behaviours has already been stated, but is again worth emphasising. Organisations may choose to define their values within their business strategy; but employees are more likely to be led by the behaviours of the CEO, senior leadership team, and line managers. Having identified those values and behaviours that are significant, the organisation is encouraged to promote these through recruitment, development, performance management

and reward, to ensure that a consistent message is given to employees: who are then motivated to develop and display them. This introduces overlap between culture and climate; how the values and beliefs of the organisation are underpinned by the behaviours and attitudes of the leadership and management within it; and the impact that this can have on the performance of talented individuals.

2.4.3 Culture – Theories of Management Style

Organisational culture may be the biggest determinant of employee performance: because it reflects the management style and distribution of power within the organisation. While this thesis will not attempt to cover the theories on management or leadership in any great detail, given its potential to impact on the performance of talent, it would be remiss not to include these at all.

One of the most established models of management style is McGregor's 'Theory X' and 'Theory Y' of Management: which appears to have been heavily influenced by Maslow's work (Adair, 1990; Hollyforde and Whiddett, 2002; Peters and Waterman, 1989). Historically, it appears that all organisations conformed to the 'Theory X' style of management, relying on an autocratic management style, tight control and coercion to manage the behaviours and productivity of employees: which was known as 'hard' human resource management (Houldsworth and Jirasinghe, 2006; Newstrom and Davis, 1993; Schein, 1970). Conversely, 'Theory Y' was considered to be a modern approach to managing employees: reflecting the shift to decentralised organisations, in which employees were empowered. It was felt that 'Theory Y' would encourage greater participation from employees and thus improve their performance; it is also known as 'soft' human resource management (Houldsworth and Jirasinghe, 2006; Kakabadse and Worrall, 1978; Newstrom and Davis, 1993).

For the most part, 'Theory X' has been replaced; and the style of benevolent autocracies, paternalistic or egalitarian organisations are now more popular. However, the idea of over-simplification, whereby any leader adopts a pure 'Theory X' or 'Theory Y' style of management, is discredited: because human behaviour and different working environments require individuals to manage in different styles (Peters and Waterman, 1989). It could be argued that neither 'Theory X' nor 'Theory Y' represent the modern style of working in globalised corporations: where decentralised structures are increasingly the norm and the style of management is affected by national and corporate cultures. Therefore, it appears that there is no single model for success; but the style adopted should reflect the business strategy. For the most part, organisations that achieve an appropriate balance between practising 'Theory X' and 'Theory Y' tend to be more successful (Peters and Waterman, 1989).

Managers' assumptions about employees were further developed between 'Theory X' and 'Theory Y' into Four Assumptions of Man. The assumptions, in Table 10, not only detailed four different perspectives that managers may have of employees; but importantly, reflect the impact of this style on the performance of employees (Schein, 1970).

Assumption	Impact
Rational-economic man Drawn from the philosophy of hedonism which believed that man pursues actions to maximise his self-interest and behaves accordingly. Managers use 'Theory X' style of management	Manager assumes full responsibility and employee 'does the bare minimum'. This management assumption reduces trust, and employee becomes hostile and indifferent
Social-man 'Hawthorn' findings suggest employee is more motivated by work patterns, the sense of being accepted and liked by peers rather than salary alone. High group cohesiveness linked to higher productivity	Manager became less 'task focused' and more concerned with motivating employee. Thus manager assumes less responsibility and employee 'does more'. Leads to increased trust between manager and employee
Self-actualising man Organisational life can offer an employee fulfilling work if the employee can use all his/her capabilities and skills thus achieving self-actualisation and improved performance	Managers following this strategy have aimed to make the employee's work intrinsically more challenging and meaningful thus giving the employee a sense of pride and self-esteem and significantly increasing output
Complex man Each employee is different and all are more complex than any of the above assumptions. Each man is motivated by different needs which change over time	Managers therefore need to have a spirit of enquiry to understand each employee, his abilities and his motives

Table 10: Four Assumptions of Man
 (Schein, 1970).

Schein's (1970) research findings, shown in Table 10, highlight the impact of managerial style on employee behaviour: such that it becomes a self-fulfilling prophecy. Taking this research and applying it to talent management, it could be argued that an attempt to manage talent as a 'Rational-economic Man' could be retention-negative as, at the very minimum, talent needs to be considered as a 'Social Man'. However, given the potential shortage of talent, organisations would be more successful if they treated talent as 'Self-actualising Man'. Of course, the reality is surely that 'Complex Man' would realise the most from talent: because each individual will hold different values and be affected by different motivators. This is even more pertinent to the globalised world of business, where national cultural differences affect styles and expectations.

McGregor went on to develop 'Theory Z', later refined by Ouchi in 1981: which suggested that the objectives of the organisation and individual may be different, but that these could be both met (Holleyforde and Whiddett, 2002). This alignment of organisational and individual objectives suggests the importance of understanding the needs of an individual: therefore, 'Complex Man' may be the most appropriate style for line managers to adopt (Schein, 1970).

In order to identify the themes behind an effective and ineffective managerial style, the range of different styles were first identified and then, through empirical assessment, a study of over 700 managers was conducted, to confirm that no style had been missed. The study found that measures of the eight roles met standard tests of validity (Quinn et al., 1989). To test the validity of the findings, a group of experts were brought together to identify competencies that were associated with each of the eight roles. The experts included 11 nationally recognised scholars, union representatives and 11 prominent administrators (Fareman et al., 1987). Over 900 respondents were then asked to score a manager whom they knew against the eight roles of: 'innovator', 'broker', 'producer', 'director', 'co-ordinator', 'monitor', 'facilitator' and 'mentor', to assess the extent to which the managers provided direction and support in the workplace. The findings highlighted that ineffective managers had a tendency to over- or under-supervise; an inability to inspire; and a tendency to get too absorbed in tactical details. As such, ineffective managers scored poorly. In contrast, effective managers scored highly against the eight traits: and six effective styles emerged, detailed in Table 11 (Quinn, 1988).

These findings are of importance, because they serve to highlight the variety of successful managerial styles, which may slightly alleviate the pressure on finding one single style of managerial talent given the potential shortage. They also reflect the different needs of organisations based on their different roles, the needs of the business strategy, the distribution of power within the structure and the impact of national and corporate cultures.

Conceptual Producers	Considered to be highly trained, conceptually skilled, production orientated managers but scoring average to low on the co-ordinator and monitor role
Aggressive Achievers	Viewed as technically capable but bordering on bureaucratic and at times insensitive. Scored high on monitor, co-ordinator, producer and director but low on facilitator
Peaceful Team Builders	Considered highly effective. Works well under pressure, good at managing conflict and making people feel part of a team. Scored average on broker and producer but above average on other areas
Committed Intensives	Characterised by the high level of intensity brought to work. Often find it difficult to understand why others are not willing to work as hard as they are. Scored highly on innovator, producer, mentor and facilitator but average on mentor, director and co-ordinator
Open Adaptives	Considered open, reasonable and easy going with a tendency to be too permissive with subordinates. Scored well as facilitator, mentor, innovator and broker
Masters	Viewed as superb managers and able to play all roles. Have become masters of management. Scored higher than average in all eight areas

Table 11: Six Effective Managerial Styles
(Quinn, 1988).

Table 11 highlights the six effective managerial styles that emerged from Quinn's research (1988). For the purpose of this thesis, organisations investing in management development may wish to consider their needs and develop 'Masters' who could, at least arguably, prove the most effective managers of talent. An investment in developing managerial capability could both support the development and performance of talent and provide a good return on investment.

However, concurrent with the development of management theories was that of leadership theory: considered an essential part of the process of management (Mullins, 1996).

2.4.4 Culture – Theories of Leadership

Bass (1998) suggests that the desired style of leadership for the entire organisation must be both articulated and demonstrated from the top if it is to be

adopted. Despite extensive research into leadership and its impact on the performance of individuals, teams and organisations, Kan (2002) argues that there is no agreed definition of leadership. Indeed, a Google search on leadership in 2010 resulted in 108,000,000 hits (Google, 2010). The lack of an agreed definition may be because leadership appears to be based on a series of components: that leadership is a process, leadership involves influence, leadership occurs in a group context and that it involves goal attainment (Kan, 2002; Northouse, 2004; Yukl, 1989).

The difficulty in achieving a common definition may reflect the impact of the environment or context on the behaviour of the leader (Conger and Toegel, 2002). However, in a comparison between the traits required for effective managers and leaders, it appears that successful managers display high levels of self-confidence, energy, initiative, emotional maturity and stress tolerance; whereas successful leaders display high levels of analytical ability, persuasiveness, speaking ability, memory for details, empathy, tact and charm (Yukl, 1989). Therefore, whilst a common definition of leadership may not exist, these traits may be useful as a template for organisations to consider depending on the needs of their respective business strategies.

Historically, effective leadership was connected with the military and its symbols of authority and rank. As such, Parry and Meindl (2002) argue that it is easy to generalise about effective leadership behaviours within a military context. However, it could be argued that the sub cultures that exist within the branches of the military make that claim a little simplistic.

Leadership theory now extends far beyond the military, and has wider applicability in organisational and social contexts. In trying to encapsulate the essence of leadership, a number of taxonomies have been developed by Stogdill (1974), Bass and Yukl (1991). Although differences in opinion continue to exist, the various styles adopted suggest that leadership can be interpreted in a number of different ways. Burns (1978) developed three

prominent styles of leadership: 'transactional', 'transformational' and 'laissez-faire'; whereas other authors have felt other categories to exist. According to Parry and Meindl (2002) leadership styles also include 'trait', 'style', 'contingency', 'new leadership' and 'dispersed leadership'.

In the early 1920s, early leadership theorists, such as Bingham, Bowden and Schenk (Parry and Meindl, 2002) favoured the 'trait' theory: focusing upon the qualities and attributes of outstanding, recognizable leaders. This evolved in the 1960s and 1970s into style theorists, such as Blake and Mouton, Likert, McGregor and Sims (Parry and Meindl, 2002), who drew upon the behaviour and style of leaders in organisations or social roles; both theories aimed to identify the optimum leadership style. In contrast, contingency theorists in the 1960s and 1970s, such as Evans, Fiedler, Hersey and Blanchard, Homans, Vroom and Yetton, and Yukl, argued that there was no uniform model for leadership, but that it was context-specific: meaning a good leader was one that could adapt to the circumstances and requirements (Parry and Meindl, 2002).

To aid comparison, leadership theories can be grouped. The 'trait', 'style' and 'skills' approaches are leader centred, and focus on task completion through the projection of the skills and traits of a leader. However, these have attracted criticism: both because of the lack of agreement on which traits to develop, and the extent to which skills are innate or can be developed (Northouse, 2004; Stogdill, 1974). In contrast, the 'situational approach', 'contingency theory' and 'path-goal theory' focus on the context and the follower rather than the leader; thus requiring the latter to adapt his/her style to suit the needs of the subordinate and situation. The lack of empirical research into these theories coupled with their complexity has attracted criticism (Northouse, 2004).

The extent of the literature on leadership may demonstrate the complexity of the subject matter and the range of opinions which are held. For example, culture-based leadership is not so different from contingency theory: as both models suggest that the performance of the leader adapts to the culture of the

organisation and requirements of the situation. 'Dispersed leadership', which may be more commonly associated with flatter organisational structures, alludes to a blurring in the sharing of power between leader and follower. Given the increasing trend towards flatter organisations, this style may be more prevalent (Parry and Meindl, 2002). In the context of this thesis, which focuses on inspiring high potential talent to improve organisational performance, it is suggested that the following three theories of leadership may be worthy of further examination: 'team leadership', 'transformational leadership', and the 'leader member exchange theory' (Burns, 1978; Bryam, 1996).

'Team leadership' has evolved since 1920 along with collaborative working, and offers a style of leadership that organisations promoting collaborative working may wish to consider. It relies primarily on line managers supporting both team performance in their task completion, and ongoing team development (Northouse, 2004). It may be that 'team leadership' may be suitable for the 'Structure-Centric' organisations that continue to operate with a fixed hierarchy and a degree of consistency in team membership. However, this style may have less relevance in the Human Capital-Centric style of organisation: where organisations rely increasingly on virtual teams, supported by technology and matrix management. For Human Capital-Centric organisations, the two remaining leadership styles, 'transformational leadership' and the 'leader member exchange theory', may have more relevance.

'Transformational leadership' is most suited to organisations undergoing a major change or a period of transformation. This style of leadership relies on influence and empowerment: to both assess the motivational needs of the employee, and transform the organisation through values, attitudes, beliefs and behaviours (Northouse, 2004; Pawar and Eastman, 1997; Yukl, 1989). According to Bass (1988), transformational leadership is associated with three main styles or characteristics, which he termed as envisioning, purposing and intellectual stimulation, Table 12; and their effective combination is dependent

upon a number of skills and behaviours that collectively produce a superior performance in employees.

Style	Skills and Behaviours
Envisioning	The ability to communicate a vision and then inspire and generate commitment amongst employees to see this come to fruition
Purposing	Communicate the behaviours that are important for the organisation and provide a sense of clarity and priority underpinned by self-determination and persistence in difficult times
Intellectual Stimulation	The ability to inspire employees through charisma and empowerment such that an employee is able to fulfil their full potential

Table 12: Transformational Leadership
(Bass, 1988).

Bass (1998) suggests that the three areas of transformational leadership, shown in Table 12, all draw on the Pygmalion principle: namely, that if leaders create a vision, it will result in employees with greater increased ability to achieve goals. However, Northouse (2004) argues that 'transformational leadership' has attracted criticism, because it is difficult to define its parameters, and as it has incorporated a number of styles: 'transformational', 'transactional', 'visionary' and 'charismatic'. Whilst 'transformational leadership' engages employees, 'transactional leadership' is often considered to be the complete opposite. 'Transactional leadership' is a style used to describe managers that delegate and manage tasks, without evoking an emotional reaction or any increased dedication from employees. According to Northouse (2004), transactional leaders have been found to operate in two styles: using 'contingent reward', an overt agreement on the reward to be awarded on the completion of the task; and 'management by exception', which limits management intervention to correct negative actions or behaviour.

That said, Kan (2002) suggests that contingent reward is a style of transactional behaviour which has also been linked with transformational behaviours. Politis (2004) states that transactional leaders are those that:

'Guide or motivate their followers in the direction of established goals by clarifying role and task requirements' (whilst transformational leaders are those who) *'inspire followers to transcend their self interests and who are capable of having a profound and extraordinary effect on the followers'*.

There remains some debate over whether transactional leadership is the opposite of transformational leadership, or merely a subset of it (Bass, 1988; Northouse, 2004; Politis, 2004; Stogdill, 1974). It is suggested that the characteristics of the 'transactional leadership' style are not so different from that of a manager, in terms of managing tasks and resources. The difference between transactional and transformational leadership may simply be that between management and leadership itself.

However, there is some disagreement on whether a transactional leader has the capability to also perform as a transformational leader when required. Burns (1978) argues that transactional and transformational leaders are very different people; whilst Quinn (1988) contends that most leaders perform in both styles. The transformational leader's wide range of capabilities is considered more likely to inspire employees to produce a better performance (Parry and Meindl, 2002). For the purposes of motivating a talented individual, it would appear that transformational leadership would be more successful than transactional leadership.

The second style of transformational leadership is 'visionary leadership', which can be powerful, but is not considered effective in a high performing group: because the visionary leader may be seen as pompous, overbearing or out of step with the rest of the group (Goleman et al., 2002). The third area of transformational leadership is 'charismatic leadership', which is considered a more narrow area and is said by Freud to involve a leader that influences through their personality, and through the ideas in which they believe (Burns, 1978). Whilst some charismatic leaders have been successful, particularly politicians, Conger and Toegel (2002) argue that charismatic leadership can

manifest itself when the needs of the individual become more important than those of the organisation, thus suggesting it is not the ideal style for managing talent (Conger, 1989; Conger and Toegel, 2002).

Yukl (1989) concurs with the findings of Conger and Toegel (2002). Whilst 'transformational leaders' seek to empower and elevate their followers, 'charismatic leaders' often aim to keep their followers weak and dependent upon them (Yukl, 1989): a style unlikely to motivate or inspire talent. Therefore, organisations may wish to consider 'transformational leadership' as a tool to enhance individual and organisational performance when driving major change through the organisation. However, Pawar and Eastman (1997) argue that 'transformational leadership' may be difficult to sustain in the long term.

The leadership style that could be considered to have the most relevance for managing talent is the 'leader-member exchange theory'. This theory, first developed in 1975, has been the subject of further refinement ever since, and is considered to be the most prominent relationship-based approach (Northouse, 2004; Uhl-Bein, 2006). It was the first leadership theory to focus on the relationship between the subordinate and their immediate line manager: thereby reflecting that leadership was not a one way activity (Bass, 1998; Uhl-Bein, 2006). It is based on the leader separately developing a high quality relationship with each of his subordinates, to enhance the performance of each individual and the organisation. The theory promotes the development of mutual trust and respect; and has been found to enhance performance, organisational commitment, innovation and discretionary effort (Northouse, 2004).

However, Knippenberg and Hogg (2003) argue that this theory, too, has attracted criticism, because of the potential for leaders to create 'in and out' relationships. Whilst high quality relationships may be favourable, those subordinates within low quality relationships are not as well served. The lack of empirical evidence has meant that this criticism has not been universally

accepted: accordingly, more research may be required (Northouse, 2004; Uhl-Bein, 2006).

Despite the different styles of leadership, a number of areas of commonality have been identified that lead to enhanced performance in employees. Research findings from the United Arab Emirates revealed that the most important factor enhancing the creativity and effectiveness of high-performing teams was the behaviour of the line manager. Line managers that developed a relationship with the team members, prioritised tasks, engendered a sense of mission and then acted as coach/facilitator were found to enhance the performance of the individuals, and improve group performance. In sum, whilst 'transformational leadership' may have attracted criticism, it is likely to lead to better performance than 'transactional leadership' (Parry and Meindl, 2002; Politis, 2004).

Over time, it appears that the focus on leadership theory has moved away from looking solely at the effectiveness of a leader from an individual perspective; towards viewing leadership as the ability with which to influence subordinates, and both influence, and be influenced by, the organisation and environment (Conger and Toegel, 2002). The ability to influence relies heavily on the behaviour of line managers; it appears that these behaviours may correlate with the research findings on Emotional Intelligence (Goleman et al., 2002). Goleman et al. (2002) identified 18 behavioural competencies that can be both measured and developed, in order to enhance the performance of an individual and ultimately the performance of an organisation. These competencies, Table 13, form two distinct areas: 'Personal Competencies' (how we manage ourselves); and 'Social Competencies' (how we manage relationships) (Goleman et al., 2002).

Personal Competence	
Self Awareness:	
<i>Emotional Self-Awareness</i>	Reading one's own emotions and recognizing their impact; using 'gut sense' to guide decisions
<i>Accurate Self-Awareness</i>	Knowing one's strengths and limits
<i>Self-confidence</i>	A sound sense of one's own self-worth and capabilities
Self Management:	
<i>Emotional Self-Control</i>	Keeping disruptive emotions and impulses under control
<i>Transparency</i>	Displaying honesty and integrity; trustworthiness
<i>Adaptability</i>	Flexibility to adapt to changing situations/obstacles
<i>Achievement</i>	Internal drive to improve performance and meet inner standards of excellence
<i>Initiative</i>	Readiness to act and seize opportunities
<i>Optimism</i>	Seeing the upside in events
Social Competence	
Social Awareness:	
<i>Empathy</i>	Sensing others' emotions, understanding their perspective and taking an active interest in their concerns
<i>Organisational Awareness</i>	Reading the currents, decision-networks and politics at the organisational level
<i>Service</i>	Recognising and meeting follower, client or customer needs
Relationship Management:	
<i>Inspirational Leadership</i>	Guiding and motivating with a compelling vision
<i>Influence</i>	Wielding a range of tactics for persuasion
<i>Developing Others</i>	Bolstering others' abilities through feedback and guidance
<i>Change Catalyst</i>	Initiating, managing and leading in a new direction
<i>Conflict Management</i>	Resolving disagreements
<i>Building Bonds</i>	Cultivating and maintaining a web of relationships
<i>Teamwork and Collaboration</i>	Co-operation and team building

Table 13: Emotional Intelligence Domains and Associated Competencies
(Goleman et al., 2002).

The investment in competencies will be further explored in this thesis under the heading of processes; but at this point, they serve to highlight the link between the performance of a leader or manager, and the ability to develop behaviours to enhance performance.

By focusing on the development of Emotional Intelligence domains and associated competencies, an organisation can improve the performance of a leader. Whilst few leaders are likely to score strongly against all competencies, as seen in Table 13, the more effective leaders tend to demonstrate high scores in the majority of these (Goleman et al., 2002).

However, not all followers respond to the same style of leadership; therefore, a leader may need to rely on emotional self-awareness and empathy; and to adjust their style in order to stimulate a subordinate (Bass, 1988). Research has highlighted that Emotional Intelligence is more important in organisations than team-working skills, particularly for managerial roles, where an individual can apply experience to a situation in order to identify an appropriate response (Harrison, 2005; Rankin, 2001). Although evidence on the linkage between Emotional Intelligence, wellbeing and performance has been inconsistent, a high level of the former has been linked to individuals who, psychologically, have a better capacity to cope (Richards and Pryce, 2006).

Another concept with relevance here is that of Spiritual Intelligence: which has particular utility in organisations where employees are required to operate in uncertain environments and display qualities of flexibility, adaptability, imagination, innovation and the ability to inspire (Harrison, 2005). It is suggested that if organisations choose to develop Emotional and Spiritual Intelligence through their competencies, it would lead to enhanced performance, and may also increase a sense of wellbeing at work (Richards and Pryce, 2006).

Much of the new literature published on leadership in the last 50 years has emphasised empowerment, trust, power sharing and participative decision making as the key to success: reflecting the earlier findings on leadership published in the 1950s and 1960s. This may suggest that little has changed in terms of individual expectation or human behaviours (Yukl, 1989). The relationship style of leadership which relies on influencing and nurturing suggests a low power distance in the supervisor-subordinate relationship, and a low level of masculinity: which may not be appropriate in all national or organisational cultures (Hofstede, 1993). Line managers that have the ability to both inspire talent and manage effectively may have the optimum set of

behaviours to both support and empower talent; but understanding what skills have the most impact on talent is also important.

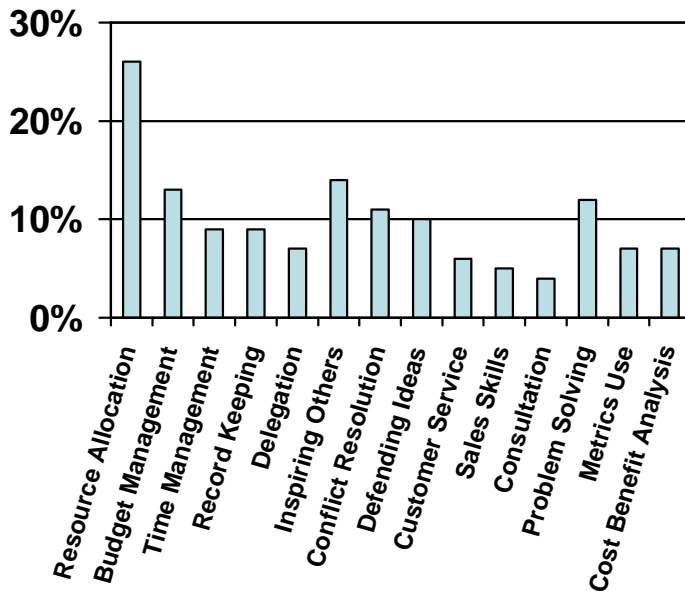


Figure 8: Impact of Line-Managers' Skills on Talent Management
(Corporate Leadership Council, 2008)

In their research findings, shown in Figure 8, the Corporate Leadership Council (2008) uncovered the emphasis that talent places on their line managers' correct allocation of resources. While line managers may have the requisite skills, it seems that many do not apply these in the context of talent management: because they feel that they have neither enough time nor money in the budget to provide talent with the level of support and development that they would wish. The Corporate Leadership Council (2008) argues that it is the responsibility of human resource management staff to work with line managers to understand the benefits that come from developing talent; and then help line managers apply their business skills to managing talent. Perhaps there is also a role for human resources to play in managing the expectations of talent: who may wish for a disproportionate amount of time and money, which many organisations can ill afford: particularly in a difficult financial climate.

2.4.5 Culture and Behaviours

It is believed that behaviours, the observable area of culture, are controlled by underlying beliefs, attitudes and values (Schein, 1996; Williams et al., 1989). One of the more compelling pieces of research on behaviour is that conducted within a marketing organisation (Pitta et al., 2008). Figure 10 highlights the impact of the internal and external environment and, in particular, emphasises the importance of culture and structure on driving behaviours, which influence organisational performance.

The notion of behaviours is worth exploring. Whilst an organisation may invest effort in establishing clear strategies and plans, it appears that employees will respond more effectively to the behaviours demonstrated around them: from the CEO and senior leadership team, all the way down through the organisation. There is no definition of effective behaviours that the CEO and senior leadership team need to demonstrate; but it is suggested that they will need to reflect the priorities of the business strategy and, given the potential shortage of talent, be actively engaged in developing talent for the good of the organisation. Behaviours are complicated because within the same organisation, even at the time same, different behaviours may be expected of different employees, depending on their function. To further complicate the issue, behaviours may change when incumbents change: because an individual will perform differently to his predecessor (Peters and Waterman, 1989).

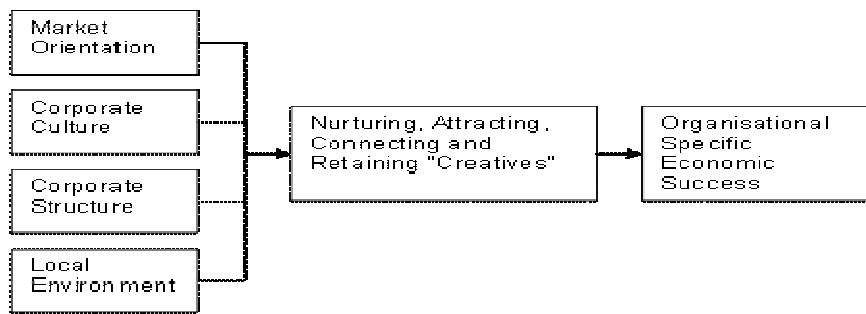


Figure 9: Internal and Local Environmental Characteristics and Creative Productivity (Pitta et al., 2008).

The ability of behaviours to influence performance has attracted a great deal of attention, perhaps because they transcend the debate about the extent to which a line manager is a leader or a manager. Research has indicated that organisations which focus on the right behaviours to attract, retain and connect with their employees will gain the most benefit in terms of enhanced performance; Figure 9 illustrates this (Collins, 2001; Peters and Waterman, 1989; Pitta et al., 2008).

Moreover, where positive behaviours underpin a strong culture, there tends to be less reliance on policy manuals, rules, procedures or organisation charts (Peters and Waterman, 1989). Developing positive behaviours relies heavily on the behaviours displayed by the CEO and senior leadership team (Byham, 2003; Younger and Smallwood, 2007). Organisations where the CEO and senior leadership team are actively engaged in talent management and view talent as a global asset have been found to outperform their competitors (Bryan et al., 2008; Clarke, 2007; Guthridge et al., 2006; Michaels et al., 2001; Williams, 2000). The active engagement of the CEO and senior leadership team is considered to be akin to ‘an audio amplifier’ throughout the organisation: which then encourages line managers to be passionate about making the best use of talent (Byham, 2003; Wageman et al., 2008).

Not only can the senior leadership team involvement set an example for line managers throughout the company, but a correlation has also been identified between leaders that positively affect the climate, and organisations that deliver better results (Goleman, 2000; Michaels et al., 2001). The manner in which the CEO and senior leadership team can influence the organisational culture is wide ranging, and includes both deliberate and unconscious activity. According to Barney (1986), organisations that adopt strong managerial values, and make these known to their employees, have been found to achieve a superior financial performance. This may be because employees join the organisation with a clear understanding of their role, and how reward relates to performance. For example, organisations such as Goldman Sachs promote high rewards in return for high levels of employee commitment and, anecdotally, this is likely to mean long days at work.

Organisational values reflect how business is conducted and how customers and employees are treated; they emphasise the boundaries for innovation and flexibility, supported by firm management control. Research findings from 1,369 respondents highlight six areas of commonality amongst those organisations that consistently outperformed their competitors (Jamrog et al., 2008). The six traits present in the companies where performance was superior are outlined in Table 14 below: it appears that the majority of these relate to organisational culture.

1	<i>Their strategies are more consistent, clearer and well thought out.</i> They are more likely than other companies to say that their philosophies are consistent with their strategies
2	<i>They are more likely to go above and beyond for their customers.</i> They strive to be world class in providing customer value, think hard about customers' future and long-term needs, and exceed customers' expectations. They are more likely to see customer information as the most important factor for developing new products and services
3	<i>Their leaders are relatively clear, fair and talent-orientated.</i> Those leaders are more likely to promote the best people for the job, make sure performance expectations are clear, and convince employees that their behaviours affect the success of the organisation
4	<i>They are superior in terms of clarifying performance measures, training people to do their jobs, and enabling employees to work well together.</i> They also make customer needs a priority
5	<i>Their employees are more likely to think the organisation is a good place to work.</i> They also emphasise a readiness to meet new challenges and are committed to innovation
6	<i>Their employees use their skills, knowledge and experience to create unique solutions for customers</i>

Table 14: Six Traits of a High-performing Organisation
(Jamrog et al., 2008).

The findings in Table 14 reinforce the importance of clear, consistent strategies, and a culture that encourages employees to be customer-focused: supported by clear, fair and talent-oriented managers (Jamrog et al., 2008). Additionally, the processes underpinning performance and training were superior; this would appear to resonate with Garavan et al's findings (2003). This combination created a culture in which there was a 'cultural fit' between the organisation and the employees, where employee satisfaction was high, and there was consensus amongst the workforce that the organisation was 'a good place to work' (Chatman, 1991; Garavan et al., 2003).

The annual Sunday Times '100 Best Companies to Work For' supplement invites employees to measure their company by answering 65 questions on a seven point scale, ranging from 'strongly agree' to 'strongly disagree', in order to identify the Best 100 Organisations in the UK to work for. The answers are grouped into eight factors, shown in Table 15, and listed in order of impact.

1	Leadership	How employees feel about the head of the company and the senior managers
2	Wellbeing	How staff feel about stress, pressure and the balance between work and home duties
3	My Manager	People's feelings towards their immediate boss and their day to day managers
4	My Team	People's feelings about their immediate colleagues
5	Fair Deal	How happy the workforce is with pay and benefits
6	Giving Something Back	How much companies are thought of by their staff to put back into society and the local community
7	My Company	Feelings about the company people work for as opposed to the people they work with
8	Personal Growth	Whether staff feel challenged by their job, their skills are being used and if there is scope for advancement

Table 15: Factors for 100 Best Companies to Work For
(Sunday Times, 2009).

The majority of the eight factors measured by the Sunday Times (2009) relate to organisational culture: this is consistent with Jamrog et al.'s findings (2008) discussed earlier. Therefore, organisations may wish to consider developing a clear business strategy, and ensure that both employees understand their role in delivering within this, and establish a clear link between employee performance and reward. The lack of any reference to organisational structure is noted: and may suggest that whilst this is important as an enabler, it does not contribute to the satisfaction of employees. It could be argued that naturally, only satisfied employees would participate; but notably, the organisations that score highly on all eight factors have all outperformed the FTSE All-Share index (Sunday Times, 2009). The correlation between cultivating an environment where employees are satisfied, and achieving high organisational performance, suggests that these are not mutually exclusive. Moreover, those organisations that do invest in creating such a culture are highly likely to receive a good return on their investment.

The Sunday Times rely on the same questions for data gathering each year: making it possible to compare the results over different years. When analysing the results for 2004, 2005 and 2009, as seen in Table 16, it is possible to identify commonalities in the results. For example, WL Gore, Beaverbrooks, Data Connection and Pannone appear in the Top Ten organisations to work for each time (Sunday Times, 2009).

	2004	2005	2009
1	W L Gore	W L Gore	Beaverbrooks
2	Beaverbrooks	St Ann's Hospice	Edward Jones
3	Data Connection	Beaverbrooks	Pannone LLP
4	Flight Centre	Pannone & Partners	Denplan
5	Bacardi-Martini	Data Connection	Lindum Group
6	Pannone & Partners	Sandwell Community Caring Trust	Penna
7	St Ann's Hospice	Hfs Group	Office Angels
8	Universal Music	Office Angels	W L Gore
9	Timpson	Bacardi-Martini	Data Connection
10	Lush	Loans.co.uk	Iris

Table 16: The Top Ten Organisations to Work For
(Sunday Times, 2009).

The appearance of the same organisations in Table 16, over a period of time, may suggest that once an organisation is high-performing, and has developed a culture where employees are satisfied, it is possible to retain it for the long term. Equally, it could highlight that each organisation has clearly identified and articulated its company values, and is successful in recruiting and retaining individuals that match these: thereby creating a good cultural fit and, consequently, high levels of employee satisfaction.

Organisational culture can vary enormously: and affects how people interact and perform at work. According to Messmer (2001), the organisational culture,

not salary, often affects turnover: because culture refers to how an organisation treats, value and trusts its employees. Of all the behaviours that exist within an organisation, 'trust' appears to have the most bearing on individual performance (Colvin, 2008; Johnson and Scholes, 1999). Companies that aim to be successful may wish to consider the example of Alberto-Culver, a company that addressed culture issues through a survey; and in so doing, halved their employee turnover rates and significantly improved organisational performance (Bernick, 2001).

2.4.6 Motivation and Performance

Despite extensive research into job satisfaction, it seems that a clear definition does not exist: which may owe to its being underpinned by a variety of theories. According to Mumford (1972), research conducted into job satisfaction covers several schools of thought: Maslow, Herzberg, Likert and others considered it to be dependent on employee motivation; whereas Fielder, Blake and Moulton regarded it as being linked with the leadership style at work; and Crozier and Gouldner felt it related to management behaviour and organisational values. In contrast, Lupton, Legge and Gowler felt that job satisfaction pertained to the effort-reward exchange; whereas Cooper, Thorsrud and Gulowsen felt it was based on the content of the work itself.

In broad terms, it appears that all these areas relate to an employee's experience at work, and affect their motivation and commitment (Hollyforde and Whiddet, 2002). It is widely accepted that employees are motivated by different things: reflected in an individual's psychological contract. Mumford defines this as the willingness of the employer to provide a situation which caters for the individual's psychological needs, in exchange for a commitment by the employee to his work and the firm's interests (Mumford, 1972).

Much has been written about the psychological contract and the rewards that an individual expects in return for his/her efforts (Adair, 1996; Rousseau, 1989).

The psychological contract that each individual makes with their employer is unwritten but critical; indeed, the individual may not even be conscious of it (Newstrom and Davis, 1993). Whereas a legal contract may specify duties, terms and conditions and even material rewards, the psychological contract is more intangible. According to a CIPD Research Report, it is made up of three separate but overlapping sections: first, the perceptions of the workers based on the promises and commitments made by the organisation; second, how fair these promises and commitments are; and third, how much trust the employee holds in the management to deliver according to the promises made (Guest and Conway, 2002).

Thomson et al. (2001) advise that a resilient employee will, through their psychological contract, show flexibility in return for challenging work, developmental opportunities and career-planning support. Moreover, they will learn quickly to keep pace with change, be dedicated to continuous learning, and take ownership of their own career management: showing commitment to lifelong learning, not only in their interests, but also those of the organisation (Newstrom and Davis, 1993; Thompson et al., 2001). However, if the organisation fails to meet these expectations, the individual can withdraw from the relationship either consciously or unconsciously (Spindler, 1994). An individual's performance at work may be affected if their needs are not being met, but also as a result of inadequate training. Therefore, an organisation should determine what is lacking: the will to work or the capability to work (Vroom, 1964). If it is assumed that an individual has received the training to conduct the job, it is then possible to examine the motivations that affect an individual's performance.

Research findings suggest that the motives and needs of an employee can be related to the incentives and rewards provided by the organisation (Mumford, 1972). In reviewing the theories on motivation, it appears that these can be grouped into areas of commonality. There are those which enable a greater understanding of why people behave as they do rather than what motivates

them, such as ‘attribution theory’; those that cover learning theories, such as ‘reinforcement theory’ and ‘social learning theory’; and those which suggest that an individual is driven by expectancy and incentives, and how this affects further motivation, such as ‘hierarchy of needs theory’, ‘expectancy theory’, ‘Existence, Relatedness and Growth (ERG) theory’ and ‘achievement theory’. These are worthy of closer examination.

This study turns first to Maslow’s ‘hierarchy of needs’, shown in Figure 10, which has long been utilised as the tool with which to demonstrate the motivations of an individual, and the increasing needs that an individual strives for (Adair 1990; Adair, 1996):

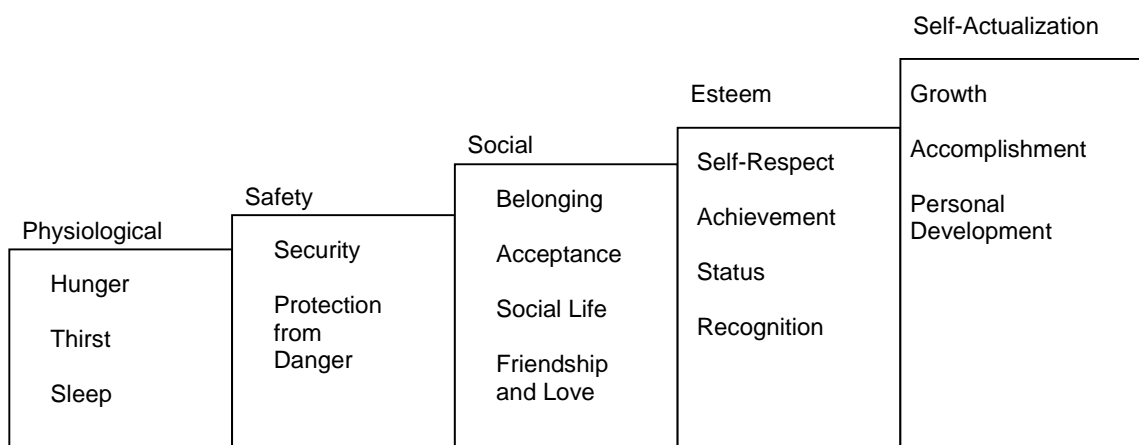


Figure 10: Maslow's 'Hierarchy of Needs' Model
(Adair, 1996)

Since the creation of Maslow’s model, shown in Figure 10, various amendments have been debated. Among these are that job satisfaction would be a logical addition to the ‘Esteem’ box; and that, for many individuals, achieving this level is important (Vroom, 1964). The importance of self-actualisation as a motivator would, indeed, appear to resonate with McClelland’s Theory of Achievement (Hofstede, 1980; Hollyforde and Whiddet, 2002).

The second main theory on motivation is the 'Existence, Relatedness and Growth theory', developed by Alderfer. Although similar to Maslow's theory, it emphasises the degree of importance an individual attaches to the next level, once satisfied in his having successfully accomplished the previous one: thus promoting progression upwards. Alderfer stressed that if progression is halted, an individual, out of frustration, will want more of the same lower level (Kakabadse et al., 1987). Weiner (1992) concurs with Alderfer: in so far that an individual's aspiration for the next level increases after successful goal attainment. However, he suggests that there is also an 'atypical' reaction: whereby success leads to a decrease in aspiration, and it is *failure* that increases aspiration: which if accurate, would indicate an area of inconsistency within Expectancy theory.

The third main theory on motivation is Herzberg's 'Satisfiers and Dissatisfiers' theory, shown in Table 17, (Adair 1990; Stephens, 2006). Herzberg aimed to build upon Maslow's Motivation to Work theory, because he regarded one particular aspect of it as unacceptable. Herzberg did not agree that the predominant needs of an individual might change or develop; instead, he felt that extrinsic and intrinsic factors would affect an individual's motivation, and these would fluctuate over time (Adair, 1990). He argued that extrinsic factors were comparable with hygiene: and that employees were only affected by these when there was a problem, otherwise they went unnoticed (Adair, 1990).

The decision to include pay as a 'hygiene factor' was highly controversial; and reflects the disquiet that continues to exist about salary as a motivator. This may be because remuneration can be considered both a satisfier and dissatisfier (Kakabadse et al., 1987). Given that talent is considered both an investment and, potentially, a diminishing resource, the issue of pay has obvious relevance as a motivator.

Hygiene - context factors (Extrinsic)	Motivators - context factors (Intrinsic)
Company policy and administration	Sense of achievement
Supervision/relationship with supervisor	Recognition
Working conditions	The work itself
Remuneration: pay; salary	Responsibility
Relationship with peers and with subordinates	Advancement
Status/promotions	Personal growth
Job security	

Table 17: Herzberg's Satisfiers and Dissatisfiers
(Stephens, 2006)

Herzberg's findings into 'Satisfiers and Dissatisfiers', shown in Table 17, separated out those factors that an employee expected into extrinsic factors; and those that would motivate into intrinsic factors. Given that these factors were considered important to the 'Baby Boomer' and Generation X generation, who wanted job security, status and high levels of pay, further research beyond this thesis could re-examine these factors for 'Generation Y'. These may need to be revised in order to incorporate ethical issues such as sustainability, organisational values, personal development and flexible working.

Of all the theories on motivation, the two which have particular relevance to enhancing the performance of talent are 'Goal Setting theory', and 'Cognitive Evaluation theory'. These reflect both the need to set increasingly stretched goals for task completion, in order to improve the feeling of both motivation and satisfaction; and to link intrinsic performance to extrinsic reward (Hollyforde and Whiddet, 2002). When setting the conditions for motivating talented employees, organisations may wish to note that motivation is considered a matter of employee perception, not necessarily a reflection of reality; and that disengaged employees may withdraw psychologically from their work if not satisfied: as suggested by 'Activation theory' (Hollyforde and Whiddet, 2002).

In 2003-4, 1,700 high performing individuals were surveyed in order to identify their key motivating factors: the top ten of which were published. Hollyforde and Whiddet (2002) argue that the single most important was 'being appreciated'; the second was that 'their work was appreciated'; and ninth was a 'significant financial reward'. This suggests that, for the respondents, the intrinsic motivators of esteem and self-actualisation remain important. Notwithstanding the thematic findings, individual motivators are personal, can vary over time, and are linked to the psychological contract (Hollyforde and Whiddet, 2002). Given the influence of motivation on performance, organisations are advised to communicate with their talent, in order to understand and, where possible, accommodate their wishes.

Notwithstanding the view that remuneration is a hygiene factor, the role of financial incentive as a motivator continues to attract debate. Kalamas et al. (2008) argue that financial rewards can retain individuals and, if targeted appropriately at the individual performance, sometimes motivate them to exceed their objectives. Moreover, Michaels et al. (2001) believe that, from the individual perspective, the financial package resembles a 'scorecard' to determine the extent to which the company values the talent. However, Garger (1999) disagrees that financial remuneration can be retention-positive. He highlights the ability of other organisations to match or improve a package, in order to attract talent, thereby reducing the value of short term financial incentives.

Given that, for an organisation, the compensation package is considered an investment in talent, Lawler (2008) advises organisations to consider whether the escalating salary and bonus to retain and motivate talent is necessarily a good return on investment. Rather than place the emphasis on salary as a retainer, organisations may wish to focus more on long term stock options that will accumulate over a period of years: as these are less easily or quickly replicated by other companies (Lawler, 2008).

In contrast to the disagreement over the value of remuneration as a tool for retention, there is broader agreement that cultivating intrinsic motivators, through a talent-focused culture, is more likely to retain talent and lead to high levels of motivation and individual performance (Fielder, 2006). Warr (2002) have identified three types of discretionary behaviour, shown in Table 18, that have applicability both for talent and the wider population at work.

Discretionary Behaviour	Result
Voluntary overtime	Willingness to undertake unpaid work outside of core hours
Organisational Citizenship Behaviour	Demonstrated by employees providing assistance to their colleagues
Adaptive behaviour	Employee may choose to undertake additional training in order to improve their skills to help the organisation undertake its strategy

Table 18: Three Types of Discretionary Behaviour
(Warr, 2002).

The three types of discretionary behaviour, as shown in Table 18, are subtly different, but could be thematically grouped to describe a individual willing to go 'the extra mile'. Willingness to work overtime without pay suggests an acknowledgment that the needs of the organisation are greater than the individual need to go home; willingness to assist a colleague with their work on top of their own workload implies that a greater capacity of work can be achieved in the same time or that better use of time has been made; and the third example involves willingness to undertake additional training to improve skills, which will help the organisation to better achieve its strategy.

These three examples suggest that, in each case, if the employee cares sufficiently about the success of the organisation, he or she will be willing to commit to more work, longer hours or additional training for the greater good: which, from an organisation's perspective, is clearly good news. However, what is less clear is the motivation behind this and the extent to which such behaviour is sustainable.

The definition applied to 'Organisational Citizenship Behaviours' has been found to link to job insecurity, a desire to influence others and individual belief that there is merit in investing this additional effort. Where individuals did not feel that their position was under threat, they were less inclined to demonstrate these behaviours (Feather and Rauter, 2004). This suggests that discretionary behaviour is not quite as altruistic as it might first appear. Notwithstanding the motivation, additional effort and commitment from employees, discretionary effort is likely to improve organisational performance; and if collectively encouraged and harnessed, even on a temporary basis, it could give an organisation a clear competitive advantage. Interestingly, discretionary effort has also been linked to enhanced employee well-being and improved retention rates. This may suggest that self-fulfilment in work and enhanced organisational behaviour is far from mutually exclusive. Investment in improving retention may also encourage discretionary effort: thus providing the organisation with the benefit of employees willing not merely to stay with the company, but to also 'go the extra mile'.

Research findings into 'Subjective Well-Being' have examined the inter-relationships between the experience of an individual at work, the leadership at their work, positive affectation and perceived organisational support. These studies suggest that a number of factors can influence an employee's well-being, including national culture and the personality of the individual. Where an employee has positive affectation and believes that high levels of perceived organisational support exist, they will demonstrate high levels of loyalty, be keen to work towards organisational goals, show discretionary effort and remain with the organisation (Diener et al., 2003; Eisenberger et al., 1986; Rhoades et al., 2001; Richards and Pryce, 2006). Hence the return on investment for organisations investing in rewards, benefits and improved working conditions through greater individual commitment and performance. This is reinforced by the link between reward and performance (Syedain, 2010). Fielder (2006)

suggests there are seven areas, Table 19, on which an organisation may wish to focus to unlock discretionary effort:

Introduce positive feedback	Public recognition of high performing staff
Link personal and organisational goals	Find out what motivates employees and link these to organisational goals
Encourage peer reinforcement	Positive reinforcement from work colleagues is a powerful tool to encourage discretionary effort
Focus on attitude as well as skills	Positive leadership and the attitudes of managers is key to improving productivity
Rely on persuasion not power	Get employee 'buy in' to move from compliance to active participation in new initiatives
Nurture inspirational leadership	A 'poor boss' is the number one reason why an employee leaves an organisation. Encourage managers to be inspirational and move from retention issues to increasing engagement and performance
Don't underestimate the importance of fun	High performance cultures are fun places to work

Table 19: Unlock Discretionary Effort
(Fielder, 2006).

Table 19 provides a useful overview of practical information for organisations: and highlights the emphasis on encouraging the right behaviours, which if they are to be meaningful, should cascade down from the CEO and senior leadership team through line managers. Fielder (2006) suggests that it is possible to unlock discretionary effort by inspiring employees, acknowledging positive actions and focusing on high performance. However, this requires a greater understanding of which actions inspire enhanced performance. The Corporate Leadership Council's research findings (2002), in Figure 11, draw attention to the impact that line managers can have on employee discretionary effort: in particular, those equipped with business skills and the ability to inspire (Corporate Leadership Council, 2008).

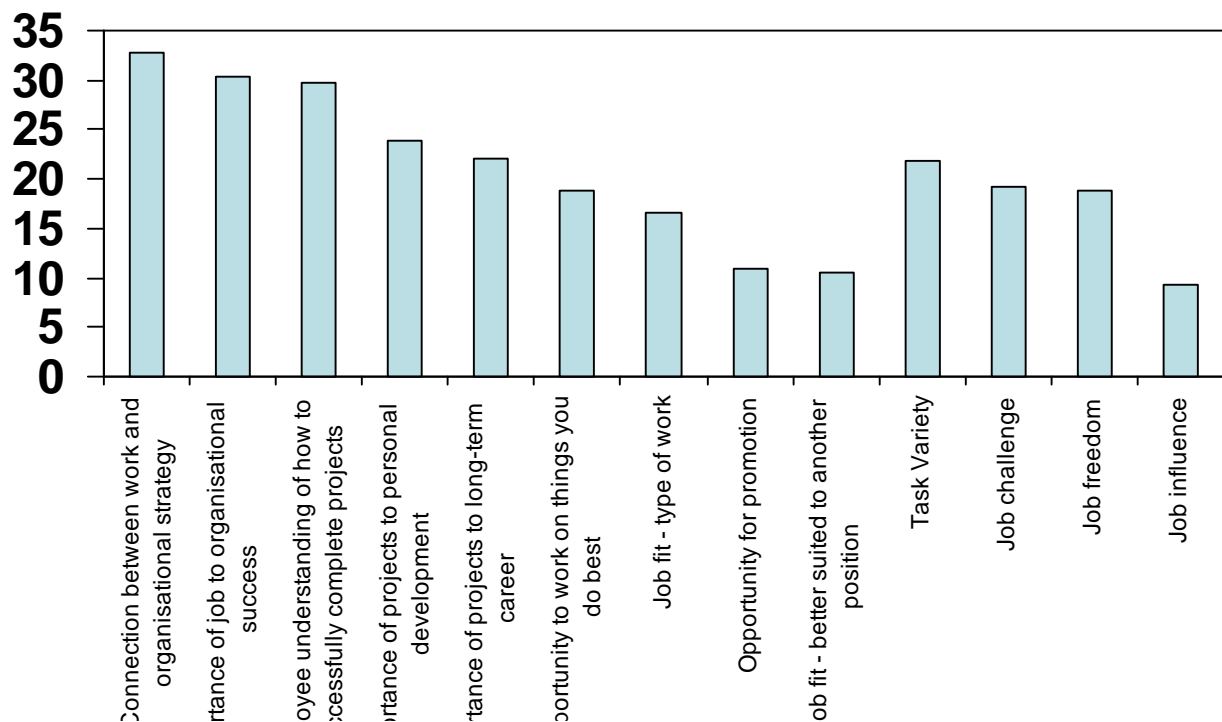


Figure 11: Discretionary Effort
(Corporate Leadership Council, 2008)

Moreover, Figure 11 highlights the impact of task variety and challenging work on discretionary effort, something that organisations can provide through job enlargement (Argyris, 1957). With the right emphasis on behaviours, a talent management strategy can also encourage discretionary effort: thereby enabling talent to significantly improve strategy execution and strategic performance, which can only lead to enhanced operational performance (Ashton and Morton, 2005). Pro-actively developing and managing these behaviours within the corporate culture can lead to sustained financial performance (Barney, 1986). This would appear to resonate with the findings that culture is one of the four important themes within an organisation that can help create enhanced performance.

Therefore, organisations looking to create and maintain competitive advantage, in addition to aligning their talent management strategy with a winning business

strategy and ensuring that they have the right structure, are advised to adopt a talent-focused culture (Barney, 1986). To ensure that a consistent approach to talent is adopted throughout the organisation, appropriate processes need to be in place: this is considered the fourth and final element in supporting talent management as an enabler for enhanced organisational performance.

2.5 PROCESSES

Research findings suggest that human resource management processes can significantly impact upon the behaviours and attitudes of employees, and that their enhanced commitment and motivation can drive improvements in organisational performance (Aggarwal et al., 2007). Practices and processes as a means of improving organisational performance gain a great deal of attention in the literature, perhaps because they are more tangible, and therefore easier to define. Human resource management processes cover recruitment, retention, development, engagement, reward and performance management. Within the literature on talent management, there is a clear belief that these need to be adapted to focus on talented individuals: because of the nuances in managing talent, as compared to the remainder of the workforce. Whilst the creation of additional processes may be time consuming, such is the competitive climate surrounding talent, they appear to provide a good return on investment. Typically, it is said that talented individuals make up 20% of the organisation's workforce; but create 80% of its profits (Berglas, 2008).

2.5.1 Attracting, Selecting and Retaining Talent

The organisational benefits of aligning the business and talent management strategies have already been highlighted. In process terms, this alignment provides clarity on the organisation-specific definition of 'talent', so enabling the appropriate skills to be actively recruited. In terms of attracting talent, much has been written about the importance of the 'Employer Brand' as a powerful form of marketing with which to attract and retain talent: but it is only successful if targeted at talented individuals (Ingham, 2006; Guthridge et al., 2008).

Google is one organisation that has worked hard to develop its Employer Brand. In order to attract talent, it offers the '70-20-10 rule': 70% of an employee's time is spent on work central to Google's core business; 20% on developing adjacent products such as Google Maps or Google News; and 10% in the pursuit of interesting work chosen by the individual, which may or may not lead to further innovation and product development (Pritchard, 2005; Lawler, 2008). This variety and freedom of work is both recruitment and retention positive for engineers; and many of Google's ideas emerge outwith the 70% time (Pritchard, 2005). Given the acute global shortage of high calibre engineers, it is no coincidence that Google has developed an attractive employment offer. It is suggested by this thesis that other organisations should look to promote areas of their company in a similar way.

The active marketing of the Unique Selling Points of an organisation through the Employer Brand is known as an 'Employee Value Proposition': and suggests why a talented person would want to work there (Wise and Zednickova, 2009). Developing and promoting a compelling Employee Value Proposition can be both cheaper and more effective than generic recruitment advertising; but only if it moves beyond marketing literature into something useful. For example, a good careers website on the company portal, which includes 'employee experience' video clips, with employees describing what it is like to work at the organisation, can be a useful tool with which to attract prospective employees (Allen, 2008; Chambers et al., 1998; Michaels, 1998).

According to Michaels et al. (2001), all talented employees are looking for an organisation that offers exciting challenges, great development opportunities and meaningful work in a successful organisation: where they can be led by great leaders. Whilst substantial remuneration is a significant attractor, talented individuals appear more attracted by the prospect of meaningful work in an open, trusting and performance-orientated culture, rather than by salary alone.

The Corporate Leadership Council (2008) analysed the categories which potential and existing employees perceive as the benefits of working at an organisation. Respondents claimed that equal weight was found against five categories: rewards, people, opportunities, organisation and the work itself. Therefore, an organisation developing an Employee Value Proposition is advised to highlight the unique selling points against all of these areas. A compelling Employee Value Proposition has been found to increase access to potential talent by 50%, and improve the performance and retention of existing talented employees by 29% (Corporate Leadership Council, 2008).

Understanding the expectations of talented individuals, then aspiring to meet them, is particularly important if organisations are to be successful in the competition for talent. If necessary, organisations are strongly encouraged to change their mission, business strategy and even their whole business ethos in order to write a compelling Employee Value Proposition (Michaels et al., 2001). Despite the benefits of an Employee Value Proposition, not all companies have developed one; and some even struggle to articulate why talented people should join them (Chambers et al., 1998). Those organisations which cannot articulate why talent ought to work there are likely to struggle to attract it at all (Michaels et al., 2001).

Having created an Employee Value Proposition, organisations are encouraged to constantly refresh it in order to stay ahead of the competition because, as with any marketing, it will quickly become outdated (Michaels et al., 2001). While the process of creating and re-energizing an Employee Value Proposition will not drive performance, it is nonetheless a key enabler for recruitment and retention. According to Hiltrop (1999), different organisations have different areas to emphasise in their Employee Value Proposition. For example, BMW, Coca-Cola, Proctor & Gamble and Microsoft have a strong brand and/or product to 'sell', whereas Hewlett-Packard, Unilever, McKinsey and Accenture Consulting may all choose to promote their strong reputation in investing in training and development. Finally, Shell and BP may wish to emphasise the

opportunities for individual development through the international work experience that they offer.

Identifying and articulating unique selling points is organisation specific; and those that try to copy the Employee Value Proposition from another company inevitably fail to produce a compelling version of their own. During periods of economic downturn, an organisation's brand value can be severely tested: those organisations that make unexpected announcements, for example on severe pay cuts or redundancies, can see them undermined overnight (Simms, 2009). Therefore, there is commonality in the literature that a compelling Employee Value Proposition, appropriately targeted, can attract and retain talent: but does need to be constantly refreshed in order to remain effective.

Having identified the skills, and actively targeted these through an Employee Value Proposition, organisations are advised to promote flexibility when recruiting. This may suggest that the traditional approach to recruiting is now outdated. Previously, organisations recruited based on the requirements of a vacant post; but in this competitive climate, they are better advised to recruit talent when the opportunity arises, rather than hope that a talented person will appear in response to a job advert (Huselid et al., 2008). As Professor John Sullivan, Head of the Human Resources Management Programme at San Francisco University, states:

'I happen to need a basketball star today. Did Michael Jordan just quit his job?' (Michaels et al., 2001, p. 27).

Demonstrating flexibility in recruitment is possible if the organisation has clarity on the skills required to drive the business strategy. Yet according to CIPD research, 35% of UK organisations admitted that their recruitment strategy did not align with their business strategy (Carrington, 2004). Therefore, organisations are advised to develop a Strategic Recruitment Plan to underpin their talent management strategy. The recruitment plan can then be used to

articulate the key skills required to drive the business strategy, and the methods that the company will employ to attract talent. Whilst this alone will not enhance the strategic performance of the organisation, this approach to recruitment will provide it with the correct skills which, when appropriately focused and supported, will act as an enabler for performance.

The development of a recruitment plan to facilitate the recruitment process is considered extremely important: because 80% of employee turnover results from poor decisions made at the recruitment and selection stage (Garger, 1999). This is significant because employee turnover can be both expensive and inefficient. In the Private Sector, the cost of recruiting a new employee can be 50-60% of the first year's salary, and up to 100% of the salary for specialized posts (Hale, 1998). An additional cost that is often overlooked is the impact on productivity whilst a replacement is recruited and trained: during this period, an employee is less effective than one who is fully confident in their duties. Finally, another cost of poor retention that can be overlooked is the risk that an employee could leave the organisation and move to a direct competitor, taking with them knowledge and experience that may take years to replace, and even give a competitor an advantage (Pollitt, 2007a). For these reasons, some organisations are investing in Strategic Retention Plans, to ensure that a proactive approach is taken to retaining talented individuals. Retention of talented individuals is particularly significant because of the high cost involved in their remuneration package, and loss of their skills. Yet according to Garger (1999, p. 10):

'In today's dynamic business environment, companies that want to remain competitive must adopt a more strategic approach to retention, yet only a third of 600 US companies surveyed reported that they had such a strategy.'

Most organisations agree that they do not want to retain their entire workforce all of the time: so in some cases, a high degree of turnover is appropriate. For

example, entry level accountants bring high levels of energy and fresh ideas (Levin and Rosse, 2001). Controlling employee turnover is comparable with trying to control the flow of a river:

'The goal is not to prevent the water flowing out but to control where it goes and at what rate' (Capelli, 1999, p. 188).

In comparison, retention rates have been high in the Public Sector: but that does not mean that the correct people have been retained (Ringo, 2008c). When assessing retention rates, organisations are therefore advised to focus specifically on the retention of high-performing individuals and those individuals with the skills to drive the business strategy, rather than on the overall retention figure: which may be misleading (Garger, 1999; Ringo, 2008c). Whilst the retention process alone may not drive organisational performance, the retention of talent is a significant issue, yet 68% of respondents to a CIPD survey stated that their company did not have a retention plan (Tansley et al., 2006).

The message to employers is clear: retaining talented employees does not rely on remuneration alone. Talented individuals, more than average workers, are driven by intrinsic motivation, job satisfaction and advancement. In order that remuneration packages can succeed as a motivator and act as a reward, they need to be linked to intrinsic motivators: such as recognition of achievement and the satisfaction provided by completion of difficult work (Colvin, 2008). Therefore, the commonality is that employers seeking to retain high calibre employees may wish to consider providing an environment where talent feels stretched and challenged through development opportunities; is appropriately rewarded, both financially and otherwise; and where underperformers are actively managed (Berger and Berger, 2004; Welch, 2005).

2.5.2 Developing Talent to Drive Performance

There is consensus within the literature that in successful high-performing organisations, there is an emphasis on developing talent in order to consciously feed a 'Talent Pipeline'. This is considered to flow vertically up the organisation to the top: and provides a steady outflow of talent in order to ensure that the company has sufficient 'bench strength' to meet current and future commitments (Bhatnagar, 2008; Ready and Conger, 2007). Two case studies emphasise the impact of the talent pipeline on organisational performance. A London-based construction company, preparing to launch a major reconstruction project in Berlin worth €500 million over two years, reviewed the choices facing the project manager, and discovered that each candidate was already committed to another critical project. The organisation's growth strategy hinged on the ongoing projects; and the company realised at too late a point that it had no spare capacity with which to lead the project in Berlin. In consequence, the organisation lost out on the project to a competitor: and suffered a detrimental impact on its reputation.

In contrast, Proctor & Gamble regularly maintain a pipeline, and use a database (known as a 'talent factory') to inform decision-making. The database records all employees by functionality, past performance and commitment, and each record includes individual input on several areas: indicating the extent of the individual's global mobility. When a new assignment in Saudi Arabia emerged, which required an employee with laundry experience, who would be willing to relocate at short notice, the human resource management staff searched the database: and in only a few minutes, identified five very strong candidates for consideration of the senior leadership team. The individual selected was not only the right fit, but a willing volunteer: and transferred to Saudi Arabia just three months after the start of the search (Ready and Conger, 2007).

These contrasting case studies reinforce the value of investing in and continually developing a talent pipeline, with which to bring on new talent.

Moreover, they highlight the benefits of a tool or process, such as the 'Talent Factory' database, to provide visibility on the skills and experience of employees across an organisation, something that is increasingly difficult to track in global organisations operating across disparate sites (Bryan et al., 2006). Investment in the talent pipeline is good for talented employees who are proactively managed: but ultimately, the process only exists because of its impact on the bottom line (Till, 2007).

Companies looking to develop talented employees vertically through the organisation often rely on global or 'stretch assignments' and, in the case of Proctor & Gamble, have identified different assignments based on the experience and capabilities of the manager. For example, Proctor & Gamble consider Taiwan to be a suitable small-country appointment for a first-generation manager (Pollitt, 2004; Ready and Conger, 2007). In contrast, Hsieh et al. (1999) argue that the process of sending managers overseas is neither universally popular nor necessarily successful. Such a practice, indeed, can sometimes be viewed as 'colonial', and end up being highly unsuccessful. Expatriate managers may struggle to adjust to their new setting and/or be unsuccessful: in terms of understanding both the local culture, and the local business market. It may be that one of the main reasons for the failure rate amongst expatriate managers is the poor match with the company culture; this places an emphasis on a careful selection process, to ensure the right managers are selected for the overseas assignment. According to Fernandez (2003), those managers that are most successful are:

'Open-minded, imaginative, enjoy travelling, networking and meeting new people, and tend to develop strategic alliances.'

Rather than relying upon expatriate managers, the alternative is to focus on using local talent instead (Fisher-Yoshida and Geller, 2008; Hsieh et al., 1999). Whilst local talent may cost less than sending a manager overseas, it seems that current market leaders still prefer to rely on the latter. Perhaps this is

because they have already proved their worth and are inculcated into the values of the organisation. 'Stretch assignments' - be they overseas or in the form of in-country project work - do, however, offer opportunities to expose talented individuals to new areas of the organisation, thus allowing them to develop and demonstrate their skills (Margerison and Kakabadse, 2007). Such development is considered as a tangible sign of commitment to the talented individual (Lucas, 2010).

From an organisational perspective, the stretch assignment provides an opportunity to grow skills, thereby developing talented individuals for increasingly broad and complex appointments. Ultimately, this is regarded as a developmental intervention for broadening talent in preparation for senior leadership team positions: the demands of which, and the skill requirements for which, are not known (Margerison and Kakabadse, 2007). This is particularly important given that, in many large organisations, there is a strong preference to promote internal candidates into future senior leadership team positions, because their performance and potential is already established: thereby reducing any possible risks (Altman, 2009).

Successful organisations that focus on developing talent may qualify for the title of 'Branded Talent Developer': a term used to describe those organisations that view talent development as a fundamental part of their business strategy, in order to drive performance (Younger and Smallwood, 2007). Through extensive qualitative research amongst high performing organisations, areas of commonality were found in terms of how the organisations viewed and developed talent: leading to them being labelled as 'Branded Talent Developers'. The nine factors are detailed in Table 20.

1	View employment development as a key element of strategy
2	Emphasize “growth from within”
3	Are clear about the competencies and qualifications that matter
4	Are relentless recruiters
5	Have well developed career architectures
6	Are passionate about training
7	Are demanding performance managers
8	Take management coaching and mentoring extremely seriously
9	Understand the power of alumni

Table 20: Nine Factors of Branded Talent Developers
(Younger and Smallwood, 2007)

Younger and Smallwood’s research findings, shown in Table 20, emphasise the importance employee development as a key element of strategy, thus reinforcing the importance of formalising the development of talent through a talent development strategy. This would appear to reflect earlier findings on the importance of identifying the key skills with which to drive the business strategy. Thereafter, the remaining eight factors appear to focus on issues relating to corporate culture. This further reinforces Jamrog et al. (2008)’s findings that culture can drive performance.

The findings in Table 20 suggest that not only was this style effective for sustaining high performance, but that it consistently attracted and helped retain high potential employees (Younger and Smallwood, 2007). An organisational commitment to developing talent appears to be critical to both retention and improved performance; and ensures that within the organisation, talented individuals are developed for senior positions (Michaels et al., 2001; Morgan, 2008). In terms of development, organisations can choose to adopt a formal or informal approach to training and education, although most elect to have a combination of both; but the emphasis between training and education may vary. Notwithstanding the difference in emphasis, dedication to talent

development can help an organisation achieve competitive advantage (Gandz, 2006).

The development of organisation-specific skills through commercial training packages can be expensive; and the ability to centralise all training activities may be one reason why a number of large organisations have elected to invest in corporate universities (El-Tannir, 2002). However, it is argued that there are three other reasons for this: the perception within organisations that business schools are not producing students with the right skills; a realisation that human capital is the key to competitive advantage and therefore worthy of investment; and finally, the advancements in technology, which make a combination of distance and blended learning more accessible than in the past (Crainer, 2009). The majority of corporate universities are based in North America: where companies as diverse as Ford, Fiat, AT&T, Intel, Apple, Motorola, Disney and McDonalds have each established their own. In the UK, IBM, Goldman Sachs the Ministry of Defence Civil Service have all established their own corporate universities (Crainer, 2009).

Whilst the Disney and McDonalds universities may attract academic scorn, the growth of the McDonalds brand means that a new franchise is opened somewhere in the world every eight hours. Established in order to maintain global consistency for their brand, the 'Hamburger University' has an annual throughput of 50,000 graduates, and celebrates its 35th anniversary this year (Solomon, 1997). Disney, an employer of over 40,000 people, uses its corporate university to develop managerial, team working and customer service skills; and imbues in its employees the unique Disney culture which, arguably, is just as important (Crainer, 2009).

For organisations looking to accelerate the development of their employees, and instil in them the prevailing corporate culture, such universities can be invaluable. However, it may be that many organisations could achieve the development of business skills through far cheaper means, via the use of

commercially available courses. The average operating budget for the approximately 1,000 corporate universities in the US is \$12.4 million: although with maintenance costs, this is likely to be more. Intel is reputed to spend \$150 million per year to maintain its corporate university, which equates to 6% of its payroll budget (Garger, 1999; McCall, 1998). Not all organisations spend this amount: sixty American corporate universities run smaller operations (Crainer, 2009).

Whilst the expense is significant, there are additional benefits. Organisations that invest heavily in the training and development of employees can promote this in their Employee Value Proposition to attract and retain talent (White, 2009). Finally, developing organisation-specific skills may help tie individuals to the organisation: because many such skills are not transferable. For the organisation employing this talent, this is good news, and suggests it may be retention-positive; but for those buying in talent, it presents a developmental issue (Crainer, 2009).

Arguably, investment in corporate universities suggests a commitment to training and development: positive for both recruitment and retention. However, it may also suggest an enthusiasm to recruit non-graduates (on lower salaries than graduates), and an emphasis on developing both the specific skills and cultural values of the organisation. The literature does not comment on the return on investment for training; but the significant levels of investment and breadth of universities may suggest it is money well spent.

Given the expense involved in running a corporate university, it is not surprising that the majority of organisations have looked for other tools with which to develop their employees. One of the more popular methods for developing talent is the use of competencies. According to Boyatzis (2007), organisations looking to clone their top people can use competencies for recruitment and development. In 1973, David McClelland, a psychology professor at Harvard, wrote a paper in which he argued that traditional academic qualifications did not

predict job performance or success in life; instead, he felt there were other 'competencies' that could predict success (Rankin, 1998). Researchers working for McClelland, including Boyatzis, went on to conduct a series of interviews, initially with high-performing US diplomats in 1981, during which they asked the participants to describe a number of scenarios that ended successfully; and conversely, those that had ended badly (Boyatzis, 1982). These scenarios were discussed in detail: in order to search for trends in behaviours, or competencies in coping. In 1981, Boyatzis conducted further studies, this time interviewing 2,000 people across 12 organisations. From these interviews, he identified 21 characteristics that produced superior performance: and later refined this into a list of 19 competencies, shown in Table 21, published in 1982 (Boyatzis, 1982):

Clusters	19 Competencies
Goal & action management	Efficiency-orientation
	Pro-activity
	Diagnostic use of concepts
	Concern with impact
Leadership	Self-confidence
	Use of oral presentations
	Conceptualisation
	Logical thought
Human resource management	Use of socialised power
	Managing group process
	Positive regard
	Accurate self-assessment
Directing subordinates	Use of unilateral power
	Developing others
	Spontaneity
Focus on others	Perceptual objectivity
	Self-control
	Stamina
	Adaptability

Table 21: Management Competency
(Boyatzis, 1982).

The list of 19 competencies published by Boyatzis (1982), shown above in Table 21, provided organisations with clarity on areas to focus in order to achieve superior performance. However, in 1989, the 'Management Charter Initiative', a national body established to oversee standards and provide consistent advice to organisations and individuals, published a refined version of the Boyatzis competence-based framework. Organisations were encouraged to adopt competencies, and integrate them throughout their human resource management policies. The framework, which detailed managerial skills from junior to senior leadership team level, was intended to improve the general standard of managers across the UK, and enhance organisational performance.

Despite the clarity that competences offered, there was resistance to universal adoption of the framework: because the language was unnecessarily complicated, and did not appear to reflect organisation-specific requirements. One of the main areas for confusion was the frequent misuse of the terms 'competence' and 'competency' (Currie and Derby, 1995). According to Whiddett and Hollyforde, an 'ability based on a work task or job output tends to be referred to as a *competence* whereas an ability based on attitude and behavioural traits is known as *competenc(ies)*' (Whiddett and Hollyforde, 1995, p. 5). Moreover, competencies have been criticised because they were difficult to understand, not really valued, but nonetheless set in stone (Johnson et al., 1999).

An area that has caused a great deal of confusion over competencies pertains, quite simply, to the lack of clarity that still exists over their definition. The definition of competency has varied over time to include task-based *action* and behavioural *knowledge* (Edgar and Lockwood, 2008). Moreover, competencies have been grouped into areas to ease their application in the work environment. These groups include: core values, effectiveness competencies, functional competencies and leadership competencies (Israelite, 2010). Additionally, the introduction of the term 'capability' has resulted in different definitions for both

competency and capability, further contributing to the confusion on the subject (Smith, 2008).

An organisation can develop both competencies and capabilities, but in so doing, is advised to ensure that they are mutually supportive and aligned with the business strategy; and that they underpin the talent management strategy (Edgar and Lockwood, 2008; Smith, 2008). To aid clarity, the following definitions are useful and will be employed for the purpose of this thesis (Smith, 2008):

Capability: 'The organisational ability to execute activities repetitively, efficiently and predictably'.

Competency: 'The company's ability to improve its performance continuously...a competency is the source of differentiation that allows it to create unique, products, services and solutions for customers'.

These definitions confirm that the source of competitive advantage for an organisation lies in competency. Arguably, capability reflects the old style of task-based competence – in other words, the '*what*' - while competency has continued to reflect the '*how*'.

In an interview with Professor Andrew Kakabadse (2010), the issue of achieving clarity between capability and competence as a means for developing talent in order to improve organisational performance was key. The development of talent requires an organisation to invest in both capability and competency: but with an emphasis on the latter if the organisation is to use the dynamic capabilities framework. Conversely, the focus on social competencies, as defined earlier, may aid the development of a manager to get the best out of the talented individual: and therefore help unlock their discretionary effort (Fielder, 2006).

Despite the criticisms of these frameworks, the majority of organisations implemented either one or both of the 'task-based competence framework' and the 'behavioural-based competency-based framework'. It appears, indeed, as though most organisations have developed their own framework, using the Boyatzis competencies as a baseline. For example, at Tesco, the framework was used to change managers' thinking about their own development, and the skills and behaviours they needed to display in order to progress; whereas within Manchester Airport plc, the frameworks were used as a tool to drive through a change in business culture (Hammett and McMeikan, 1994; Jackson, 1992).

However, task-based competence frameworks attracted criticism because of the difficulty in identifying and developing all the skills required of a manager. Three decades ago, research identified that a manager has a 'grasshopper-like' style: conducting on average 200 activities in a day, often at the same time; and suggested that the increased complexity in managerial posts has seen this characteristic develop even further (Mintzberg, 1972). In contrast, the behavioural-based competency-based framework focuses on the way in which managers and employees perform their roles rather than on task completion. As such, this may have more utility; moreover, it can help differentiate between superior and average levels of performance (Miller et al., 2001). Having identified the appropriate level of skills and behaviours required to drive the business strategy, the organisation can publish and pursue these in order to enhance performance. Where superior behavioural competencies exist, these have been empirically linked to effective performance (Cheng and Dainty, 2005).

The determination of appropriate behaviour and skills for a competency framework can be subjective: but generic skills such as time management, negotiation and effective problem-solving tend to have applicability in most organisations; and whilst experience points to the importance of linking competencies to business strategy, not all organisations actually achieve this

(Rankin, 2001). Despite these concerns, a high number of employers have implemented behavioural based competency-based frameworks, perhaps because of their wide utility across global organisations, and also as they appear to be successful in enhancing organisational performance. In 2005, Canon rolled out a pan-European framework which applied to 11,000 employees across Europe; whilst Unilever (UK) spent three years developing their framework: rolling it out in 2006 across 2,000 managers within the UK (Price, 2006; Wolff, 2006).

Over the last two decades, competencies have increasingly been used by organisations looking to define and measure the skills and attributes that they need. Competencies offer the ability to articulate specific skills and levels of skill, and can be used for recruitment, development and assessment, as well as acting as a lever to effect change (Hale, 1998; Heinen and O'Neill, 2004). The use of core competencies and capabilities can enable an organisation to create a competitive advantage: because other organisations will struggle to replicate this combination (Storey, 2001).

In 2003, the CEO and senior leadership team at IBM elected to update their competencies, in order to improve organisational performance and drive through cultural change. Working with the Hay Group, IBM conducted a series of interviews with high performers and high calibre individuals. Not unlike the process adopted by the McClelland researchers in 1981, the Hay Group refreshed the competencies which were required. According to Donna Riley, the Vice President of Global Talent for IBM, the new competencies are already delivering results: particularly in the area of customer care (Tischler, 2004). However, this positive affirmation is not unexpected, given the levels of time and money invested by IBM.

The method of using competencies to deliver organisational benefits originated in the US in the 1980s and quickly moved to the UK; indeed, they are now a global phenomenon (Horton, 2000). For organisations looking to clone their

most effective people, competency development provides such a tool: but only if the processes are aligned and meet the strategic needs of the business (Heinen and O'Neill, 2004). According to a survey conducted in 2005, two-thirds of the 971 organisations (representing 3.2 million employees) which participated were using competencies in one form or another across both the Public and Private Sector (Bergenhengouwen et al., 1997; Rankin, 2005). Storey (2001), however, argues that whilst competencies may be a useful tool for developing generic skills, there is a tendency in organisations to focus on developing technical rather than behavioural skills, which have less utility. Moreover, organisations often neglect 'soft' managerial activities and skills when developing behavioural competencies.

However, it could be argued here that these criticisms are less about competencies and more about their application. The use of competencies would support the dynamic capabilities framework discussed under strategy. As such, there remains the risk that an individual could move to another company and replicate the skills, knowledge and behaviours of the first. Whilst competencies offer an attractive tool to articulate requirements, they also present the risk of transferability: which the Resource Based View does not.

Investment in developing talent through training and education, stretch assignments and competencies can help to build organisational capability; and utilisation of the 'Talent Pipeline' can ensure it is continually developed. In most large organisations, on average, 80% of talent is developed or grown; and 20% bought in. Growing talent is cheaper and low risk for the organisation, because it is proven; moreover, it has been found to be retention-positive, because it generates greater employee loyalty (Blyth, 2008). However, growing talent is slow and may not be available when required: hence the reliance on buying talent for specialist skills. An oil company looking to turn around its retail profits on the forecourt required a talented individual with retail experience to advise on stock and improve the attraction of retail shops on forecourts, in order to

increase sales. The company sought out talent within Pepsi-Cola and Frito-Lay in order to fill the role (Capelli, 1999).

However, buying in talent can introduce difficulties: in addition to being expensive, it may fail to deliver in the new organisation. This leads to the issue of the 'portability of talent'. Groysberg et al. (2004) suggest that organisations that buy talent may find that their existing staffs are hostile to the new arrival. Professional jealousy, if not handled quickly, can lead to a breakdown in communication and deterioration in departmental performance: both of which are unhealthy (Groysberg et al., 2004).

There are, of course, other reasons why talent may not be portable, which may concern the individual brought in from outside. From being a big fish in a small pond, talented individuals may miss the high performance team amongst which they used to work or power they used to wield; or it could be that the organisational culture may be different, and no longer conducive to the style of the talented individual. Essentially, what worked before may not work now. This is known as a 'bad fit': when a new, talented employee just does not fit in with the existing culture and/or team; such a mistake can prove expensive. Fear of failure can affect the individual's self-confidence; and the newly imported talent may have such a crisis of confidence that they leave. Worse, they may press on, convinced that success will eventually come: and do irreparable damage to the organisation's performance and the morale of other staff (Groysberg et al., 2004).

2.5.3 Talent: Enhancing Organisation Performance

Having recruited and retained talent, the organisation is advised to ensure that it is both engaged and satisfied, in order to benefit from discretionary effort. Employee Engagement, when executed effectively, can deliver a positive impact on morale and performance. For the purposes of this thesis, the following definition of Employee Engagement will be used:

'Employee engagement is a heightened emotion and intellectual connection that an employee has for his/her job, organisation, manager, or co-workers that in turn influences him/her to apply additional discretionary effort to his/her work' (Gibbons, 2006, p. 5).

The definition above refers to an emotional connection between the employee and organisation, and has been deliberately selected for its clarity. To establish the level of employee satisfaction and motivation, many organisations conduct an Employee Engagement survey (Joerres and Turcq, 2007). However, in order to be successful, the survey needs to focus on the right questions: such as those which deal with organisational values or pride in working there, rather than, for example, satisfaction with the canteen or furniture. The ability to achieve competitive advantage will dissipate if all organisations ask the same questions in their engagement surveys and try to address the same areas (Bassi and McMurrer, 2010).

The second message to employers appears to be that having provided feedback, individuals will want areas of dissatisfaction to be addressed. The benefit in engaging with employees, particularly talented ones, is to keep the individuals committed to the organisation. Companies are advised to always watch for any signs of waning motivation in talent and, if any is identified, to act quickly (Morgan, 2008).

The introduction of the more popular 'pulse survey' provides more timely feedback on the views of employees. Akin to a 'finger on the pulse', these regular feedback mechanisms allow the senior leadership team to find out, through human resources, what the workforce are thinking and feeling about a specific issue in relation to their experience in work. Conducting regular employee surveys enables organisations to identify the main triggers that cause dissatisfaction and, ultimately, turnover of staff.

Addressing areas of dissatisfaction can quickly lead to organisational benefits, such as improved performance or retention (Jorres and Turcq, 2007). More importantly, by engaging employees and acting on their concerns, it can improve 'employee wellbeing': a term that describes motivated and highly performing staff, and is particularly important for retention (Devi, 2009). If talented people are engaged and enjoy working in an organisation, they will shine and have a positive effect on those around them (Jorres and Turcq, 2007). Keeping talented employees engaged is so important that some organisations have adopted a policy of assigning a senior mentor to each high performing individual, not merely to assist with development, but also to help address any difficulties (Michaels et al., 2001). Research findings suggest that the number of employees giving full discretionary effort at work is falling, whilst the equivalent number actively looking to leave their organisation is rising (Brickner and Dettman, 2009; Morison et al., 2008). The findings from surveys conducted in 2008 and 2009 can be found in Table 22.

Year	Respondents	% Giving Full Discretionary Effort	% Actively Looking to leave
2008	7,700	33%	20%
2009	90,000	20%	24%

Table 22: Findings on Employee Satisfaction and Commitment

The findings in Table 22 highlight growing levels of dissatisfaction amongst global employees over the last two years. This provides a useful context against which the perspectives of talent can be compared. Survey findings in the Harvard Business Review highlight that of 20,000 'high potential' individuals, 25% intend to leave their organisation within the next year; 33% are not putting all their effort into their work; and 40% have little confidence in their colleagues and even less in the senior leadership team (Martin and Schmidt, 2010). Business units with a high number of actively disenfranchised employees have been found to experience 31%-51% more turnover than those with fully engaged employees (Thornton, 2007).

In focusing on Employee Engagement, organisations are advised to pay attention to mid-career employees, aged between 35 and 55, upon whom many companies rely. These middle managers make up more than half of the average workforce, generally work the longest hours, and from the top echelon of these will emerge future leaders. However, research findings suggest that two-thirds are dissatisfied at work; and one in five is looking for a new job. Only 33% of 7,700 respondents stated that they felt energized by their work; and 36% went so far as to say that they thought they were in dead end jobs (Morison et al., 2008). Unless talent is engaged, there is a strategic risk to the organisation that the business strategy will not be achieved, because of poor productivity and retention.

Therefore, the process of conducting and analysing pulse surveys can assist companies in gaining and maintaining Employee Engagement: which may then lead to 'discretionary effort' and an improved retention rate (Woodruffe, 2006). However, the direct correlation between job satisfaction and enhanced performance is still disputed (Armstrong, 1994). Thus, whilst conducting surveys and acting on the findings may seem like an additional administrative burden, there remains the perception that it could deliver strategic and operational benefits with a significant return on investment, through enhanced employee engagement, organisational performance and retention.

The benefits of dealing with underperformance, in terms of organisational performance and the recruitment and retention of high performing individuals, are significant (Hay Group, 2002). A number of processes exist that can enable an organisation to deal with underperformance; yet there is still considerable reluctance within many companies to address the issue, because it is uncomfortable to do so (Hay Group, 2002). Feelings of loyalty towards underperforming members of staff who have worked for 20 years or more for an organisation can prevent decisive action being taken; but in failing to address concerns over one individual, the organisation risks disenfranchising a whole

department struggling to absorb the work and cope with poor direction (Michaels et al., 2001).

One of the more popular tools with which to assess individuals across the workforce, identify high potentials and those with performance issues is known as 'differentiation'. This involves categorising the workforce: whether into Grade 'A', 'B' and 'C' candidates, or by using the Nine Box Grid, shown in Figure 12. The grid enables line managers, with the support of human resources management staff for purposes of consistency, to plot the progress of their individuals. The position on the grid is plotted by the individual's previous performance (horizontal axis) and future potential (vertical axis). Those individuals that feature in the top right hand corner of the grid are both high performers and high potential; and arguably the individuals upon whom the company should focus, both in terms of reward and retention initiatives. Those employees that rest in the middle of the grid can be stretched and supported, in order to improve their performance through the talent pipeline. Finally, those employees in the bottom left hand corner (considered to be low performers and low potential) can be 'acted on decisively' and, if necessary, managed out of the organisation. The results from conducting the Nine Box Grid exercise provide clarity on the entire workforce, and enable organisations to identify those employees on whom they need to focus.

Potential		Talented With Issues <ul style="list-style-type: none"> • Excellent skills and talents in specific areas • Has issues which limit success and/or create problems 	Highest Potential <ul style="list-style-type: none"> • Superior performance and contribution • Promotable two levels or promotable to senior executive-level position
	Too Soon to Evaluate <ul style="list-style-type: none"> • New hire 	Fully Competent <ul style="list-style-type: none"> • Performs full scope of role • May not be promotable, depending on ability to grow • May be capable of extending or broadening 	Superior Performer <ul style="list-style-type: none"> • Excellent performance and contribution • High level of functional expertise • Promotable one level or more
	Performance Issues <ul style="list-style-type: none"> • Performance significantly below desired results • Behaviours inconsistent with company values 	Marginal Performer <ul style="list-style-type: none"> • Meets basic expectations only • Limited capacity for growth in current role • Currently viewed as not promotable 	Irreplaceable Professional <ul style="list-style-type: none"> • Significant expertise or contribution to organisation which would be difficult to replace • Limited promotability; may only be capable of extending or broadening scope
	Performance		

Figure 12: Leadership Development Ratings
(Schuler, 2007).

Whilst assessing performance against the business strategy and across a peer group is relatively straightforward, the identification of 'high potential' can be considerably more difficult because, by its very nature, it is an assessment of future rather than past performance. However, Schuler's findings in Figure 12 provide clarity on how to assess both performance and potential, and map this into the Nine Box Grid. Those with high potential are generally considered to be individuals that grasp new assignments quickly and effectively, display an ability to learn more quickly than their peers, and demonstrate initiative and emotional maturity (Walker, 2002).

However, the Nine Box Grid does attract some criticism: because it focuses solely on an individual's attributes and performance, despite the fact that most organisations rely on collaborative working and interdependent action, something which the Nine Box Grid does not accommodate (Pfeffer and Sutton, 2006). That said though, it does provide clarity on the capabilities of the workforce, on which decisions can be made to utilise/reward the high potentials, and actively support/manage out those in the bottom left hand corner. Michaels et al. (2001) suggest that the actions that need to be taken are clear-cut: these are detailed in Figure 13. However, in reality, there is a need to apply context: for example, an individual that has recently moved role may be struggling to perform because s/he lacks the skill set or necessary support.

The active involvement of the CEO (for senior talent) and senior leadership team (for talented middle managers) ensures both consistency and ownership of talent at a senior level. This may also include decisions on future appointments and developmental interventions.

High	Cs <ul style="list-style-type: none"> • Give warning • Provide coaching • Consider if in appropriate job 	As <ul style="list-style-type: none"> • Plan next move • Provide extra coaching 	A+s <ul style="list-style-type: none"> • Plan multiple moves • Ensure pay is sufficient 	
		Bs <ul style="list-style-type: none"> • Keep in place 	As <ul style="list-style-type: none"> • Identify next development opportunity 	
Low	Cs <ul style="list-style-type: none"> • Manage out 		Bs <ul style="list-style-type: none"> • Keep in place 	
	Low	Performance		High

Figure 13: Performance Potential Grid
(Michaels et al., 2001).

Michaels et al. (2001) suggest that having plotted individuals into the Nine Box Grid, actions are taken in accordance with Figure 13. However, this may be too prescriptive for many organisations. A further criticism of the Nine Box Grid

exercise is that whilst it may provide clarity on Grade 'A', 'B' and 'C' employees, it is difficult to know which posts require a Grade 'A', 'B' or 'C' employee.

Much of the extant literature suggests that the organisational benefits from differentiation will only materialise if the posts and individuals are graded as 'A', 'B' and 'C', and the results acted upon. For example, a 'Grade A' employee may operate more effectively in an appointment in which he can make an impact and quickly move on. For a global corporation, an important role may involve the development of relationships in the Far East: where the national culture may appreciate building such ties over time. Such an appointment may be more suited to a 'Grade B' employee rather than a 'Grade A' one. Getting the decision wrong could have strategic implications for the organisation; therefore, having obtained clarity on the capabilities of the workforce, a similar differentiation exercise is required to map all appointments onto a Nine Box Grid.

Cheese (2008) advises senior leadership teams to assess the posts that constitute 'Grade A', ie. those that make the company money and drive strategic performance; these are likely to represent less than 20% of positions across the workforce, but have a high impact on organisational performance. 'Grade B' positions support the 'Grade A' posts, and 'Grade C' posts are those that could be outsourced (Huselid et al., 2008; Welch, 2005). Having identified these, human resources management staff, with considerable input from line management, can match the right calibre of person into each post for the senior leadership team to agree upon. It is unlikely that an organisation will have a 'Grade A' person for every post (Marmol and Murray, 1995; Huselid, et al., 2008). Using these criteria, informed resourcing decisions can drive performance. Table 23 provides a useful handrail with which to determine whether a post is strategic, supportive or one that is surplus and could be outsourced.

	A position: Strategic	B position: Support	C position: Surplus
Defining characteristics	Has a direct strategic impact. Exhibits high performance variability among those in the position	Has an indirect strategic impact by supporting strategic positions or has a potential strategic impact	Has little strategic impact
Scope of authority	Autonomous decision making	Relies on specific processes or procedures	Little discretion in work
Primary determinant of compensation	Performance	Job level	Market price
Effect on value creation	Creates value by substantially enhancing revenue or reducing costs	Supports value-creating positions	Has little positive economic impact
Consequences of mistakes	May be costly, but missed revenue opportunities are a greater loss	May be very costly and can destroy value	Not necessarily costly
Consequences of hiring wrong person	Significant expense in terms of lost training investment and revenue opportunities	Fairly easily remedied through hiring of replacement	Easily remedied through hiring of replacement

Table 23: Which Jobs Make the Difference?

(Huselid et al., 2008).

Arguably, the benefit of conducting a differentiation exercise comes in the analysis of facts after data gathering: not least the verification that the organisation has the right level of individual in the right post.

‘Say you’ve got a demanding job in a high-risk situation, and you’ve got a ‘B+’ person in it. In these companies a ‘B+’ person is pretty good. But it’s not good enough for the job. Either you’ve got to shore that person up, or you’ve got to find someone else. Take that person out, give him or her a good job in another area, but get another person in there who is going to be the ‘Grade A’ player that you need. Making small moves like this creates an enormous competitive advantage over time’ (Marmol and Murray, 1995, p. 7).

The process of differentiation provides clarity on the levels of individuals. Those considered 'Grade A' can be appropriately employed and rewarded, with care given to their continual development and retention. Those individuals that are 'Grade B' can be identified and given further support through stretch assignments and project work, and be supported by a coach and mentor. Finally, those considered 'Grade C' can be actively managed and, if necessary, managed out. The process used to make decisions on the differentiation information is the 'Talent Review'. In many organisations, it is conducted annually: each individual assessed in terms of their performance and potential. Individuals ready for a new challenge can be promoted or sent on a 'stretch assignment' to develop their portfolio of skills and prepare them for future managerial appointments, supported by coaching and mentoring as required (Cochran, 2003; Hill, 1998).

Jack Welch, the then CEO of GE, argued that differentiation was one of the key enablers to enhance organisational performance: although his thoroughness in conducting differentiation attracted notoriety. As CEO, he worked with his senior leadership team to categorise his top 3,000 executives: the top 10% as 'Grade A', the middle 70% as 'Grade B', and the bottom 20% as 'Grade C'. To assist in his decision making, Line Managers provided the senior leadership team with a 10-15 page report on each individual: with comments based on interviews with the individual, and 360 degree assessment from colleagues, customers and suppliers. The report provided recommendations for training and stretch opportunities; and suggested where the individual might fit within succession plans (Bartlett and Wozny, 1999). Although this took a great deal of time, it provided clarity on managers, and allowed for career maps to be developed for each individual, which could be used for planning future assignments, promotions, coaching and mentoring.

Differentiation at GE enabled the senior leadership team to manage their people in an informed way. The 'Grade A' category were groomed for future positions; those in 'Grade B' were encouraged, supported and stretched, through a variety

of development processes, in order to improve their performance; while 'Grade C' individuals were acted on decisively (Welch, 2005). At GE, Jack Welch had a policy that the bottom 10% of Grade 'C' be managed out each year; whilst the remainder were closely managed (Michaels et al., 2001; Welch, 2005). This overt system meant that high calibre staff were encouraged to perform their best, thus driving the business strategy; and weaker colleagues were either moved sideways or managed out. This thorough process was conducted annually, and meant that weak individuals effectively had nowhere to hide. The process ensured that the workforce was strongly encouraged to all work in the same direction, in support of the business strategy: delivering increases in performance, productivity and profits.

The transparent process of differentiation is associated most closely with GE in the literature, perhaps because of the detail undertaken in the reviews, and the willingness with which Welch acted on the bottom 10% of the workforce. It is not clear to what extent differentiation was responsible for the success of the business; but Welch himself suggests it was a powerful tool in motivating staff to ensure they worked hard, in direct support of the business strategy.

Not all companies are comfortable with the Darwinian method of differentiation and, for several reasons, this process has not been universally accepted. Some companies prefer to let cream rise to the top, believing that talented people will find their way to promotion and recognition (Robertson, 2008). Others object to differentiation because the process is time consuming and disruptive, and requires a significant investment of senior leadership team time. Whilst the transparent strategy of differentiation may be uncomfortable, it helped develop an organisational culture of high performance in which meritocracy was encouraged, which had an exponential impact on organisational performance. As such, it removed the comfortable environment within which underperformers had previously flourished: driving away high calibre staff desperate for better prospects (Uren and Samuel, 2007).

However, differentiation has attracted criticism. A survey of human resource management professionals, conducted in 2004 and published in the Times, suggested that differentiation and its method of 'Forced Ranking' had resulted in reduced production rates, increased scepticism, damaged morale and reduced collaboration (Billen, 2009). A further criticism was that it was unlikely that 10% of a workforce each year can become incompetent and need managing out (Billen, 2009; Pfeffer and Sutton, 2006). Pfeffer and Sutton, two professors in organisational behaviour, have written a book which argues that differentiation promoted selfish, individualistic behaviour: this was later cited by Billen in the context of bankers being blamed for creating the recession (Billen, 2009; Pfeffer and Sutton, 2006).

Whilst the use of the Nine Box Grid is controversial, it is difficult to argue with the logic that companies should actively manage those that are underperforming. Moreover, it is equally difficult to argue with the results that Welch achieved at GE. During his time as CEO, GE's profit value rose from \$1.65bn to \$9.29bn; and its market value from \$12bn to \$380bn (Williams, 2000). In his autobiography, Welch cites differentiation and actively managing both talented individuals and underperformers as one of the main reasons for GE's improved performance (Welch, 2005). His assertions and obvious passion for actively managing talent are persuasive, and may have assisted in the sale of his book, but astute business decisions including the sale of underperforming business units in no small way drove the financial performance of GE.

Actively developing talent through Talent Reviews, and proactively managing underperformers appears to act as an enabler with which to improve organisational performance. The process of differentiation has more readily been accepted in the US than the UK; some of the criticism implies it was a practise more suited to the boom economy culture in the 1990s than that of today. Overall, it appears that differentiation can be a valuable tool with which to achieve clarity on existing talent within the organisation; but perhaps the action

taken to manage each individual thereafter may need to be modified, especially amid the current troubled economic climate.

2.5.4 Rewarding Talent

Whilst remuneration is not the sole motivator for talent, the presence of visible ‘perks’ can aid both recruitment and retention: but it is questionable whether it offers a good return on investment, or whether high remuneration attracts and retains the right people (Lawler, 2008). The Dot Com industry competed hard for talent before the bubble bust; and therefore represents a valuable source of information on which rewards actually worked.

Special Extras in Dot Coms	
<ul style="list-style-type: none"> • Electronic game room • Internet access at work • Home computers • Stock for spouse • Pet-friendly place to work • Pet day care & insurance • Health club • Chef take-home meals • Sabbaticals • Beer blasts 	<ul style="list-style-type: none"> • 24 hour free food for the family • Online shopping discounts • Concierge service • Laundry for gym clothes • Equity in venture capital fund • Oil change in parking lot • Dental service in parking lot • Dry cleaning • No dress code • 42 kinds of drinks

Table 24: Special Extras in Dot Coms
(Lawler, 2008).

Table 24 details some of the popular rewards offered by the Dot Com industry to attract and retain talented individuals during the boom period, when competition for the same talent was at its height. The rewards were not expensive to implement, but provided a good return on investment. The overwhelming theme is one of convenience for employees, in order to improve their quality of life at both work and home. Collectively, these are attractive and relatively cheap to implement; and more importantly, from an organisational perspective, they address a number of routine distractions that would take an employee away from the workplace. If the employee can, whilst at work, get an oil change for the car, collect the dry cleaning, visit the dentist and collect a

meal before going home, it reduces the amount of time that the talented individual is not at work. Thus the organisation benefits from increased productivity and the individual benefits from the convenience.

The literature contains conflicting views on how an organisation may wish to structure and target its reward package. The common theme, however, is that companies need a combination of intrinsic and extrinsic rewards if they are to retain talent and keep them engaged (CIPD, 2009a; Welch, 2005). There is consensus that rewards ought to be based on performance against the business strategy: as this increases understanding about why the reward is being paid (Hale, 1998). Financial incentives can both retain individuals and, if targeted appropriately, motivate individuals to exceed their objectives in support of the business strategy (Hale, 1998; Kalamas et al., 2008).

The link between motivation and remuneration has already been discussed; but from a process perspective, it is worth noting the disagreement over the proportion of rewards that should be based on team versus individual performance as a motivator. Those individuals delivering more for their organisation believe they have a right to greater rewards than their peers. For the organisation, focusing rewards on high achievers may foster a sense of competition amongst high calibre staff: arguably no bad thing (CIPD, 2009a; Lawler, 2008; Morgan, 2008). In contrast, team-based rewards can develop a better sense of community, and encourage team-based working for the long term good of the organisation. This emphasises the importance of linking reward to the business strategy and values of the company. For an organisation, the most appropriate response is to reward both team and individual performance: because the financial package may be an investment in talent, but can also easily be matched by another employer. Therefore, organisations may wish to consider rewards that are based on long term performance, in order to avoid problems associated with 'short-termism' (Berger and Berger, 2004; Garger, 1999).

Whilst 'reward' is traditionally linked with end of year performance, two case studies demonstrate the willingness of those companies prepared to spend money on high calibre talent: in order to both retain them and keep the individuals engaged. One company arranged for a favourite tree to be re-located from the family's back garden in the UK to their new garden in Zurich: in order to smooth the transition of a senior manager embarking on a stretch assignment (Pollitt, 2005). The second company, recognising that a short term deadline had prevented a talented executive from watching the 'Lion King' show with his family, flew him and his family to New York to see the original production of the show. The family were booked into a hotel, provided with spending money, and given front row tickets to the show. The whole package cost less than \$5,000: but bought the engagement, commitment and retention of the executive (Morgan, 2008).

On both these occasions, the thoughtful gesture was worth more to the individual than a hollow financial reward. Moreover, these case studies demonstrate the cultural commitment to retaining and engaging talent in these organisations. Given the potential diminishing supply of talent, such gestures may tip the balance in terms of retaining high calibre individuals (Pollitt, 2007). Ultimately, reward schemes are expensive: but appear to act as a motivator for continued high performance and retention, whilst providing a tangible reward to those that have worked hard. Organisations may wish to reflect on whether their reward scheme provides a worthwhile return on investment, is appropriately targeted at talented staff, and if the reward package is appropriately linked to performance against the business strategy. It is suggested that when it comes to talent, the strategy underpinning reward has changed. Whilst organisations of the past employed large numbers of factory workers, the majority of whom were on similar pay, organisations now are rewarding their talented individuals, who contribute the most to organisational performance, almost in the style of a celebrity: in order to successfully recruit and retain them (Storey, 2001).

2.5.5 Metrics - Measuring the Talent Contribution

In order to measure both the contribution of talent within an organisation and the return on investment, a number of metrics have been developed. Whilst most organisations have become proficient over the last two decades in measuring their financial position, the tools and metrics for managing talent have not evolved in the same way. According to Rueff and Stringer (2006), talent is a priority because of the significant impact it can have on organisational performance; as such, appropriate metrics should be devised and the results included in the organisation's Annual Report. Research findings highlight that in 100 US organisations, all companies relied on IT to measure the financial position of the organisation; but only 9.1% of respondents confirmed that IT was used to measure personnel data (Lawler, 2008a). These findings may reflect the complexities of measuring human performance: but metrics can be developed which assess performance against outputs, either in a generic sense, or in order to measure and evaluate the impact of talent on efficiency, effectiveness and impact (Boudreau and Ramstad, 2003).

More specifically, organisations may wish to consider measuring the impact of the talent management strategy on employee turnover, employee engagement, income, profit, share price and market value, in order to confirm whether there is a return on investment (Christen-Hughes and Rogg, 2008; Yapp, 2009). Those metrics that do consider turnover are advised to look at the attrition rate of middle managers or the number of vacant posts now compared to two years ago, in order to assess recruitment and retention (Michaels et al., 2001).

The Corporate Leadership Council (2008) suggests that the talent metrics developed by Pepsi Cola represent a useful template for other organisations to consider: because they provide quantitative assessment, supported by qualitative comments and measurable performance indicators. An example from one of the Pepsi Cola Business Units is shown in Table 25.

Business Unit Summary, Manager name					
STRONG	Quantitative Metrics	Qualitative Comments	Key Strength	Progress Being Made	Key Opportunity
Bench					
Available Talent	Talent import/export ratio	Exported 4 high-performing managers			
Planned Openings	% of successors ready to take over now	Self-sufficient for 10-15 moves			
High Potential (HIPO) Pipeline	Number of junior and mid-level HIPOs	Need to improve quality of campus recruiting			
Diversity					
Representation	Diversity across management levels	Opportunity at middle management level			
Capability					
Staffing	Performance of new hires	New on-boarding programme beginning			
Talent Development	Performance of newly promoted employees	Significant improvements from last year			
HEALTHY					
Diversity					
Access and Inclusion	Employee engagement scores on the inclusive environment	Training and mentoring programme begins			
Retention	% of turnover of diverse employees	Significant improvement at all levels			
Employee Engagement					
Employee Insights	Engagement scores	High engagement scores in all dimensions			
Employee Turnover	% of turnover of frontline employees	Positive trend over last 2 years			

Table 25: Talent Management Metrics: Pepsi Cola
(Corporate Leadership Council, 2008)

For organisations which are profit-focused, it is possible to measure 'revenue by employee' (Farley, 2005). McGee develops this idea further: and suggests that organisations measure 'profit per employee', in order to determine the return on investment per employee, as compared to their salary costs. This would enable a clearer link to be made between predicted benefits and costs: which would put the employer in a strong position over salary re-negotiations, based on performance (McGee, 2003). Whilst this may be possible for individuals employed to generate sales, it may be more difficult to assess for those individuals employed in support areas, such as finance or human resources. An alternative might be to measure 'productivity by employee', to ascertain if more could be achieved by the same group of individuals: which may offer just as much relevance to the Public as the Private Sector (Israelite, 2010).

When considering the capture of data on performance, it would be remiss to omit reference to the work of Mayo and the Hawthorne Effect, conducted in General Electric factories in the 1930s (Adair, 1990). Although the findings appeared to suggest that the performance of the individuals improved as their working conditions changed, in retrospect it was argued that the workers outperformed their colleagues because they knew they were being monitored (Falk, 1961; Peters and Waterman, 1989). Creating metrics to measure the key areas of organisational performance is not easy: many organisations use the Balanced Scorecard, which measures organisational performance from four perspectives. These are detailed in Table 26.

1	Financial Perspective	Tangible outcomes of the strategy, ie. return on investment, shareholder value, profitability, revenue growth and lower unit costs
2	Customer Perspective	Drivers of profit, ie. customer satisfaction, acquisition, retention, growth and the differentiating value proposition to maintain competitive advantage
3	Internal Process Perspective	Objectives for creating and delivering the customer value proposition and improving the quality and productivity of operating processes
4	Learning and Growth Perspective	The intangible assets, i.e. human capital, informational capital

Table 26: Four Perspectives of the Balanced Scorecard
(Kaplan, 2005).

Table 26 highlights the four perspectives of the Balanced Scorecard, which as a tool, can help provide oversight of organisational capability and performance (Kaplan, 2005). Such an overview can provide a helpful summary of strengths and weaknesses within an organisation: but the Balanced Scorecard does attract criticism because organisations can make it overly complicated; and 20-30 metrics, within the four perspectives, can provide too much detail (Kaplan and Norton, 2004).

However, rather than focus on capability and performance, Rampersad (2008) argues that organisations would benefit from introducing a Personal Balanced Scorecard to measure employee engagement: as this is the key to productivity and retention. There are a plethora of solutions on the market for organisations looking to measure effectiveness, impact and efficiency: from scorecards to databases. However, too many rely on lag rather than lead indicators; and fail to highlight strategic impact or causation (Boudreau and Ramstad, 2006; Fitz-Enz, 2007). The use of talent metrics is particularly important for companies looking to outperform their rivals: talent-specific metrics are regarded as a growth area (Davenport et al., 2010; Pace, 2010).

Whilst good organisations are capturing accurate data, truly great organisations are translating the information, and taking the necessary steps to drive

performance (Kakabadse et al., 2008). Both the Balanced Scorecard and the McKinsey 7-S Framework are used as diagnostic tools to analyse company performance, which can be used to influence change (Kaplan, 2005).

Whilst change management, as a subject, is beyond the remit of this thesis, the contents of the McKinsey 7-S Framework highlight the conditions that have been found to be critical to organisational success: not least the importance of an organisation being led by strategy, which is placed as the centre circle, thus denoting its importance. Moreover, the McKinsey consultants noted the impact of the organisational structure, culture (shared values, style, staff) and processes (systems). The diagnostic areas analysed by the McKinsey 7-S Framework are detailed in Table 27.

Hard Elements	Soft Elements
<p>Strategy: the plan devised to maintain and build competitive advantage over the competition.</p> <p>Structure: the way the organisation is structured and who reports to whom.</p> <p>Systems: the daily activities and procedures that staff members engage in to get the job done.</p>	<p>Shared Values: the core values of the company that are evidenced in the corporate culture and the general work ethic.</p> <p>Skills: the skills and competencies of the employees.</p> <p>Style: the style of leadership adopted.</p> <p>Staff: the employees and their general capabilities.</p>

Table 27: McKinsey 7-S Framework
(Bryan, 2008).

Table 27 details the contents of the McKinsey 7-S Framework: and emphasises the importance of organisational strategy, structure, culture and processes; albeit these are reflected under different headings (Kaplan, 2005). Where the Balanced Scorecard and the McKinsey 7-S Framework model are both useful is in their emphasis on aligning the strategy with the organisation's assets and processes, in order to improve organisational performance (Kaplan, 2005). The

existence of clear performance management, a culture that emphasises performance-driven values and the recruitment and retention of talented individuals to drive the business strategy can combine to enhance organisational performance.

Whilst the results of performance metrics will always be of interest to the organisation, they may apply equally so to the stakeholders. Previously, stakeholders made investment decisions based on past performance: but are increasingly more interested in the organisation's value, based on current performance and future growth (Ballou et al., 2004). Although the definition of 'stakeholder' varies across the Public and Private Sector, they are by their very nature interested in the performance and potential of the organisation.

Despite growing recognition of the importance of Human Capital including talent, the lack of agreed metrics and supporting IT programmes suggest that most organisations are not yet capable of generating the data. In a survey of 191 Chief Financial Officers in large organisations, 49% of respondents stated that their investors are starting to enquire about the value of the talent within the organisation, at least to a moderate extent (Lawler, 2008). Of these, only 23% stated that their senior leadership teams were involved in Human Capital issues: although they expected this involvement would increase. Until effective metrics are developed, organisations will not be in a position to measure the return on their investment and know whether to develop, improve or expand their talent management strategies (Blass, 2007).

Attempting to quantify the impact and value of employees in an organisation for the benefit of stakeholders is not new. In 1975, the CEO of Graphic Controls, William Clarkson, and his senior leadership team agreed to collect data on what it was like to work at the company and other personnel related issues. A summary of the findings was included in the Annual Report and sent, along with a reader survey, to shareholders, employees and interested parties. There were 142 respondents: 47% of whom were shareholders, and 34% employees.

Roughly 70% of respondents stated that they were very interested with the data on Human Capital. Nearly two-thirds placed equal weight on the Human Capital data as they did on the financial information. 85% indicated that the data helped them to understand the company; and 81% felt it was an important resource in evaluating its condition (Lawler, 2008).

Cheese (2008) argues that 70% of an organisation's market value is based on the brand, reputation and its people. Therefore, the ability to measure the intangible value of talent is more important than ever before. Indeed, Hale (1998) makes a similar point, drawing on Microsoft as an example:

'If the market value of the company is \$18 billion, as at February 1998, subtract the tangible assets worth \$8.9 billion and the remainder, if rather crudely, is divided by the number of employees, approximately 22,000, then each person is worth \$400,000 to the company. If one person leaves the company then Microsoft shareholders lose an asset with a market place value of nearly half a million dollars' (Hale, 1998, p. 44).

Hale (1998) makes a compelling case about the need to quantify the value of the talented employees within an organisation: and Microsoft provides a good example, given that future growth depends on the innovation of its employees. However, if, as Cheese states earlier, 70% of the value of an organisation is made up of brand, reputation and people, Hale is guilty of ignoring the value of brand and reputation by placing the entire intangible value on the *people* within Microsoft.

This disagreement highlights the difficulty in valuing talent within an organisation. The low percentage of companies using metrics and IT programmes to measure the performance of the workforce suggests either that the subject is too complex to measure effectively, that the technology does not exist to measure and compare the data in a meaningful way, or that the appetite is not sufficiently strong within organisations to make the effort worthwhile.

However, this may be an area which changes in time as a result of pressure from stakeholders. Further research on talent management metrics, to confirm the return on investment of a talent management strategy, may be useful, but is beyond the scope of this thesis.

In considering performance management and metrics, it is worth reflecting on the experience of Les Wexner, CEO of a retailing organisation that included 'Limited Express', 'Victoria's Secret' and 'Bath & Body Works'. Over a period of 25 years, he built an empire; and by 1990, owned nearly 4,000 stores. However, his business strategy for growth failed to take into account the external competition: and his Intended Strategy became an Unrealised Strategy.

In the early 1990s, turnover reduced significantly, and the share price of the organisation plummeted. Wexner contacted three of the most successful CEOs in the US at the time (Steven Spielberg, Jack Welch (CEO of GE), and Wayne Callaway (CEO of Pepsi Co)). He was advised that, in order to create organisational capability, he needed to delegate marketing, product launch and finances to his respective senior leadership team members; and focus instead on the employment of talent in key areas. His priorities should include the recruitment of new talent, identifying talent opportunities, dealing with underperformers and actively managing the organisation's talent pool. Wexner took their advice. Within three years, profits grew from \$285 million to \$445 million, and the share price almost doubled. Whilst talent was not the only driver for the increase in performance, he claims that it was the most important one (Michaels et al., 2001).

The implication here was that had Wexner paid attention to his metrics and managed risk a little more carefully, he may have identified the deterioration in his organisation's performance, and been in a more informed position to act earlier. Organisations that have a clear business strategy (and continually

review it), adopt a strong culture that is performance-driven and demonstrate good leadership are more likely to succeed (Kotter and Heskett, 1992).

2.5.6 Managing Risk

Much has been written on the subject of assessing and managing risk, the possibility and probability of harm and the appetite for risk. It is not intended to replicate this here. However, in the context of talent management, there are risks that organisations may choose to monitor: such as the ability to recruit and retain talent, and the impact of losing talent to a competitor. The benefits of identifying the key risks to the organisation are that they can lead to specific activity to mitigate some of the risks: in other words, a combined tactic of engaging with those in key posts, in order both to benchmark their salary against competitors, and increase their remuneration if appropriate, can help levels of retention. However, there is some debate about the validity of Corporate Risk Registers: as they can both fail to track the right risks and induce a false sense of confidence (Waring and Glendon, 2002).

2.6 CONCLUSION

This Chapter has examined the extant research on talent management, in order to evaluate the contribution of others. Thus far, the majority of the research has been undertaken in the US, with relatively little taking place in Europe, and more specifically, the UK. Moreover, a trend in research activity would appear to be the focus on how organisations can recruit, retain, reward and develop talent. In comparison, there appears to be a gap in how organisations can leverage the performance of talent to drive organisational performance; and specifically, what conditions, if any, would facilitate this. Yet organisations are under constant pressure to create and maintain competitive advantage; and it would appear that 'human capital' is the final resource through which organisations can achieve differentiation against competitors.

In determining how to create and sustain competitive advantage, organisations are encouraged to begin by considering the need for a deliberate or emergent strategy, and use this in order to identify the skills and capabilities required that can then be articulated in a talent strategy. To maximise performance, these strategies should then be aligned (Becker and Gerhart, 1996; Bergeron, 2004; Delaney and Huselid, 1996; Heinen and O'Neill, 2004; Holland et al., 2007; Legge, 1989). Having established the alignment of the business and talent management strategies, the organisation is then encouraged to adopt an appropriate style and structure to support, rather than impede, the business strategy (Collins, 2001; Porter, 1985; Ringo, 2008b). Upon ensuring that its strategies are supported by its organisational structure, the organisation is then encouraged to develop a talent-focused culture, with which to drive performance.

According to Shanklin (1986), corporate culture is '*the single greatest factor influencing a company's ability to adapt to and exploit change*'. It would appear that a talent-focused culture championed by the CEO and senior leadership team, reflected in the behaviours of the line managers and supported by human resources, can have a positive impact on the performance of talented individuals. Where these values are clearly identified and articulated in the Employer Brand and reinforced by efforts to drive employee engagement and employee wellbeing, individual performance, including discretionary effort, will be further enhanced. If talent is actively developed and supported through a positive and empowering line management style, such as the Leader-Member Exchange theory, talent will be retained and perform at its optimum. This emphasises the importance of having the right strategy, structure and culture.

Finally, talent-focused processes appear to be the fourth critical area: particularly in global organisations, with geographically dispersed business areas to ensure consistency (Wright and Nishii, 2007). Underpinning processes such as differentiation and metrics can enable decision-making, and confirm a

return on investment to bring the culture and company values to life, in a consistent way.

Extensive research has been conducted into talent management: although the majority of this has originated from the US, much of it undertaken by consultants and practitioners. Moreover, considerable work has also been conducted into organisational strategies, structures, cultures and processes: with a focus on enhancing the performance of an organisation, albeit not within the context of talent. Table 28 highlights some of the authors to have researched these individual areas in some detail.

The purpose of this thesis to bring together all the existing research, and add to the body of knowledge: by examining how organisations can create conditions that enable a talent management strategy to enhance organisational performance. To this end, Chapter Five will analyse the research findings against this literature review: specifically, what they reveal about the four key conditions of strategy, structure, culture and processes, expanded upon at length above.

The next Chapter, meanwhile, sets out the evolution of the research question, objectives, philosophy and design; discusses the ethical considerations and limitations which were already apparent before the research process began; and provides a detailed overview of the six case study organisations at the heart of this research: namely, IBM, Microsoft, the Ministry of Defence Civil Service, Sony, Unilever and Vodafone.

	Strategy	Culture	Processes	Structure
Attractors	Bergeron, 2004; Chanda and Kabra, 2000; Delaney and Huselid, 1996; Storey, 1991.	Hale, 1998; Huselid et al., 2008; Tulgan, 2001.	Allen, 2008; Carrington, 2004; Chambers et al., 1998; Guthridge et al., 2008; Hiltrop, 1999; Ingham, 2006; Lawler, 2008; Michaels et al., 2001; Pritchard, 2005; Simms, 2009; Wise and Zednickova, 2009.	Lawler, 2008.
Retainers		Adair, 1996; Bass, 1988; Hollyforde and Whiddet, 2002; Levin and Rosse, 2001; Mumford, 1972; Newstrom and Davis, 1993; Northouse, 2004; Pawar and Eastman, 1997; Richards and Pryce, 2006; Rousseau, 1989; Stephens, 2006; Tansley et al., 2006; Yukl, 1989.	Blyth, 2008; Capelli, 1999; CIPD (2009b); Cramer, 2009; Devi, 2009; Jorres and Turcq, 2007; Garger, 1999; Lawler, 2008; Michaels et al., 2001; Morgan, 2008; Pollitt, 2007a; Ringo, 2008c; Tansley et al., 2006; Thornton, 2007; Welch, 2005.	Lawler, 2008.
Performance Enhancers	Becker and Gerhart, 1996; Berger and Berger, 2004; Bergeron, 2004; Bowman et al., 2002; Boxall and Purcell, 2008; Byham, 2003; Collins and Montgomery, 1998; Economist Intelligence Unit, 2006; Galbraith and Nathanson, 1978; Guttman and Hawkes, 2004; Harrison, 2005; Heinen and O'Neill, 2004; Holland et al., 2007; Kakabadse et al., 1987; Kaynak, 2006; Johnson et al., 1998; Legge, 1989; Mintzberg, 1987; Pfeffer and Sutton, 2006; Porter, 1985 and 1991; Tvorik and McGivern, 1997; Wood and Wall, 2002.	Adair, 1990; Aggarwal et al., 2007; Barney, 1986; Bass, 1998; Cochrane, 2003; de Waal, 2007; Fielder, 2006; Goleman et al., 2002; Hollyforde and Whiddet, 2002; Jamrog et al., 2008; Kan, 2002; Michaels et al., 2001; Mullins, 1996; Parry and Meindl, 2002; Peters and Waterman, 1989; Pitta et al., 2008; Politis, 2004; Quinn, 1988; Schein, 1970; Uhl-Bein, 2006; Van der Post et al., 1998; Yukl, 1989.	Aggarwal et al., 2007; Boyatzis, 1982; Cheese, 2008; Cheng and Dainty, 2005; Cochrane, 2003; Fielder, 2006; Garger, 2009; Gibbons, 2006; Hale, 1998; Hammet and McKeikan, 1994; Heinen and O'Neill, 2004; Hill, 1998; Jackson, 1992; Kalamas et al., 2008; Kaplan, 2005; Kaplan and Norton, 2004; Lawler, 2008; Lucas, 2010; Mintzberg, 1972; Rankin, 1998; Ready and Conger, 2007; Till, 2007; Tischler, 2004; Williams, 2000; Younger and Smallwood, 2007.	Armstrong, 1994; Collins, 2001; Garavan et al., 2003; Kakabadse et al., 1987; Kwar and Eastman, 1997; Lawler, 2008; Mullins, 1996; Ringo, 2008b.

Table 28: Table of Authors (Author, 2010)

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The research process begins when curiosity is aroused in an individual who wants to know something (Bouma and Atkinson, 1996). In 2007, the researcher was employed in a military project team, and tasked with researching areas of recruitment and retention in the Royal Air Force, and suggesting ways in which both could be improved. During the course of this research, it became clear that talent management had a large part to play. It was this research into talent management that brought the potential global shortage of talent to the attention of the researcher. The literature highlighted the growing shortage of high potential talent, and recommended mechanisms by which organisations could compete using recruitment and retention techniques and processes. The recommendations for overt talent management were considered by the Air Member for Personnel, in the Royal Air Force, but dismissed as too high risk: the fear was that 'average' military personnel might become disillusioned and leave, thereby causing a greater retention problem.

Thereafter, the researcher moved to another appointment in the Royal Air Force: but was left wanting to know more about how large private sector organisations managed talent and leveraged it for the benefit of the organisation. This involved not just the identification and attraction of talent; but the strategies and processes employed by the organisations to keep talent engaged and performing at its optimum.

Identifying the research problem therefore constituted the first step of the process described in this chapter, and was conducted through secondary research. This phase involved a period of refining the research problem until the focal theory was clearly identifiable. This resulted in research aims and objectives, and a research question, being developed. Arriving at the ability to

answer the research question entailed both research design and an understanding of research methodology. This ensured that the appropriate data was gathered; and that the variables, constraints, limitations and ethical issues were identified in advance. Once a clear research process was established, primary research was conducted using more than one research method (Silverman, 2003; Yin, 2003a).

The review of the literature had identified two gaps to be explored through further research: first, lack of empirical data from European and, specifically, UK organisations on talent management; second, lack of clarity over the optimum organisational conditions which would allow talent to drive the organisational strategy, if indeed one existed at all. To address the first point, primary research was limited to organisations based in the UK. To address the second, primary research focused on the four conditions, highlighted in the secondary research, which could act as positive or negative variables within organisations. The four conditions were: strategy, structure, culture and processes. While these conditions might appear straightforward within the literature, creating an appropriate environment in which a talent management strategy can drive the organisational strategy is not necessarily a simple task, especially when taking into consideration the degree of influence exerted by external and internal factors.

3.1.1 Research Question and Objectives

The research question evolved gradually. What was initially formulated as ‘why talent performs in some environments more effectively than others’ – a task too ambitious for one part time researcher - became ‘what are the conditions that enable talent to perform most effectively?’. This evolved further into a more analytical question, ‘How do organisations create such conditions?’

In considering this question through the lens of a ‘talent management strategy’, it was felt that outcomes across organisations could be compared; whereas the

definition of talent may be different, the overarching strategy on identification, recruitment, development and retention, and the conditions in which this could succeed, were likely to be broadly comparable. Adopting this stance provided the option to examine the conditions that enable an organisation to improve at either strategic or operational level.

The decision to examine organisational success at either the strategic or operational level was considered by the researcher. Whilst analysis at the operational level was possible, there was limited information in company reports or on company websites, which attributed talent management as a factor for enhanced efficiency or profits. By contrast, the literature identified a number of organisations that considered talent management to be one of many levers for success at the strategic level (for example, as a means through which they had outperformed the market). Therefore, as a simple heuristics tool, organisations that promoted talent management as a recognisable contributor towards success were pursued for primary research. However, the researcher understood from the outset that factors other than talent management (such as off shoring, outsourcing, aggressive marketing or a change in strategy) would impact upon organisational performance. As such, isolating the impact of high performance work practices (in the context of talent management) on organisational performance, through meta-analysis, would be challenging (Combs et al., 2006). Therefore, the research question evolved from attempting to prove a causal link, to one which examined organisational conditions that would facilitate the contribution of talent management to strategic performance.

Research Question: What are the conditions required within organisations that would enable a talent management strategy to be put in place?

Developing Research Objectives: In order to rationalise the various stages of the research, the question was broken down and anatomised. In considering the type of organisation to analyse, the researcher chose to focus on those with over 10,000 employees, where formal processes had been developed to

manage talent (Ringo, 2008b). Whilst the literature provided an insight into some of the conditions or themes which might be present as enablers, this needed further examination to identify areas of consistency or difference and any relationship between themes. To provide structure to the research and ensure that the research aim was achieved, six objectives were written: these are detailed below, along with how these were achieved.

1. To define and plan the research project.

To ensure that the research was undertaken systematically, the researcher prepared a Gant chart in October 2008, which highlighted the tasks and milestones deadlines against which progress could be monitored. Although this built on previous work on talent management, undertaken by the researcher between Summer 2007 and Spring 2008, the Gant chart was written in October 2008 during the formal induction week for the Cranfield MPhil. The start of the project was defined as: 'agree the research proposal'. This was dated 4 August 2008, and took place with the first of the three successive Cranfield University supervisors to work with the researcher. In terms of milestones, it included the scheduled transfer process from MPhil, to PhD in December 2009, and planned completion for October 2010 just after the researcher had left the military.

The plan was detailed and focused initially on the literature review: including time built in for ordering books and downloading journals, through to conducting the secondary research and writing the first draft of Chapter Two. It also identified areas of overlap, such as the need to narrow down and defining the research question, and dependencies, such as the need to be clear about what primary research to collect, and how best to collect it, before commencing case study interviews. As such, the sequencing of the literature review, researcher methodology and preparation for primary research was planned.

Given that one of the limitations identified early on was the time constraint of a part time researcher, the Gant chart scheduled undertaking primary research,

where possible, between June and early July. This meant before the summer holidays began (during which many of the interviewees might be unavailable) and would enable the primary research findings to be written during August (a time when the Defence Academy is relatively quiet during the working day, thus providing the researcher the opportunity to focus full time for a month on analysing and writing up the findings). Thereafter, the Gant chart detailed dedicated time for writing each subsequent Chapter, and revisiting the thesis in its entirety before completion.

The project plan was useful in proving clarity on dependencies and areas of overlap. It also enabled thought to be given to the order in which to write the Chapters; for example, it highlighted that Chapter One (the introduction) and Chapter Six (Summary and Conclusions) could not be written until the research had been planned, conducted and analysed.

2. To identify and review the existing literature relevant to talent management.

Chapter Two contains the literature review. When the researcher wrote this objective, the intention was to review the literature on talent management only. However, it became clear throughout the research project that wider literature impacted on the research question. As such, the literature review broadened to include theories on management, leadership, psychology, organisational structures and culture and strategy.

3. To identify a suitable research methodology to facilitate the collection of data to achieve the research aim.

More detail on the selection of a suitable research methodology follows later in this Chapter.

4. To present the results of the research data collected.

Chapter Four details the raw findings from the primary research, which included: six case studies, documentary data, the results of three employee engagement surveys, and questionnaires completed by two cohorts.

5. To analyse the findings in light of the existing knowledge and research aim.

Chapter Five analyses the secondary and primary research findings.

6. To draw conclusions about the contribution to knowledge and the lessons learned.

Chapter Six draws together the summary and conclusions, including contribution to knowledge at both academic and practitioner levels, and looks at the lessons learned. It will also identify areas for further research.

3.2 RESEARCH METHODOLOGY

3.2.1 Research Philosophy

According to Hollis (1994), the eighteenth-century 'Age of Enlightenment' refers not only to the period itself and progress made in scientific terms, but also to the investigation undertaken within that period into human society and human behaviour. In sum, why do people do what they do? And to what extent can these actions be either explained or understood? Figure 14 provides a useful tool with which to understand Hollis' findings.

Hollis suggests that the world can be viewed in two different ways. The 'Explanation' perspective relies on naturalistic belief, such as that held by Marx and Mill, in which a researcher can stand back from the area of research to make sense of a situation. 'Explanation', also known as 'Determinism', seeks to explain causes of behaviour for every event; for example, by drawing on the

laws of physics or the laws of nature: hence its utility in scientific research and comparison of hard data. In contrast, 'Understanding' takes an interpretive approach to research and examination, thus enabling a researcher to understand what is happening *from within*; to seek meaning from the action, rather than endeavour to explain the findings *from outside*. The 'Understanding' perspective is therefore employed primarily for social science research.

	Explanation	Understanding
Holism	'Systems'	'Games'
Individuals	'Agents'	'Actors'

Figure 14: Understanding Research Philosophy
(Hollis, 1994).

In Figure 14, Hollis (1994) goes on to consider two other complementary perspectives, and states that Holism is an approach, which accounts for *'individual agents (human or otherwise) by appeal to some larger whole'*. In other words, the emphasis for influence is 'top down'. In contrast, Individualism is defined as *'any version of the contrary approach which accounts for structures by appeal to individual agents (human or otherwise)'*; in other words, 'bottom up'. This emphasis is useful for a researcher seeking to understand the correct style for the research, before embarking on a quest for knowledge.

An appreciation of the meaning behind the labels of the columns and rows enables an examination of the contents of the four 'boxes' within Figure 18. 'Systems' refers to processes, structures or organisations; whereas 'Agents' are those that participate in the System, including managers, human resources management staff and individuals. In the top right hand corner is 'Games', which suggests that, as in sport, there are rules to be followed, and many of

these may be unspoken in terms of parts that people must play. For example, for leaders, followers or specialists, such roles will not be static, but interchangeable, depending on the circumstance and the skills required at the time. In this environment, individuals are measured on their performance in the game, both in terms of the 'what' they contributed and the 'how', the manner in which they executed their part. 'Actors' desire and believe in the Game; and only do what is socially expected of them (Hollis, 1994). This is a useful model to help understand the different styles of research, because it enables scientific research into organisational structures and individuals from a 'rationalist' perspective, where there is a desire to look for reason and reveal the truth. According to Hollis (1994), this style of research is associated with Descartes' desire to understand 'necessity', and why certain activities result in particular outcomes.

For the purpose of this thesis, the 'system' could be viewed as the talent focused processes within the organisation; the 'agents' represent the CEO and senior leadership team; the 'games' represent the performance and behaviours expected of the high potential talent; and the 'actors' represent the talent - thus highlighting the applicability of this theory to the thesis and the inter-relationship between each.

In contrast, the positivist perspective is used far more in social science and philosophy; and associated with Comte, Durkheim, Weber and Marx. Positivism may appeal to psychologists because it has the capacity to consider concepts such as leadership or talent management; whereas sociologists may prefer social constructivism. There is, of course, room for both styles within social science research. Understanding the stance of the researcher can help identify assumptions, which may appear through the research and in its findings.

When collecting primary data, a researcher is advised to be alert to the difference between espoused theory and theories-in-use. While interviewees

may provide empirical data on their work and the behaviours that are important, these descriptions fall into the category of espoused theory - what we would like others to think we do - rather than theories-in-use, which describe what actually happens. While anthropology may enable data gathering to identify the variants, it is unlikely that a researcher operating in the style of grounded theory research or qualitative evidence will spot the difference (Argyris and Schön, 1974; Parry and Meindl, 2002). This overview of research philosophy provides a useful base from which to consider ontology and epistemology, which are defined as the key to the researcher understanding the underlying assumptions of the research and the value of it (Jankowicz, 2000).

3.2.2 Ontology

Ontology is a branch of philosophy more often associated with the social sciences, and concerned with the nature of reality (Saunders et al., 2007). It is based around how a researcher notices things and the basic assumptions that they hold; and is used by a researcher to measure data and its impact.

Ontology therefore aims to identify what the research is *really* about: be it people and their collaboration; or processes which improve efficiency and effectiveness. Jankowicz (2000) argues that researchers perceive different things because of their background, education and experience, which influence their reactions and assumptions during the research process.

Saunders et al. (2007) argue that Ontology has two main aspects, 'Objectivism' and 'Subjectivism'; although they concede that a third, 'Pragmatism', represents a combination of the first two. Objectivism, they suggest, considers that the world is comprised of objective, tangible items. For example, a researcher may view the management structure in a company in a certain way; but regard managers in a second company differently, because other factors, such as an organisation's structure or culture, will affect management performance levels. This relates to the 'Explanation' column in Figure 18. In contrast, 'Subjectivism' considers the world to be influenced by human nature, human beings'

perceptions, their actions, their behaviour and how they interpret and react to other human beings (Saunders et al., 2007). This relates to the 'Understanding' column in Figure 18.

In contrast to Hollis (1994), Saunders et al. (2007) argue that that a combination of both 'Objectivism' and 'Subjectivism' is possible via utilisation of 'Pragmatism', which contends that both organisations and human behaviour can impact on performance.

Drawing on the research methodology, the nature of the research philosophy employed for this thesis was 'Understanding', rather than 'Explanation'. This was because of the interpretive nature of the research; and the need to seek meaning from the action rather than endeavour to explain the findings *from outside* (Hollis, 1994). The Understanding philosophy is sub-divided into 'Games' and 'Actors'. This research, because it was examining this from an organisational perspective, took the 'Games' perspective. This enabled an examination of the rules of the game - and how individuals are judged against these (Hollis, 1994). A Pragmatist stance was adopted when gathering the primary research, accepting that levels of human behaviour and skills vary, and that talent does exist, and can have a positive impact on organisational performance (Saunders et al., 2007). This is discussed further in the Reflexivity Section.

3.2.3 Epistemology

Prior to conducting research, there is merit in identifying the epistemological stance of the researcher, as knowledge and assumptions may impact upon the findings, in terms of what is classified as 'valid evidence or proof' (Jankowicz, 2000). However, identifying this was not straightforward, as there is some disagreement in the literature on the different stances available and the definitions of these.

The three most prevalent styles of epistemology are positivism; realism; and interpretivism (Bell, 1996; Evert Gummerson, 1991; Jankowicz, 2000; Saunders et al., 2007). Johnson and Duberly (2000) highlight the variations which exist within realism; and the struggle over its agreed definition. In considering the different stances available, the researcher deemed that in order to answer the research question, it was best to visit organisations and analyse the variables that existed within management and culture. Moreover, the employment of the researcher by two of the organisations used as case studies meant that adopting a truly objective stance was a challenge. The desire to compare the variables, create a model and reduce threats to reliability in order to achieve one version of the truth led to the decision to adopt positivism (Johnson and Duberly, 2000; Miles and Huberman, 1994).

However, true objectivity remained an issue, because of the employment and experience of the researcher. Of the approaches available, reflexivity offered the researcher the ability to *'autonomously and rationally reflect on both her assumptions and engagement [with the subject and organisations]'* (Johnson and Duberly, 2000). Furthermore, 'reflexivity' offered a choice of two approaches, the 'methodological reflexivity' approach, which involved the researcher being cognisant of her behaviour on the research and seeking to achieve a more or accurate representation of reality, was discounted in favour of 'epistemic reflexivity'. The latter was deemed more appropriate, as it involved the researcher questioning her knowledge and assumptions, and adding value to the research rather than remaining objective.

The researcher also chose critical theory/critical realism as an epistemological approach. This led to a further examination of critical theory and critical realism; and the final decision to adopt the latter approach. It was chosen because it focused on the identification of the structures that generate behavioural tendencies to transform; while remaining opaque to those individuals involved (Johnson and Duberly, 2000). Moreover, adopting this ontological and epistemological stance allowed for the inclusion of experience and observation

in the data gathering process; albeit with greater emphasis on ontology than epistemology. However, the use of critical realism did, at times, introduce a potential tension with managerialism and the researcher was mindful of this in order to minimise any impact on the findings.

3.2.4 Reflexivity

This author believes that talent exists in all walks of life, as evidenced by the highest achievers in sports, music and the business world. This may be because individuals have a natural talent or, as is suggested in the literature, because they possess sufficient intrinsic drive to pursue a particular avenue, are appropriately coached and provided with access to high-level facilities (Colvin, 2008). Notwithstanding the route to achieving 'talent' status, the author empathises with the aspirations and expectations of talented people in terms of the psychological contract; link between performance and reward; and impact of the particular organisational culture. As a result of working in the UK military, alongside both high achievers and low performers, the author believes that some people are genuinely more suited than others to certain working environments; moreover, that the success, energy and enthusiasm of high achievers can be contagious, and make an enormous difference to broader organisational performance, while low performers can reduce the productivity of a team, and drive others to seek alternative employment (Michaels et al., 2001; Thornton, 2007).

The author's personal interest in the subject emanates from having previously studied this area in a professional capacity, with a view to proposing the introduction of a talent management strategy for the Royal Air Force. This thesis has built upon that work.

On reflection and review of the research design for this thesis, it has become clear that the researcher has situated this research, and thus it has been about proving the hypothesis rather than testing it; so the researcher's personal view

of the ontology has 'coloured' the research, injecting bias and subjectivity. Whilst the findings add to the body of knowledge, it may not fit with other ontologies on talent management. As an example, the research question indicated that the researcher has already decided that there are conditions that enable talent management strategy to enhance performance, as opposed to investigating whether there are conditions.

3.3 RESEARCH DESIGN

3.3.1 Research Strategies

When conducting research, a variety of strategies may be employed; and depending on the data being gathered, a researcher may choose more than one (Silverman, 2003). In choosing a strategy, a researcher may be guided by the style of research being undertaken, and the type of evidence to be collected. Saunders et al. (2007) highlight seven main strategies for conducting research, which can be used for gathering data. Understanding the options available is helpful for the researcher, because it enables a choice to be made on the correct method of data gathering, which is of critical importance in ensuring that the correct data is gathered, in order to answer the research question.

The researcher chose to discount the experimental strategy: because the nature of the inductive research being conducted did not lend itself to testing a small number of variables amongst an experiment group and comparing these to a control group. The survey strategy was initially discounted because it is linked to deductive data gathering, often on a large scale, but was later used because it provided a controlled way of capturing feedback from individuals. The case study strategy was employed, as it provided the opportunity to gather qualitative data, and allowed the researcher to understand the context of the answers and explore themes in order to find areas of commonality and difference. From the outset, the intention was not to use action research as a research strategy; the researcher considered she was objective. However, the

employment of the researcher in two of the six organisations used as case studies inevitably meant that the researcher took part in the fact-finding, diagnosis and analysis. Therefore, this strategy evolved as part of the research process and facilitated in the analysis.

The researcher drew on the grounded theory approach by exploring the four themes that emerged from the literature: strategy, structure, culture and processes, to confirm or otherwise their impact on a talent management strategy by using inductive research. However, the researcher had elected not to truly follow the grounded theory strategy because of the need for subsequent testing; a decision taken based on time limitation after starting work at Vodafone. Likewise, ethnography was ruled out, because it is both time consuming and conducted over a long period of time. Archival research was dismissed because the subject is contemporary.

3.3.2 Data Gathering Approach

The process of gathering data is normally undertaken in one of two ways, 'deductivism', or 'inductivism'. The choice of approach is driven by the nature of research being conducted (Saunders et al., 2007; Silverman, 2003). If a researcher sets out to test a conjecture or hypothesis, which can be indisputably proved or disproved through data collection and analysis, the process of 'deduction' is appropriate. Conversely, a researcher intent on gathering data in order to uncover trends or themes within the area of a problem, from which findings can be analysed and a theory built, would benefit from using 'induction' (Evert Gummerson, 1991).

The emphasis within each of the inductive and deductive approaches is detailed in Table 29, although it is possible for both approaches to be used together. For example, a researcher may start with an hypothesis, but also wish to collect data and look for trends; although it is more common for just one style of research to be used (Hart, 2000; Saunders et al., 2007). Before embarking on

data gathering, a researcher needs to be clear about the most appropriate style to be used, or time could be wasted and the wrong data gathered.

Deduction Emphasises	Induction Emphasises
Scientific principles.	Gaining an understanding of the meanings humans attach to events.
Moving from theory to data.	A close understanding of the research context.
The need to explain causal relationships between variables.	The collection of qualitative data.
The collection of quantitative data.	A more flexible structure to permit changes of research emphasis as the research progresses.
The application of controls to ensure validity of data.	A realisation that the researcher is part of the research process.
The 'operationalisation' of concepts to ensure clarity of definition.	Less concern with the need to generalise.
A highly structured approach.	
Researcher independent of what is being researched.	
Necessity to select samples of sufficient size in order to generalise conclusions.	

Table 29: Major Differences between Deductive and Inductive Approaches to Research (Saunders et al., 2007).

Table 29 provided clarity on the different approaches to data gathering. Given the nature of this research, 'induction' was used to explore the four conditions within a company that emerged from the literature review, 'aligning the business and talent strategy'; 'an appropriate structure'; 'organisational culture'; and 'talent focused processes'; in order to uncover trends or themes, from which to analyse findings and build a theory (Evert Gummerson, 1991).

In order to gather qualitative data necessary for/in addressing the research question, access was required to a number of organisations. The Case Study approach was the first selected, as it offered the opportunity to develop understanding and gather data, and ask supplementary questions, in order to enable the researcher to understand the context and pursue more lines of enquiry (Jankowicz, 2000).

Using the organisation as the Unit of Analysis, interview and documentary data was gathered from the case studies. With hindsight, a pilot test should have first been completed, to ensure that the questions asked elicited all the information required for subsequent analysis. As a consequence, the enthusiasm of the researcher to conduct the case studies meant that the organisations were subsequently contacted for further information. Notwithstanding the inefficiency of this approach, the main drawback was that subsequent attempts to gather data were much harder: because some respondents chose not to respond to requests for further information by e-mail or telephone.

By contrast, the data gathered during the case study interviews was given freely (including context), and all attempts at probing were willingly answered. Experience gathered during each case study interview was applied to the next one. Therefore, the introduction became a little more polished and concise, and probing questions were more focused as the confidence of the researcher developed. Capturing responses also improved. During the first interview, with the Ministry of Defence Civil Service, a handheld recording device was used to capture the interview with minimal note taking. Whilst this allowed for the full attention of the researcher for probing questions, it transpired that the device had not recorded the interview. The researcher checked the recording immediately after the interview, and made notes within the hour to recover the situation. A more expensive and robust recording device was then purchased, and a degree of practise took place to ensure that subsequent interviews would be captured. With hindsight, the researcher should have practised with the first recording device to confirm it was fit for purpose. Indeed, there were a number of limitations with the research, explored further in the section on constraints and limitations.

To ensure that the responses captured could be compared, the researcher chose not to change interview questions. However, it soon became apparent that some questions elicited a greater response than others during interview.

For example, the question relating to the existence of a talent factory (to help the organisation identify talented individuals with the required skills, knowledge and appetite for overseas assignments) drew little interest or response from any of the organisations; whereas the involvement of the CEO and leadership team in talent recruitment, development or management elicited a longer, more insightful response. As such, the researcher quickly appreciated the need to allocate more time to some questions over others.

Analysing qualitative data was more challenging than expected. In previous academic work, the researcher had used SPSS to analyse quantitative data: this had proved more straightforward. However, this research relied on qualitative data: coded transcripts were therefore used, which enabled the researcher to look for themes and discrepancies. The themes which emerged were predominantly from the managerialist perspective, and required validation.

As the case study organisations had not provided access to the talent pools, it was necessary to identify an alternative means of meeting with a group of high potential individuals, yet accessibility proved difficult. While not ideal, access was granted to a cohort of military junior officers. The cohort comprised of individuals who had elected to study towards an organisationally funded part time Masters degree in HRM: thus they were available, close at hand and willing to participate. Accepting the limitations of this cohort, the research was conducted with them as participants. To build on data gathered from the military cohort, the researcher (having then moved employers from the military to Vodafone) contacted the talent pool within Vodafone to pose the same questions. More detail is provided on this in the Survey – Individual Perspective section later in this chapter.

To capture the empirical data in a quantifiable way, a survey questionnaire was employed which could be analysed for trends. Data gathering focused on what attracts, retains and enhances the performance of talent within an organisation. The questions were derived from the literature review, and gave the researcher

the opportunity to explore these areas in more detail. The outputs from the survey highlighted a number of themes, but were limited in validity: because of the size of the cohort, the fact that they were not in a talent pool in the traditional sense, and as they had knowledge of human resources which could have affected their views.

Wider data gathering was then conducted by drawing on employee engagement survey results from the case studies. Although every organisation used for the case study was approached for these, there was reluctance, with the exception of Vodafone, IBM and the Civil Service, to provide responses because of confidentiality. Quantitative data was cross referred to the original case study interviews, the documentary data provided by the case study organisations and the survey results from the military cohort, to compare the findings against the literature. A timeline highlighting the steps behind the research is contained in Appendix 1. These results are examined in the next chapter.

3.3.3 Ethical Considerations

There are a number of ethical considerations that a researcher should bear in mind, but the majority of these can be mitigated through careful planning. In order to gain access to the organisations in question, a letter of introduction was sent to explain the purpose of the research and request an interview. Once confirmation was received, a second note was sent to the interviewee, to provide an overview of the information to be discussed and planned duration of the interview. It went on to explain the researcher's intent with regard to capturing the data. It specified that, unless the interviewee objected, recording equipment would be used, in addition to brief note taking; but that any objections would be fully understood and complied with (Oliver, 1996). Furthermore, the note explained that the information captured would be attributed to the organisation, not the individual being interviewed; that the notes would be securely held pending analysis, and once the thesis was complete, these would be destroyed. Writing to each interviewee in advance covered the

process of 'informed consent'; and on the day of the interview itself, these matters were explained again prior to each interview commencing (Oliver, 1996).

Prior to the collection of survey data, the junior officer cohort were notified as to the purpose of the research; that their participation was entirely voluntary; and that they were free to leave at any time. This was repeated at the beginning of the session. The questionnaires used were deliberately anonymous although, to identify trends, each participant was asked to provide details of their gender, generation ('Baby Boomer', 'Generation X', or 'Generation Y') and the military service that they represented, in order to facilitate data comparison and look for trends (Saunders et al., 2007). For the Vodafone talent cohort, the questionnaire was sent out electronically: with a covering e-mail explaining the research, including instructions for completing the questionnaire.

In order to comply with the regulations on ethics specified by Cranfield University, the research has been conducted in a specific way, under the advice of a supervisor from Cranfield. The primary ethical principle behind the validation of any project is the protection of the participants from potential physical, psychological or personal harm. The areas of ethical concern which must be addressed are:

- Consent – is each participant giving voluntary informed consent?
- Deception – is information being withheld from participants or any deception involved?
- Debriefing – is full debriefing offered immediately following the data collection or at any later stage?
- Withdrawal from the investigation – can the participants withdraw from the investigation at any stage and are they advised to this effect prior to the start of data collection?
- Confidentiality – is confidentiality being offered?

- Protection of participants – are the controls in place to ensure that the participants are not being subjected to any risks which are greater than those which they would take in their normal lives?

This thesis has followed the guidance given in the Cranfield University Ethics Policy.

3.3.4 Research Reliability and Validity

To minimise threats to the research findings, the researcher planned the data gathering to enable a subsequent researcher to follow the same process, and be likely to draw the same findings through reliability and replicability (Johnson and Duberley, 2010). However, as Miles and Huberman (1994) highlight, the key issue was one of legitimacy, and whether the results gathered could be trusted.

Threat
Objectivity/confirmability
Reliability/dependability/authenticity
Internal validity/credibility/authenticity
External validity/transferability/fittingness.

Table 30: Standards for Quality of Conclusions

(Miles and Huberman, 1994)

Miles and Huberman (1994), in Table 30, highlight the threats to qualitative data gathering that, through prior planning, could be minimised. The researcher provided full details of how data was gathered, coded and analysed; and how this led to the creation of a model. Study data was retained, and available throughout the process for further analysis by others, these addressed the concerns of objectivity/confirmability. To ensure that, as far as was possible,

the research stood up to challenges of reliability/dependability/authenticity, the research question was made clear, and linked logically to the research design. Data was collected and coded; and data quality checks made by the researcher in order to search for bias.

To ensure that the findings of the study had some generalisability amongst a wider audience, a second stage of research exposed the model to twelve other organisations for verification and refinement. It was intended to use the same six organisations as in the case study, to play back to them the findings that had emerged and expose the model to six other organisations that were similar in size and success. The organisations were chosen using a network of contacts that the researcher had accumulated whilst looking for a second career: for example, Barclays, Diageo and SERCO. The John Lewis contact was established through a mutual friend.

The organisations were asked to comment on the model and supporting questionnaire to ascertain if they were comprehensive and representative of best practice. In considering the extent to which the findings have external validity and transferability, it is acknowledged that the final model is based on feedback from 12 organisations only; but it would appear that the conclusions were sufficiently generic as to be applicable in other settings and, as such, offer some transferability (Miles and Huberman, 1994). The feedback from these organisations is detailed in Chapter Four.

3.3.5 Constraints and Limitations

From the outset of this study, a number of constraints were identified. As the research was self-funded, there was an issue surrounding costs (particularly travel costs) although with careful planning, this constraint was managed. Of more concern to the researcher was the issue of access, both to the organisations and the literature that they would willingly provide, given the competitive nature of the subject. This raised some interesting ethical

considerations, not least anonymity and confidentiality, explored in the section entitled, 'Ethical Considerations'.

In visiting only six organisations, the results were limited to emerging themes. Moreover, not all industry sectors were represented; the researcher can only speculate how the results would differ had other industries been included in the sample. Finally, given that the research was undertaken part time, without the help of a research assistant, it was difficult to keep abreast of all of the literature and, in consequence, a large contribution to knowledge was not anticipated. Finally, the 'cross-sectional' time horizon for the research meant that a cross-section of data was gathered, in a certain time period, and reflected the views of the organisations at that time (Saunders et al., 2007).

3.3.6 Generalisability

In the context of qualitative data gathering, the literature on generalisability is not consistent. In broad terms, there are concerns that research findings, which are not representative of a wider group, could be misleading (Saunders et al., 2007). Johnson and Duberley (2010) state that in management research, generalisability is a key issue for the positivist researcher. However, Miles and Huberman (1994) believe that such concerns are not appropriate in the context of qualitative research.

Thus, there are potential constraints within the findings, particularly as the research was conducted amongst only six case studies, which were partly selected due to their geographical location; these predominantly reflect the fast-moving consumer goods group, rather than a cross-section of all industries. As such, the researcher is unable to make any claim of generalisability (Saunders et al., 2007).

3.3.7 Grounded Theory

The grounded theory approach, which offered the chance to pursue inductive and deductive research to explore themes and collect empirical evidence, proved a useful technique. Moreover, it brought the researcher into partnership with those being researched; and allowed the exploration of data to uncover trends and themes (Parry and Meindl, 2002).

3.4 CASE STUDIES

As the first method of gathering primary data, the case studies were always likely to be of great importance, both in terms of the sample group, and the data, which was gathered. According to Yin (2003a), case studies can be either single or multiple. In the case of the latter, there is a question of how many replications are necessary in order to achieve a high degree of certainty; thus the researcher is advised to conduct a minimum of five replications (Yin, 2003a). When conducting a multiple case study, it is advisable to revisit the theory after conducting each individual study, in order to assess whether it needs to be further developed before the next individual study is conducted. The recommended process to follow when conducting a multiple case study is detailed in Figure 15 (Yin, 2003a).

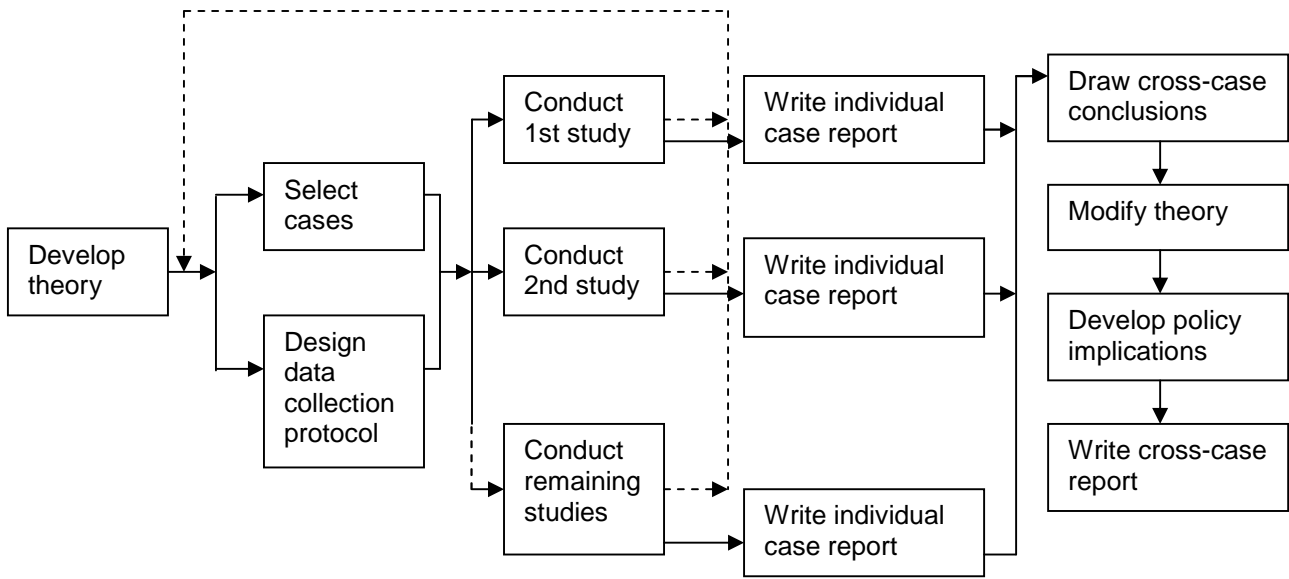


Figure 15: Multiple Case Study Research
(Yin, 2003a)

According to Yin (2003a) a number of styles of case studies exist: these are shown in Table 31. Prior to embarking on their work, a researcher is advised to choose a style that will enable the appropriate data to be gathered, in order to address the research question. Moreover, Yin (2003a) highlights six styles of case study, based on either single or multiple versions of the following three styles.

Single Case Studies	Multiple Case Studies
Exploratory	Exploratory
Descriptive	Descriptive
Explanatory	Explanatory

Table 31: Styles of Case Studies
(Yin 2003b).

In the above, the Exploratory case study aims to define the questions and hypotheses; the Descriptive case study aims to gather data in order to provide a complete description of the phenomenon in its context, and detect any patterns which emerge; while the Explanatory case study is used to present data based on cause and effect.

The style of case study employed would depend on the nature of the research being conducted. Ontology and Epistemology relating to hard scientific research may be more suited to an Explanatory case study; while the Exploratory and Descriptive case study may be more appropriate for Social Science research. These three styles can be conducted as either single or multiple case studies, and represent useful handrails for researchers planning their data gathering.

3.4.1 Case Study Sample Group

When embarking upon research, there is a decision to be made on the size of population or sample from which data will be collected. Ideally, the sample size should reflect the overall size and type of the population; for example, a researcher could note the demographics of staff within a company, and choose a sample size that reflects staff by age or by grade in proportion to the total number. In contrast, a researcher conducting research within companies may wish to note the full list of companies in the category before selecting a sample size. By identifying the total size and shape of the research pool in advance, it is more likely that the data findings from the chosen sample will be reliable and valid (Jankowicz, 2000).

There are two methods available to a researcher when drawing a sample, probability and non-probability sampling. Probability sampling may involve interviewing individuals who are part of a company or department; whereas non-probability sampling may involve interviewing individuals based on their appointment within a company or department (Jankowicz, 2000). Data

collected from a probability and non-probability sample are likely to be quite different, because of the contrasting levels of knowledge or perspective amongst those in the samples, which in turn, may influence participants' responses (Jankowicz, 2000).

The researcher began by identifying those organisations which had featured heavily in the literature: namely, GE, Proctor and Gamble, DHL and Johnson & Johnson; but many of the other organisations were based in the US, and thereby inaccessible for the purposes of this study. This list was cross-referred with the Fortune 500, again drawing upon the success of the research conducted by the Hay Group into the Most Admired Companies.

The next logical step was to examine the FTSE 100 index, and look for organisations within it which had featured in the literature review. However, those listed did not feature, perhaps because many were US-based. Of the organisations on the FTSE 100 list, the researcher chose to discount those that were asset rich, such as Rio Tinto, as success was more likely to have come through sales than talent management.

The next step was to examine the geographical locations of organisational Headquarters. As the researcher was working full time with no research funding or travel costs, the best solution was to find organisations that were relatively close to the researcher's employment area. This resulted in a shortlist of organisations that either featured in the literature or were on the FTSE 100 and based in London, or located along the M4 corridor. These included, BSKyB, BP, DHL, Glaxo Smith Klein, Johnson & Johnson, Marks and Spencer, Proctor and Gamble, Unilever and Vodafone. This is another example of the potential problems of generalisability of the sample used in the research. All these organisations were contacted, but only Unilever and Vodafone responded positively.

A comparison of at least six organisations was required if the findings were to have any merit. The next step was to identify those organisations with visionary leaders and talent at the helm, in order to analyse the conditions that these leaders had created for talent. These leaders included Sir Richard Branson of Virgin; and Lord Sugar of Amstrad, which would have provided further material to 'unpack' conditions for successful talent management. Whilst the initial response from Branson suggested interest, a closer examination revealed that it was an automatic reply, which stated that any communications must be made via one of his team. A letter and e-mail was duly sent; and a negative response received. A letter to Lord Sugar did not generate a response. It became clear that creating a sample set of organisations that would agree to be involved in the case study part of the research would be difficult.

Drawing on guidance from the literature, human capital-centric organisations that employ more than 10,000 people were considered more likely to have formalised processes for talent management (Collins, 2001; Lawler, 2008; Ringo, 2008b). This led to a wider search of large organisations with 10,000 people or more. Therefore, the criterion for the sampling group needed to change, otherwise the research would never begin. A review of multi-national organisations, employing 10,000 employees or more and based in London or the South of England, provided a few more names. This time, letters were sent to, Apple, BMW, Coca Cola, Deloitte, Goldman Sachs, Google, IBM, JP Morgan, Microsoft, McKinsey and Sony. Responses were either slow or non-existent.

Ultimately, after several weeks of persistence, the researcher had five Private Sector organisations willing to participate and provide access. The researcher believed that it was worthwhile focusing on the Private Sector, because it had gained a reputation for being less tolerant of under-performers, in order to focus on survival and profit. The benefit of including a sixth case study organisation, to view the issue from a Public Sector perspective, was deemed to have value and would offer an interesting contrast and test that assumption. But given the

experience of contacting so many Private Sector organisations merely in order to generate a list of five willing case study organisations, the researcher chose to approach the Ministry of Defence Civil Service, given the relative ease of access.

It is acknowledged that the approach taken to sampling was not ideal, and as such, introduces limitations in terms of the findings and whether these can be generalised. However, refusal to co-operate or reply to the request for access naturally introduced a degree of limitation to the sampling group. The organisations used for the case studies were: IBM, Microsoft, the Ministry of Defence Civil Service, Sony, Unilever and Vodafone; the interviewees are listed in Table 32.

Case Study Organisations	Interviewees
IBM	Executive Talent Manager
Microsoft	Human Resources Manager
Ministry of Defence Civil Service	Head of Corporate Capability
Sony	Human Resources Manager
Unilever	Director, Leadership Development
Vodafone	Head of Resourcing, Europe

Table 32: Case Study Organisations
(Author, 2010).

Conducting effective research relied on access to high-performing organisations, in order to look for trends. In addition, it relied on access to interviewees who were informed, available and willing to discuss the subject area. To maximise reliability, the research was operationalised as far as was possible to provide a clear 'audit trail', so that the process could be repeated, and the same results achieved (Yin, 2003a). However, replicating qualitative data has its challenges: respondents may choose to give a different answer on a different day. Notwithstanding the aim to minimise all threats to reliability and validity, there is a risk that qualitative data gathered from the case studies will

be open to interpretation rather than pure replication; as such, a small risk is acknowledged (Banister, 1994).

It is also acknowledged that the decision to proceed without first conducting a pilot study could have implications for the findings. However, probing questions employed during the semi-structured interviews meant that any areas which arose during the course of the case studies were captured and analysed. It is nonetheless recognised that any subsequent work would benefit from a pilot study first. Shortly before the interviews took place, the researcher changed supervisor; unfortunately, there was insufficient time to change the process without cancelling the interviews. Given the difficulty in obtaining the case study organisations, there was concern that if dates were changed, some of the organisations may withdraw from the research.

In order to provide some context, a summary of each of the organisations can be found below, along with details of their recent financial turnover taken from the Financial Accounting Made Easy (FAME) software package, which is further supported by articles downloaded on the organisations, including their respective Annual Report for 2010.

Vodafone

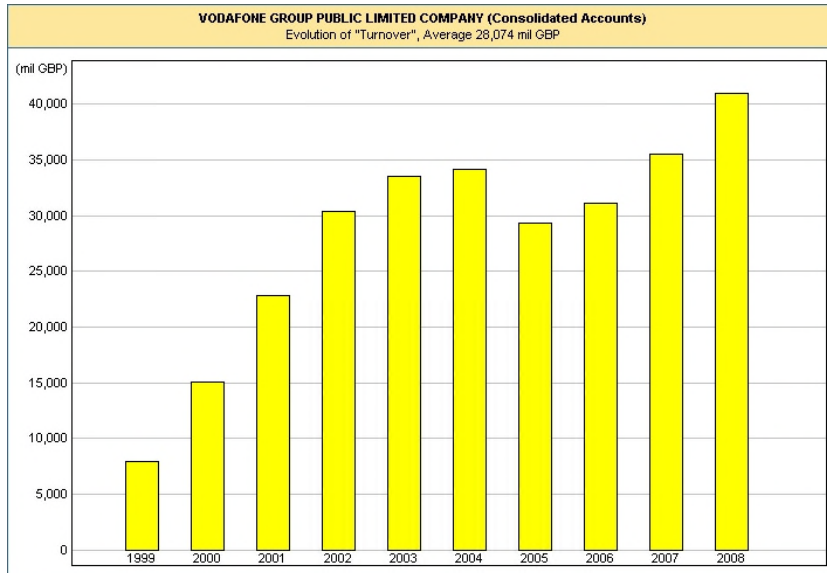


Figure 16: Vodafone Turnover
(FAME, 2009).

Founded in 1984, Vodafone was the biggest company on the London Stock Market when it floated in January 2000. The organisation enjoyed a meteoric rise as a result of significant investment in other mobile telecommunication providers across the globe. The commitment to talent management throughout the organisation may have contributed to such a rapid financial growth (Hepburn, 2005). But in May 2006, Vodafone announced the then biggest loss in British corporate history, £14.9 billion. Through the sale of Vodafone Sweden, large-scale job losses and significant investment in the emerging markets to quickly increase profits, the balance sheet was restored (see Figure 16). Vodafone is a FTSE 100 company that employs an average of around 83,900 staff, including 8,200 in the UK; and, as at 2010, had a market value of £71.2 billion (<http://news.bbc.co.uk/1/hi/business/527754.stm>, 2010).

In May 2011, the Chief Executive of Vodafone, Vittorio Colao, announced global revenue growth of 2.8%; and a near 10% increase in pre-tax profits to £9.5 billion (Fildes and Hipwell, 2011). In August 2011, Vodafone was valued at £82

billion (Ashton, 2011), and is now the largest telecommunications company in the world. Vodafone increased its focus on building a benchstrength of future leaders and introduced quarterly departmental and operating company talent reviews, in addition to investing in a globally consistent graduate recruitment programme (Vodafone, 2010).

Microsoft

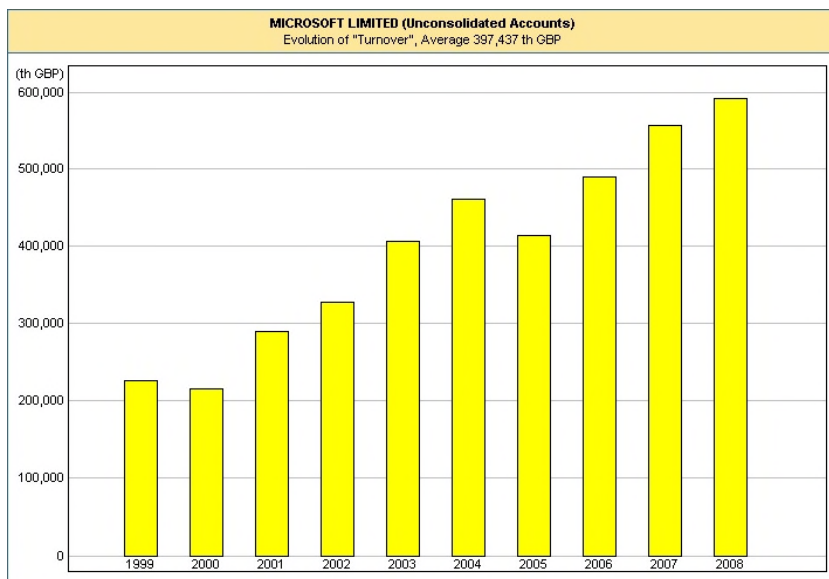


Figure 17: Microsoft Turnover
(FAME, 2009).

Founded in 1975, Microsoft was listed (as at the third quarter of 2009), as one of the three largest companies in the world. Turnover has steadily increased, through subsequent updates to the Windows Operating System and the release of the X Box gaming console in 2001. However, profits suffered in 2005 (see Figure 17), when the company was fined \$613 million by the European Union for abusing its dominance via the Windows Operating System. The release of Microsoft Vista in 2008 saw profits increase again; the economic climate, however, resulted in 5,000 redundancies in January 2009.

It has a corporate headquarters in Redmond, Washington, USA, and employs 94,290 individuals around the world. The acting HR director for Microsoft

confirmed that the organisation had adopted an overt commitment to talent management including an aligned '*business strategy and talent development strategy*' (McHenry, 2008). It was listed in the '2008 Top Ten Most Admired Companies'; and was 21st in the 2009 'Sunday Times 100 Best Companies to Work For' (Sunday Times, The, 2009). The Annual Report makes special mention of Microsoft's commitment to specialist talent, noting that organisational success is highly dependent on their ability to attract and retain qualified employees (Microsoft, 2010).

Sony

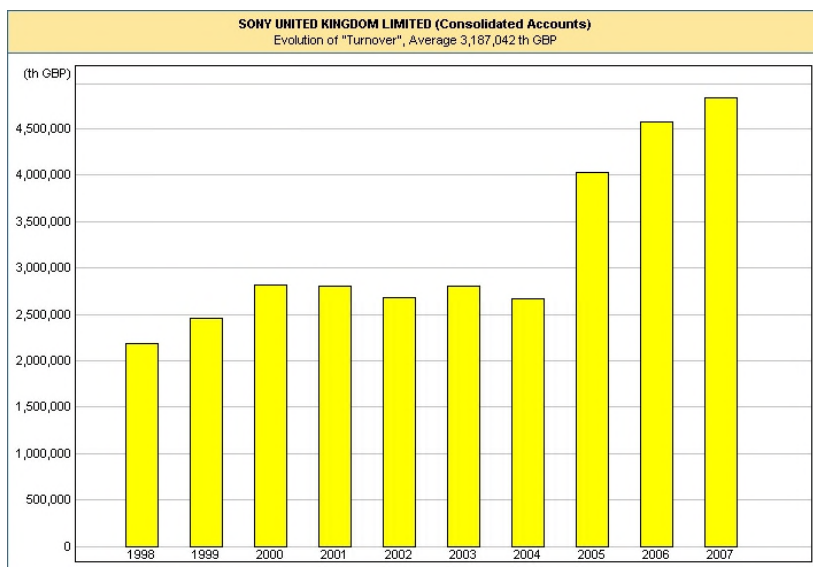


Figure 18: Sony Turnover
(FAME, 2009).

Originating from a radio repair shop in 1945, Sony went on to introduce the first, most successful commercially produced transistor radio in 1955. Through the creation of innovative electronic equipment and diversification into the film business, Sony's turnover increased. However, poor sales of digital cameras and mobile phones, combined with the rise of Apple and the iPod, meant that Sony struggled to make a profit. In 2005, the Chairman/Group CEO and the President both resigned on the same day, after announcing an annual net loss in 2004 of 56.5 billion yen (approximately 0.72 billion US dollars) worse than the

38.2 billion yen (0.49 billion US dollars) loss of the previous year (see Figure 18). In response, Sony's first foreign Chairman/CEO was appointed: and immediately announced a major re-structuring of the organisation, and technological development with an increased focus on 'customer experience'. It was predicted that Sony's new approach would bring about a 40% profit (BBC, 2010).

Despite losing ground to Apple, Sony remains the dominant company in the market, and enjoys a global share of 33.88%. Its corporate headquarters are based in Tokyo; globally, the company employs 162,700 staff. Whilst the Annual Report detailed the mid-term strategy for Sony and the Research and Development into Products and Services, there was no mention of talent or their employees (Sony, 2010).

Unilever

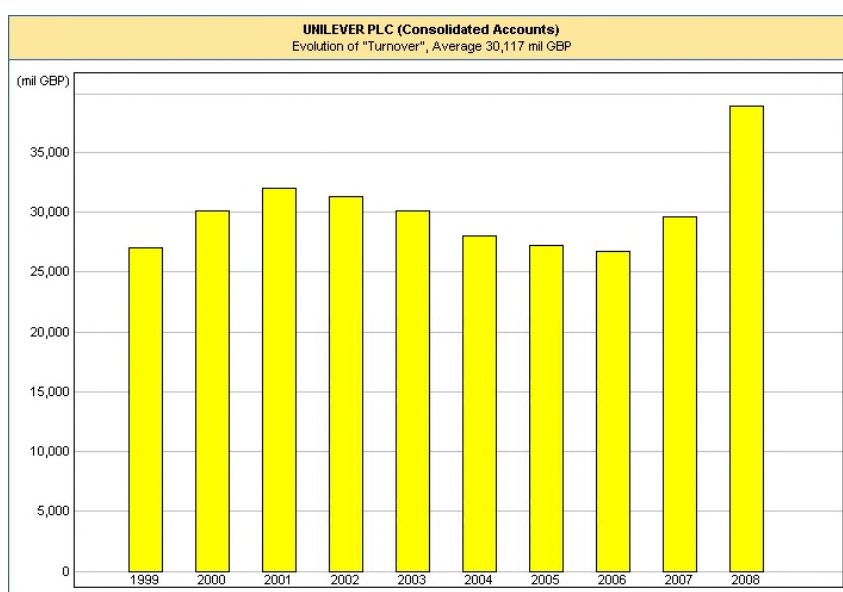


Figure 19: Unilever Turnover
(FAME, 2009).

Created in 1930 as a result of an amalgamation of brands, Unilever continued to increase its holdings through acquisitions of other brands in the food and beverage, home and personal care sectors. However, in 2004, it announced a

£1.7 billion slump in profits (a 37% fall compared to the previous year; see Figure 19). The Chairman resigned; and the Group Chief Executive who replaced him blamed the results on a combination of the company's strategy, an inadequate corporate structure, poor quality advertising and insufficient promotional efforts. In response, Unilever conducted a radical re-structuring of the senior leadership team (Brand Republic data, accessed 2010). A continual reduction in global employees has led the head count to reduce from 295,000 in 2000 to 171,000 in 2012.

Unilever has two corporate headquarters, in London and Rotterdam. Unilever has 400 brands, although the top 25% of these account for 70% of sales. Listed on the FTSE 100, Unilever remain the dominant company in the conglomerate sector, with 83.3% market share. The Head of Training for Unilever critically evaluated the organisation's ability to spot and develop talent, and found the organisation wanting (Markwell, 1981). Two decades later, an executive at Unilever wrote that the organisation had made real progress by introducing an improved management development programme to develop high potentials and ensure they achieved their full potential (Reitsma, 2001). Unilever were subsequently praised by CIPD for their commitment to Talent Management (CIPD, 2010).

In their Annual Report and Accounts document (Unilever, 2010), particular mention was made of the Board's involvement throughout the year in reviewing the talent pool of senior management. Moreover, there was an acknowledgement that Unilever could only achieve its growth ambition with the necessary talent and organisation in place. As such, there was a commitment to invest over the next year via a more thorough review of people and their skills and capabilities, and increase investment in training and development (Unilever, 2010).

IBM

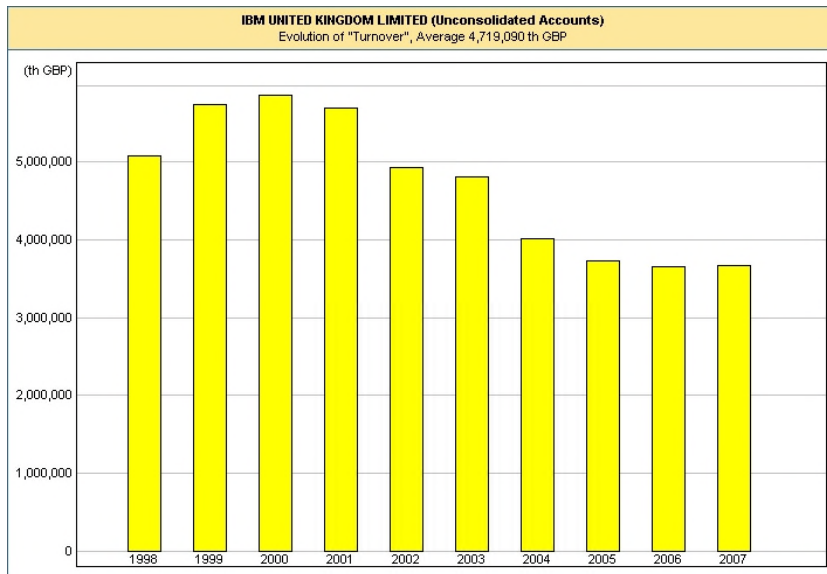


Figure 20: IBM Turnover
(FAME, 2009).

Based in New York, USA, IBM can trace its origins back to the nineteenth century. Today, it is considered to be the largest computer company and systems integrator; and the second most profitable computer company in the world. It employs over 430,000 people in over 200 countries.

In 2001, the IBM Chief Executive announced a drop in net income from \$2.7 billion to \$2.3 billion, which he blamed on poor sales and a difficult economic climate. However, turnover continued to fall each year afterwards, reaching a plateau in 2005 (see Figure 20). Today, turnover remains less than it was between 1999 and 2001. IBM is listed 8th in the 2008 'Top Ten Best Companies to Work For'; and having lost market share to both Dell and Logica, it no longer dominates the 'pure' IT sector.

The IBM Annual Report stated a strategy of geographic expansion and commitment to invest significantly in these areas to increase capacity and develop talent (IBM 2010).

Ministry of Defence Civil Service

The Ministry of Defence Civil Service employed 85,730 people in 2009 (although numbers are now falling significantly) primarily in the UK, and is headquartered in London. It exists to support Defence and, as such, is one of the more complex organisations in the Public Sector: both a Department of State and intrinsically linked to the Armed Forces, fulfilling the role of the latter's Headquarters. Its management and structure thus reflect this joint responsibility.

The main findings of the Cabinet Office Capability Review in 2009 were that the Ministry of Defence Civil Service lacked a clear strategy, relied on poor metrics and needed to better develop its Human Capital through improved leadership. In response, the Ministry of Defence established a Strategy Unit and, in 2009, released a Defence Plan for 2010-2014 and a Civilian Workforce Strategy. Moreover, the Defence Balanced Scorecard was phased out and new metrics were introduced. The Defence Senior Leadership Team accepted that their communication with the rest of the organisation needed to improve; a number of processes were introduced to achieve this.

It should be noted here that the case study interview took place in Summer 2008, before much of this work had been undertaken. The additional plans have yet to realise additional capability; although greater clarity has been achieved on corporate roles/responsibilities and in simplifying processes (<http://www.civilservice.gov.uk/>, 2010).

3.4.2 Case Study Format

Interviews were conducted using a non-probability sample, in order to gather data pertaining to organisation-specific practices; discuss the impact of the 'four conditions': strategy, structure, culture and processes on their talent management strategy; and the resulting effect on strategic organisational

performance. The inductive approach was used to identify trends; and qualitative data was gathered (Yin, 2003b).

In order to gather information which could be compared and analysed, semi-structured interviews were used in an exploratory study (Saunders et al., 2007). This method was selected because the process of taking the interviewee through the same subject areas was useful; but comparing results helped with reliability and enabled probing to understand context and seek new insights (Bell, 1996; Saunders et al., 2007).

In advance of each interview, the researcher re-sent a copy of the original letter which explained the purpose of the research and requested access. In addition, a second note was sent to the interviewee, which explained the details of the research method, ethical issues and included early visibility of the questions to be discussed at the interview to enable some reflection on the issues. These are contained in Appendix 2 and 3 respectively.

It was anticipated that, at interview, individuals would give both 'witting' evidence, i.e. data that they meant to impart; and 'unwitting' evidence, i.e. data was provided by implication. The researcher requested access to documentary data in order to cross-refer with data given during the interview (Bell, 1996). Each interview began with a context of what the research was and why it was being conducted, confirmation of the time available and the ethical issues which pertained; the interviewee was then shown the list of questions to be covered (to enable them to allocate their time accordingly – if one issue was considered of more importance than another); and their consent to participate was confirmed.

The questions started by examining the organisational strategy, whether a corporate or business-level strategy exists, whether it is clear and understood and whether there is a talent management strategy inextricably linked to this. The rationale for starting from this perspective was to understand the context in

which talent was operating within the organisation. With hindsight, the first question should have been, 'how does your organisation define talent?', in order to ensure that the findings gathered were indeed as they have been interpreted. As it was, the researcher contacted the case studies in retrospect, which was not ideal. The questions then explored culture and processes and the extent to which one affected the other. Information on organisational structure was gathered through answers given to the first question. Again, with hindsight, more specific questioning in this area would have been beneficial.

Not all interviewees agreed to the recording equipment; but where possible, it was used. In the event that the interviewee asked not to be recorded, note taking was used: whilst this slowed the process a little, it did enable the researcher to refer back to previous comments more easily. Although the Ministry of Defence Civil Service interview was recorded, the machine would not play back the results. This caused a problem for the researcher because of limited note taking in the session. Subsequent interviews were conducted using a more elaborate recording device and transcripts were typed up. In cases where the interviewee requested note taking only, the field notes were written mainly in longhand; and answers recorded against the question number. To speed up the note taking and facilitate eye contact, a number of abbreviations were introduced, such as TM (talent management), or the use of symbols: for example, a tick to show a positive response; and a cross to show where an answer was negative. The qualitative evidence helped to triangulate the quantitative data and identified areas of commonality or inconsistency (Miles and Huberman, 1994; Patton, 1987).

The transcripts were then subject to pre-coding using the table in Appendix 4. This ensured that the researcher had pre-determined that the questions that would be asked all related to the four broad areas: strategy, structure, culture and processes. Moreover, it facilitated subsequent analysis by enabling themes to be identified. These themes were then clustered to look for dependencies and relationship, prior to building these into the model.

3.5 SURVEY – INDIVIDUAL PERSPECTIVE

The case studies had resulted in qualitative data from the organisational perspective. To further explore the themes from the individual perspective, the researcher set out to conduct a survey amongst individuals in a talent pool. Ideally, the talent pool would have drawn upon the case study organisations, as requested in the original letters; but access to these individuals had not been forthcoming. By way of back-up, the researcher elected to meet with a peer group: a military cohort that had elected to study a part-time Masters in Human Resource Management. Access to this group was considerably easier and would provide the individual perspective.

Identifying those considered high potential within the military could have led the researcher to focus on those participating on the Advanced Command and Staff course or the Higher Command and Staff Course, both of which are extremely competitive and in very high demand. However, access to these individuals was also difficult, because of the time-compressed nature of their courses and out of hours workload; and would have required further support from the ethics committee of another university.

The cohort of military officers comprised of a small group, n=14: meaning that, again, no claims of generalisability can be made, but it was intended to uncover themes.

In order to collect quantifiable data from the military cohort, a questionnaire was produced, which focused on 31 areas corresponding to the importance of aligned organisational strategies, organisational structures, a talent focused organisational culture and talent-focused processes. For example, under the heading of 'strategy', the candidates were asked to identify the importance, to them, of a 'clear vision', 'clear goals' and 'consistent clear strategies'. The candidates were asked to select only one answer for each question from the

following options: 'essential', 'useful', 'nice to have' and 'irrelevant'. This was designed deliberately, in order to identify whether talented individuals were affected by shared beliefs, attitudes, assumptions and values; and moreover, whether these areas reflected preferred styles of leadership. The 31 areas had developed from the case study interviews, documentary data and the employee engagement survey: for example, unpacking strategy down, from an individual perspective, to consider the impact of a clear vision or goals.

Further responses might indicate that these areas could be developed at an organisational level through competencies; or whether they related to areas of organisational capability. Each candidate was given a questionnaire which asked the same questions under three, new, separate headings, in order to identify the factors which would 'attract', 'retain' and 'performance enhance'. It was explained to the candidates that the aim of the data gathering exercise was to identify strength of feeling against any of the conditions; and look for themes which may differently impact upon recruitment, retention and performance. The candidates were asked to complete the exercise without consulting any of their peer group. The findings from the military cohort are detailed in Chapter Four and analysed in Chapter Five.

With hindsight, conducting the survey amongst the military cohort was not ideal. It was a small group studying human resources at Masters level: they did not truly fit the definition of talent. Having moved to the Private Sector, as a talent manager for Vodafone, the researcher had access to a high potential talent pool in Vodafone and repeated the survey.

Vodafone use the nine-box grid to identify high potential individuals by band: both F Band (junior managers) and E Band (senior managers) have the potential to reach the senior leadership team. To support the progression of the strongest high potentials, 40 F Bands and 40 E Bands are nominated by their line managers to participate in an 18 month, modular course called 'Inspire' (which constitutes approximately 20% of the high potential population in each

band). The nomination process is highly competitive, and focuses on those in whom the manager has 80% confidence that they will achieve the Senior Leadership Team level. In addition, individuals must be globally mobile, as an international assignment follows the course. The content of Inspire has been designed to support the individual's personal awareness and personal development (particularly in leadership and change management), whilst exposing them to the highest business leaders in Vodafone, in order to broaden their thinking and improve their understanding of the wider organisation.

The researcher chose to survey the new E Band cohort to ascertain their views (as opposed to the F Band cohort, who had just completed their course, and may have been influenced by their course material). The survey was sent by e-mail, with a covering note explaining the purpose and requesting their feedback. There was no pressure to complete, and very few of those on Inspire had the researcher as their talent manager, so there was no undue influence to complete or provide answers which were anything other than completely honest. The findings from the survey for the cohort are detailed in Chapter Four and analysed in Chapter Five.

3.6 CONCLUSION

Chapter One outlined the context underlying this thesis; while Chapter Two conducted a review of the literature produced thus far, predominantly based in the US, through the work of consultants and practitioners. The literature review identified two gaps: lack of empirical data from UK-based organisations; and lack of agreement about the conditions enabling a talent management strategy to contribute to organisational performance.

This chapter explained the research methodology adopted - namely, that of critical realism - and the approach of 'epistemic reflexivity' (Johnson and Duberly, 2000). This approach was chosen because it enabled a focus upon the structures which generate behavioural tendencies; and because it allowed for

the experience and observation of the researcher in the data gathering process. Moreover, this Chapter also highlighted the limitations, constraints and ethical considerations pertaining to the research; and explained how these have been mitigated where possible.

The next Chapter details the research findings of this study: involving case studies, employee engagement surveys and two cohorts. These are unpacked and drawn together against the four key conditions or themes of this thesis: strategy, structure, culture and processes, in order to begin the drawing up of a model which best explains how organisations can most effectively go about managing talent.

CHAPTER 4

FINDINGS

4.1 INTRODUCTION

The literature review indicated two areas where further research would be appropriate: first, the lack of empirical data from European and specifically UK organisations on talent management; second, the lack of clarity over the optimum organisational conditions that would allow talent to be an enabler for enhanced performance. The literature highlighted four broad areas which collectively influenced the organisational environment in which talent operated: strategy, structure, culture and processes; within these, a total of 16 questions (with some sub questions), are listed in Appendix 6. At this stage, it was unclear to what extent the four areas were individual or inter-dependent.

Initial primary research was conducted using case studies to look at the four broad areas from the managerialist perspective. The selection of the case study organisations was detailed in Chapter Three: the findings are detailed in this chapter. Documentary data was gathered from these organisations, in order to provide a further lens through which to examine the impact of talent on performance: this is also explored later in this chapter. Following the case studies, the researcher chose to gather quantitative data in order to ascertain key areas which affect performance, by drawing upon the results of the employee engagement surveys; albeit data was only provided by three of the six case studies. Whilst this qualitative data was drawn from a larger sample group, it reflected the views of all employees in that organisation - not just those considered high potential, thus reducing the value of the findings. The findings from the employee engagement surveys are detailed later in this chapter.

To obtain views, specifically from the individual perspective, further data was collected using a questionnaire, initially from a cohort in the military. However, as the findings of the military cohort did not represent the views of high potential

individuals, further data was gathered via the same questionnaire, from the high potential talent pool at Vodafone. Findings from both cohorts are included later in this chapter.

The findings from the case studies, employee engagement surveys and both cohorts were examined to unpack the four conditions or themes: strategy, structure, culture and processes. This chapter then drew together the findings to look for relationships and interdependencies, in order to identify and prioritise the factors that should feature in a model, i.e. those that may support talent in driving organisational performance. The identification of these factors and specific areas within these four conditions or themes led to the creation of a model.

4.2 CASE STUDIES INTRODUCTION

As outlined in Chapter Three, six organisations agreed to participate in the case studies: IBM, Microsoft, Ministry of Defence Civil Service, Sony, Unilever and Vodafone. Each organisation had nominated a senior manager in human resources to meet with the researcher. With the exception of Unilever, where the interviewee was Director-level, the remaining interviewees reported into the human resources director (or, in the case of the Ministry of Defence, 2nd PUS, which is arguably their equivalent.)

As discussed earlier, four broad conditions or themes emerged from the literature that the researcher wished to explore: strategy, structure, culture and processes. The 16 questions (and some sub-questions) arising from these conditions or themes reflected those areas which the researcher felt had not been adequately covered by the literature. For example, question one and the sub-questions that relate to it are intended to explore the importance of the existence of a corporate or a business strategy, and both the existence and the linkage of a talent management strategy to it. Moreover, what decisions surrounding talent were made as a result of these, with regards to recruitment,

development and reward? This question determined the extent to which organisations were led by a deliberate or emergent strategy, as suggested in the literature.

The questions around culture were chosen to gather empirical evidence of the involvement of the CEO and senior leadership team, the behaviour of the line managers, and the organisational values surrounding actively managing talent. The majority of questions examined the existence of talent-focused processes, to determine how structured and transparent the organisation was to managing talent: be it flexible recruitment, performance-related rewards, differentiation or talent metrics.

As outlined in Chapter Three, the researcher used, where possible, a recording device to capture responses; before creating transcripts which were subject to pre-coding, to identify themes (Miles and Huberman, 1994). The pre-codes are detailed in Appendix 4; and an example of a coded transcript is contained in Appendix 5.

The researcher outlined the nature of the information gathering as a means to creating a model which could be used by other organisations. Ethical issues, as outlined in Chapter Three, were then discussed. If and when the interviewee was content, the recording device was switched on to make the most use of the recording time. The researcher aimed to start at question one, and work through the list until question sixteen, following the logical order that had been prepared; and used probing questions, when required, to gather more information. However, when answering one question, some interviewees provided a level of detail that answered subsequent questions. Therefore, the researcher aimed to follow the questions sequentially, but not interrupt the interviewee when information was being provided. The responses are detailed below within each of the four broad areas. The findings from the documentary evidence then follow, before the overall findings from the case studies are summarised.

4.3 DEFINITION OF TALENT

With hindsight, this should have been the first question to be posed to the case studies, to ensure that there was a clear understanding of the answers being provided. However, the researcher had omitted to do this, so asked the question in retrospect by e-mail. Regrettably, only four of the six organisations replied: Microsoft, the Ministry of Defence Civil Service, Sony and Vodafone. Although there was commonality in that the definition for all four companies was that of high potential, the organisations had chosen different indicators to measure.

The Ministry of Defence Civil Service had chosen to adopt the CIPD definition of talent, although it was not clear how potential would be measured:

‘Those individuals who can make a difference to organisational performance, either through their immediate contribution or in the longer-term by demonstrating the highest levels of potential’.

In Vodafone, the global potential indicators of talent were considered to relate to mental agility, which is considered to help an individual adapt to a new environment and quickly succeed. The four characteristics of mental agility used by Vodafone are: Drive, Engagement, Applied Thinking and Change, measurable in annual appraisals and during development centres, using the Lominger scale of assessment. High potentials were expected to score over the 65th percentile in three of the four areas. Conversely, a high potential at Microsoft was defined as someone:

“With the ability, commitment and aspiration to advance to and succeed in senior, more critical roles.”

In contrast, Sony had elected to define the characteristics of talent at the European level only because global characteristics were considered too generic to be useful. The potential indicators for talent within Sony included: vision, good communication skills, leadership, coaching skills, customer focus, drive, integrity, resourcefulness, a good attitude to diversity, analytical skills, a track record of good performance and a track record of hiring good quality people. The Sony interviewee advised that these capabilities were all linked to the strategic capabilities of Sony, and therefore supported Sony's strategic objectives.

In comparison with Vodafone, the list of potential indicators at Sony seemed long. Moreover, many of these were skills that could be taught, such as coaching, whilst others could be developed, such as communication skills or resourcefulness. The inclusion of 'attitude to diversity' and 'track record of good hiring' arguably focuses on performance not potential. Moreover, not all of these characteristics, such as leadership, were easy to measure. The decision taken at Sony to compile such a long list was designed to embrace different styles of people within their high potential community. There was no expectation that every high potential would be strong in all areas.

The organisations had therefore broadly elected to follow a similar definition of talent, ie. high potential talent that could, with the right development and experience, be capable of fulfilling a senior leadership role in the organisation. However, the criteria used to define and measure high potential talent varied between the organisations.

4.4 ORGANISATIONAL STRATEGY – CASE STUDIES

Drawing on the findings from the literature review, only one question was posed to the case study organisations relating to strategy, although it contained a sub-question. It was, 'does a clear business strategy exist?', and responses to this were different. Whilst in Microsoft, there was confirmation that the organisation

refreshed its strategy and talent strategy each year to confirm its relevance and alignment, the other organisations were less positive. Both Unilever and Vodafone reported that their business strategy had recently been re-written as a result of a stimulus. In the case of Vodafone, this was the appointment of a new Chairman and CEO; whereas at Unilever, the stimulus was unexpected:

“Unilever has existed for over 150 years. In 2004 it received its first profit warning. The business leaders and shareholders were shocked. The business strategy was then deliberately moved away from disparate brands to a global strategy ... We have now aligned our business strategy with our marketing strategy and recently aligned our talent strategy to this too.”

The sub-question, ‘is the talent management strategy inextricably linked to the business strategy?’, elicited different responses from the organisations. Sony highlighted the challenges of an organisational strategy being issued from Tokyo, and a talent strategy written in the UK, which did not really align because of different cultural priorities. Conversely, IBM highlighted the challenges of aligning to a macro organisational strategy, and achieving the granularity required on skills and capabilities:

“What we tend to do is look very much at the global strategy but actually quite soon you get into individual business strategy...we would look at each of the business units within IBM in terms of their talent strategy making sure we’ve got the same tools and processes ... across the company but really not trying to resolve the gaps at the macro level”.

In contrast, the Ministry of Defence Civil Service did not have an organisational strategy until the introduction of the Defence Plan 2010-2014. As such, the talent management strategy had been written in isolation. Thus the skills and capabilities outlined were based on the best assessment of the author.

4.4.1 Organisational Strategy – Case Studies - Findings

Microsoft	Talent and organisational strategy fully aligned
Unilever and Vodafone	Talent and organisational strategy recently aligned
IBM	Talent strategy aligned to business strategy
Sony	Organisational strategy and talent strategy not really aligned
MOD Civil Service	No organisational strategy. Talent strategy exists but is not aligned

Table 33: Organisational Strategy, Case Studies, Findings
(Author, 2012).

The key findings on strategy from the case studies, shown in Table 33, were that not all the organisations had an organisational strategy; nor was there full alignment. The implication of no organisational strategy, as in the example of the Ministry of Defence Civil Service, was that it had been impossible to map skills and capabilities against organisational priorities. Where a strategy did exist, not all organisations had maintained this; though where it had taken a stimulus for it to be re-written, particularly in the case of Unilever, the impact was significant. In IBM, on the other hand, the challenges of aligning a talent management strategy with a macro organisational strategy had presented such a challenge that it had focused on aligning to its business strategies instead. Therefore, the organisation is advised to have either a corporate or business strategy fully aligned to the talent strategy; and these should be frequently updated.

4.5 ORGANISATIONAL STRUCTURE – CASE STUDIES

With hindsight, the researcher should have asked a specific question on structure. From the responses, it soon became clear that there was a relationship between structure and culture: in particular, the location of the corporate headquarters, the national culture in which it operated, and how it

chose to distribute power and resources throughout the organisation. Both Microsoft and Vodafone claimed to have fully embraced talent management throughout the organisation. Microsoft mentioned that its corporate headquarters in the US, from where much of the literature on talent originated, was passionate about talent management. Vodafone also stated that there was commitment, from the top down throughout the organisation, to talent management.

In contrast, there was a different finding in the other four case studies. The interviewees from IBM, Sony, Unilever and the Ministry of Defence Civil Service were all frustrated at the slow pace of change and lack of willingness to fully embrace talent management. As human resource professionals, they felt the subject was important; but the hierarchical structure reinforced a culture of slow decision-making and limited opportunities for innovation. As Unilever pointed out, Microsoft and Vodafone are comparatively young companies and do not yet have the traditions and emotional baggage of the older companies, which slow them down. The relationship between structure and culture will be explored in more detail in the section 'Organisational Culture – Case Studies'.

In terms of whether the organisations had adapted their structure to meet their changing strategy, results were mixed. The organisations had all, to a greater or lesser extent, taken a dip in profits as a result of losing out on market share to a competitor. The re-launch that each organisation embarked on in response to this had mostly begun with a redundancy programme or the sale of part of the organisation, followed by a new strategy that promised to deliver what the customer wanted: for example, cheaper products or a better service. However, few of the organisations had moved beyond a small shift in senior leadership team membership or slight movement within headquarters teams; there were no radical changes to the organisational structure.

4.5.1 Organisational Structure – Case Studies - Findings

Microsoft and Vodafone	Flat, agile structure, supports talent development
IBM, Sony, Unilever and MOD Civil Service	Hierarchical and heavily influenced by culture

Table 34: Organisational Structure, Case Studies, Findings
(Author, 2012)

The key findings from the case studies, shown in Table 34, highlighted a relationship between structure, strategy and culture: not least the manner in which the national culture of the corporate headquarters may influence the strategy and its implementation by the in-country offices. Moreover, a hierarchical organisation is more likely to have more layers and require more formal decision-making: both of which will slow down and restrict innovation compared with a flatter, more agile organisation. Therefore, it would suggest that the organisational structure is a condition to be included in the model because of its influence on strategy and culture.

4.6 ORGANISATIONAL CULTURE – CASE STUDIES

The literature had suggested that culture could affect individual and organisational performance in a number of ways: including through the active involvement of the CEO and senior leadership team in talent management, the engagement and behaviours of line managers, and the willingness to support talent and deal with underperformance. Therefore, five of the 16 questions (questions 2, 3, 4, 13 and 15) posed to the interviewees during the case studies related to organisational culture, in order to try and unpack the area of culture that had the most impact, and reflect this in the model. A summary of all 16 questions and answers is contained in Appendix 6. Answers to four of the five

questions on culture that elicited useful data will be considered in turn before providing initial findings for organisational culture.

Question 2. Are the CEO and senior leadership team actively engaged in talent management?

The responses from the six case studies fell broadly into two categories. Microsoft and Vodafone were very positive: both confirmed that the CEO and senior leadership team publicly valued and owned talent management within the organisation: from signing off, each year, the list of those in the high potential cohort, to discussing their development and next move regularly in their meetings, to attending development events to support the cohort. This leadership and active engagement had driven a climate down the organisation to all managers about the importance of supporting talent.

In contrast, the other four case study organisations acknowledged that there was a varying degree of support from the CEO and leadership team, but not active engagement. IBM believed that the 'cream would rise to the top': so did not proactively identify and develop talent. Although the Ministry of Defence Civil Service ran two 'fast track' schemes, there was limited involvement from the senior leadership team. And at Unilever, the response was very honest:

“The CEO and senior leadership team are supportive but not actively involved in Talent Management. Some see the need and some don't. A number of the senior leaders have been with the company for many years and rose to the top without any support. They believe if they got there the hard way, then others should too.”

Question 3. Is 'talent' viewed as a global (not silo) asset?

The view from the CEO and senior leadership team that talent was a global asset was expressed in Microsoft and Vodafone, but not in the other four case

study organisations. The Microsoft view below accords with the view from Vodafone:

“Culture is on accountability. How much are people willing to be committed to their career, how willing are people to take opportunities for International assignments, how aligned are people to the company values and do people aspire to be in a senior leadership team role.”

In Vodafone, it is accepted that a high potential may temporarily not have global mobility: for example, the birth of a child, or illness of a parent are considered legitimate barriers to an international assignment. In these circumstances, project work or a role requiring short-haul travel may be found, so that the individual can continue living at home. However, if an individual’s mobility remains restricted, they are no longer considered high potential. Whilst there is no fixed time limit for this, three years with no mobility appears to be the most that the senior leadership team will tolerate. An international assignment is considered one of the key tools for developing talent, be it working in an emerging market for Europeans and vice versa, or involving willingness to move cross-functionally to another area of the business. A quarterly ‘Talent Trading Forum’ brings the global talent managers together for a conference call, to trade high potential people across functions and country borders in order to fill vacancies and develop the talent.

In contrast, the other four case study organisations emphasised that talent is seen only as a silo asset.

“Development within a silo is encouraged” (Unilever).

“We promote that we offer global opportunities but the reality is that there are only four roles in Tokyo that UK engineers can compete for. We only develop within a silo.” (Sony).

Question 4. What key words would you use to describe your organisational culture?

All of the case study organisations chose strong values to describe their culture. The quotes from Vodafone and Microsoft are clear:

*“Results-driven and fast-paced but moving towards talent driven”
(Vodafone).*

“Values-driven, high performance and really strong culture of personal accountability – it’s up to individuals to own their career and push themselves” (Microsoft).

In contrast, IBM and Unilever both mentioned that there was a conflict of values within their culture that, at times, made for a mixed message to employees

“High performance culture...culture and community...very inclusive... we’re still not great at delivering bad news, we don’t like telling people when things aren’t working out” (IBM).

Strong performance ethic but work relationships come first. This can mean that we compromise on performance for the sake of relationships” (Unilever).

Therefore, whilst the organisations aspired to be high performance, the reality was that this was often compromised because, in the case of IBM, the culture was one in which managers were not comfortable with transparency and dealing with underperformance. In Unilever, the emphasis was on working relationships, because these were enduring and would be prioritised over and above an issue relating to performance.

Question 13. Is your organisation willing to deal with underperformers?

The responses to this question, around the organisational appetite to deal with underperformance, were worthy of note. Microsoft and Vodafone had introduced and were using differentiation annually with a transparent policy that the bottom 10% each year would be managed out of the business. In contrast, the other four organisations were embarrassed and almost apologetic in terms of their body language and the tone of their replies, as they stated that their organisation was not good at this.

“Traditionally we haven’t, no. Particularly in the UK... it’s culturally something people don’t like to do. We do try and have a conversation ...but do we actually dismiss people [for underperformance] no” (IBM).

“Differentiation of posts and people was completed recently – it took a year. I don’t think we’ll do that again for some time, it was really painful” (Unilever).

4.6.1 Organisational Culture – Case Studies – Findings

Microsoft and Vodafone	Talent management is owned from the top and is viewed as a global asset and there is an emphasis on international mobility. The active engagement of the CEO and SLT provides a climate that encourages all line managers to support talent and in which talent can flourish, be actively developed and be given challenging work. Active line management involvement in talent is likely to drive up their employee engagement. Moreover, underperformance is managed out using differentiation to continually drive up the standard of the workforce.
Unilever and the Ministry of Defence Civil Service	Line managers support the development of talent, within their silo. Differentiation has been considered as part of the introduction of the nine-box grid but there is no central quota for managing out of the business.
IBM and Sony	Line managers support the development of talent, within their silo. Underperformance is managed quietly but there is no central quota for managing out of the business.

Table 35: Organisational Culture, Case Studies, Findings
(Author, 2012)

The key findings on organisational culture from the case studies, shown in Table 35, highlight a relationship between the values of the CEO and senior leadership team, and the behaviours of human resource staff and the line managers to actively manage talent and underperformance. Moreover, clear values such as 'results-driven' leave the employee in no doubt that their performance is as important as their potential.

It was clear that, to a greater or less extent, talent management was being taken seriously within the case study organisations; albeit in IBM, Unilever and the Civil Service, perhaps only as a sub-set of strategic human resources. However, the existence of talent managers and the ownership of talent by the CEO and senior leadership team in Microsoft and Vodafone would suggest that talent management is a new, different concept gaining traction in its own right. The commitment to resources would indicate that the subject could have relevance for all organisations within the UK: although this would need to be tested through wider validation. Furthermore, the commitment and interest in talent management would indicate that this is more than just the latest management fad.

4.7 TALENT-FOCUSED PROCESSES

The literature had placed great emphasis on organisations implementing talent-focused processes: both as a demonstration of commitment and a means of consistently delivering on recruiting, developing, retaining and rewarding talent. As a result, 10 of the 16 questions posed to the case study interviewees related to talent-focused processes. Not all of these generated insight into the organisation. As discussed earlier, all of the questions and answers from the case study interviews are in Appendix 6.

The answers revealed a degree of commonality amongst the six organisations: in response to question six, the majority of the case studies recruited against

vacant posts, rather than hiring talent when they saw it. Microsoft's comment about the significance of recruiting primarily for the company, then for the role, was unusual:

"We recruit first and foremost for Microsoft and then for the post. As we do this we are looking for high potentials and to check that the individual's values 'fit' with the organisational values" (Microsoft).

In response to questions five, eight and 12, the case studies were in agreement that once hired, responsibility rested primarily with the individual to find their next role (there was no Talent Factory highlighting vacant roles for talent in any of the organisations). Although talent reviews in Vodafone and Microsoft, unlike in the other organisations, were used to manage a number of key moves, in terms of retention, there were no talent-focused process in place, and the commonality was that none of the organisations conducted exit interviews to try to convince the high potential to stay.

"Retention is not a problem. 90% of the senior leadership team grew up in the company. People just tend to stay" (Unilever).

"No specific groups are targeted for retention. We recognise that the key to retention is being flexible when people have different needs in their lives, development opportunities, stretch opportunities, overseas assignments or less responsibility, different ways to keep people motivated and engaged" (Microsoft).

The literature espoused flexible talent-focused processes, for example to re-locate a family tree for a high potential individual leaving on an overseas assignment, but this was not the norm. This question was asked of all case study organisations; but only Microsoft admitted that they had such flexibility, and had recently re-located a cellar of wine for one of their executives - but in any case, this had been highly unusual.

In response to question seven, 'does your organisation have a unique Employee Value Proposition, to recruit and retain talent?', the more positive answers came from Microsoft and Vodafone:

"We promote three areas: physical, emotional and intellectual. Physical: we want people to know we're a great place to work, with modern buildings and good equipment. There are no physical barriers to your boss, we have a culture of being approachable, sharing ideas and taking coffee together. Emotional: we have a wellbeing centre on site, with a health centre plus a nursery. Our mentor programme is also very strong, we believe in supporting people so they can achieve their optimum performance. Intellectual: we promote challenging roles where you can flourish, an open, trusting and empowering environment (where no idea is a bad idea), we encourage feedback (up and down) and we commit to our annual employee engagement survey, not just holding one but we really focus on taking forward the [employee's] comments so that they know that we're listening" (Microsoft).

"We are an interesting sector that is fast changing and exciting. Vodafone is a nice place to work, where people interact well. We espouse simplicity and trust and promote a good work-life balance" (Vodafone).

The other organisations believed that the strength of their company brand, rather than employer brand, would be enough to continue attracting and retaining talent. Only in IBM was there a slight concern that something might need to change:

"You hear the next generation is coming through, they've seen their parents burning out, they don't want to do the same and the survey findings, what is important to a graduate ismoney is down here...."

can't really get my head around that at the moment as to you know is it a time bomb waiting to go off...that's going to bite us at some point?" (IBM)

Question 14 examined the focus for the reward policy and whether this was based on individual, team or organisational performance. On this matter, all the Private Sector case studies were in full agreement. All rewarded performance through cash (be that a bonus scheme or a salary increase): this was considered fundamental to driving organisational performance. In addition, there was consensus within the Private Sector on rewarding potential with share options that expire and can be cashed in after a few years, as a means to retain high potential talent.

"The salary % increases are based on performance whereas we allocate shares based on potential, as a long-term incentive to stay" (Unilever).

The case study organisations were in less agreement when it came to talent-focused metrics. Those that had metrics in place were using quite different ones to confirm their return on investment:

"We measure our succession planning, depth of the talent pipeline, our diversity, the numbers of full-time employees based in a function compared to other companies and the numbers of expatriates we employ" (Unilever).

Given the close relationship between metrics and managing risk, one of the questions that should have been asked during the case studies, but was asked in retrospect, was whether the organisations include 'talent' on their corporate risk register. This response highlighted the difference between Public and Private Sector and may suggest espoused versus in-use theory. In that, the Ministry of Defence Civil Service invests resources to include the 'Talent Management Programme' on its risk register and monitor it regularly. The programme aimed to ensure that the Ministry of Defence had:

“An agile, diverse supply of sufficient and suitably qualified people, with appropriate experience, who demonstrate desired attitudes and behaviours”.

The key risks associated with the ability to deliver against the aim consisted of the ability to attract and retain talent. In contrast, neither Sony nor Vodafone had included talent management on the corporate risk register. The Director for Talent Management in Vodafone confirmed that lag indicators were presented to the senior leadership team. Regular presentations to the Board discussed talent pipelines: these had included a recent deep dive into the Commercial and technology pipelines, although more routinely, these were discussed at the senior leadership team level. The rationale for not including this on the Corporate Risk Register was that there was no compliance around talent or succession planning - unlike Diversity and Inclusion, which did feature in the Register. In terms of managing risk against succession planning for the CEO and Board, this was conducted through the Nomination Committee: a sub-committee of the Board, which exists in all the Private Sector case studies and is mentioned in all their Annual Reports (IBM, 2010; Microsoft, 2010; Sony, 2010; Unilever, 2010 and Vodafone, 2010).

4.7.1 Talent-Focused Processes - Findings

The findings on talent-focused processes were that, overall, they were a means of implementing the cultural values of the organisation, be it the Employee Value Proposition to attract talent, the talent reviews and differentiation to focus on developing talent and providing challenging work, through to performance-related rewards. Therefore, the interdependency between culture and processes seemed clear. However, the processes themselves appeared to be nothing more than an enabler. Thus their inclusion in the model would appear to be less significant than the inclusion of culture or strategy.

4.8 CASE STUDIES - DOCUMENTARY DATA

The researcher gathered documentary data as part of the case study meetings. This had been requested in advance, in writing, and the company literature was taken away for analysis. Each organisation, with the exception of Vodafone, had provided information to be taken away: although the documents varied considerably from formal information, such as Annual Reports, to the more informal copies of PowerPoint slides containing information about the organisation.

Not all the documentary data added to the findings - but it did reinforce the comments gathered during interview, particularly about organisational cultures and appetite for talent management. Microsoft chose to provide slides that espoused the organisational values along with the mission, vision and benefits of the Employee Value Proposition. Unilever provided a Report, 'Adding Vitality to Life', which, through a succession of charts, detailed profits and turnover for the last decade - yet there was no mention of talent management or the value of their personnel. IBM and the Ministry of Defence Civil Service both provided the findings of their most recent employee engagement survey (the contents of which are explored later in this chapter), and suggested that engagement and inclusiveness were important to them.

Additionally, the Ministry of Defence Civil Service provided a copy of their Capability Report: which highlighted the lack of a single clear Departmental strategy to align priorities with resources, and articulate the long and medium term direction of travel. In addition, the Report committed to a major talent management project that aimed to 'build a diverse supply of experienced well-qualified people, able to fill business critical roles' (<http://www.civilservice.gov.uk/>, 2010). This highlighted the journey that the Civil Service is on, and its commitment to bringing in talent.

In similar vein, IBM provided 22 PowerPoint slides which detailed their attempts to move away from a reliance on succession planning towards a talent management approach that included succession planning. It aimed to integrate and align their executive development, high potential development, technical specialist development and the graduate programme, to reduce the workload on managers.

The interviewee at Sony provided a copy of a PowerPoint presentation that he had recently taken his senior leadership team through, to suggest a new strategy for talent management. He had drawn on different industry sectors to look for best practice, including British sport (GB Rowing), the Ministry of Defence (Department of Work and Pensions and the SAS) and other corporate organisations (GSK and IBM). He had presented recommendations on identifying and assessing talent, simplifying talent streams, and processes for implementing talent reviews. However, the senior leadership team had elected not to implement any of his ideas nor make any changes to current practice. At the time of interview, he was re-considering his future with Sony. The research and recommendations reflected much of best practice in the literature; but the Sony Leadership Team proved unwilling to implement these ideas.

In terms of organisational structure, only the Ministry of Defence Civil Service provided a Report that covered this. The Capability Report mentioned that the organisational structure had been refined to reduce the number of sub-committees, and increase individual accountability (<http://www.civilservice.gov.uk/>, 2010).

In terms of culture, the Report emphasised greater clarity, greater accountability and an increase in communications with staff to improve performance and engagement. In addition, the Ministry of Defence Civil Service interviewee provided two documents that highlighted the processes underpinning their development of talent management: the 'Senior Civil Service Guide to the Nine Box Grid'; and a draft 'Action Plan for Talent Management for 2009-2013'. The

Plan, comprising of nine workstreams, had 30 deliverables, each of which had a measure of success, an owner and a priority (High/Medium/Low). The nine workstreams are summarised in Table 37.

	Workstream
1	Define future business need for talent
2	Prepare a Resourcing Plan
3	Enabling Individuals to manage talent
4	Identifying and assessing talent
5	Developing talent
6	Planning for succession
7	Measuring success
8	Building Whitehall talent
9	Tracking exiting talent

Table 36: Summary of Action Plan 2009-13
(Ministry of Defence Civil Service, 2009).

4.8.1 Case Studies – Documentary Data - Findings

The case studies documentary data varied considerably. The Microsoft documentary data focused on values and organisational commitment to talent; whereas Unilever and IBM focused on the financial performance of the organisation. Sony provided a copy of a PowerPoint presentation representing aspirations to improve talent management within the organisation, but these ideas had met resistance from the CEO and senior leadership team. The Civil Service documentary data highlighted the importance of introducing a significance of strategy and a commitment to simplify the structure: both intended to help drive culture change around communication and performance.

Therefore, for the construction of the model, strategy and culture still appeared to be more prominent than structure and processes. Within culture, the single largest influence over the performance of talent appeared to be the active engagement of the CEO and senior leadership team. Their ownership and leadership had the ability to influence managers throughout the organisation, to support and empower talent, and set the climate that led to talent reviews,

international assignments, a culture of high-performance, and performance related-rewards. Collectively, it appeared as though these drove individual, team and organisational performance.

In order to move away from the managerialist perspective, and understand the motivations of the individuals, the researcher gathered data from employee engagement surveys, before meeting with talent cohorts. First, the employee engagement surveys will be explored.

4.9 QUANTITATIVE DATA - EMPLOYEE ENGAGEMENT SURVEYS

It was intended to compare the data from all six of the case study organisations against the eight factors, in Table 37, used to measure the '100 Best Companies' each year. However, only IBM, Vodafone and the Ministry of Defence Civil Service were willing to share their employee engagement results.

Leadership	How employees feel about the head of the company and the senior managers
Wellbeing	How staff feel about stress, pressure and the balance between work and home duties
My Manager	People's feelings towards their immediate boss and their day to day managers
My Team	People's feelings about their immediate colleagues
Fair Deal	How happy the workforce is with pay and benefits
Giving Something Back	How much companies are thought of by their staff to put back into society and the local community
My Company	Feelings about the company people work for as opposed to the people they work with
Personal Growth	Whether staff feel challenged by their job, their skills are being used and if there is scope for advancement

Table 37: Factors for 100 Best Companies to Work For
(Sunday Times, 2009).

The 2009 Ministry of Defence 'Have Your Say' Employee Engagement survey achieved a response rate of 49%, which equated to 39,653 returns (Ministry of

Defence, 2009). The 2010 Vodafone ‘Have Your Say’ Employee Engagement survey, administered by the Hay Group, achieved a response rate of 90%, which equated to approximately 72,000 people (Vodafone invites its 80,000 core employees to participate, but not those employees in companies where Vodafone has only a part share).

The Ministry of Defence Civil Service and Vodafone provided access to all 56 and 61 questions respectively, and all the answers; whereas IBM provided a slide deck with a high level overview of the results. The results enable some conclusions to be drawn in terms of the level of employee satisfaction with the organisation, and the employees’ level of engagement.

Any direct comparison of data was difficult given the different scoring systems. Both Vodafone and the Ministry of Defence Civil Service used a percentage system, whilst IBM used a rating of 1-5: 1 representing poor, and 5 representing fully satisfied. It is difficult to correlate their responses beyond looking for themes; hence these findings are limited.

Leadership: How employees feel about the head of the company and the senior managers
Ministry of Defence Civil Service: <ul style="list-style-type: none"> • 23% of respondents believe the senior leadership team has a clear view for the future of the organisation; • 21% of respondents have confidence in the decisions made by the organisation’s senior managers; • 26% of respondents believe that the organisation as a whole is managed well; • 28% of respondents believe that the actions of senior managers are consistent with the organisations values.
Vodafone: <ul style="list-style-type: none"> • There are no questions about the senior leadership team.
IBM: <ul style="list-style-type: none"> • Translating Goals to Action – a low score of 2 (North West Europe); • Setting clear direction – the highest score of 5 (South West Europe).

Table 38: Employee Engagement Findings on Leadership
(Author, 2011).

It is notable that the Ministry of Defence Civil Service respondents gave low confidence ratings for ‘the senior leadership team having a clear view of the future’, ‘decisions made by senior managers’ and ‘how the organisation is managed’.

Wellbeing: How staff feel about stress, pressure and the balance between work and home duties
Ministry of Defence Civil Service: <ul style="list-style-type: none"> • 82% of respondents were clear about what was expected of them at work; • 62% of respondents felt their work load was acceptable; • 87% of respondents felt they had the skills to do their job effectively; • 65% of respondents felt they had the tools to do their job effectively; • 68% of respondents felt they achieved a good work-life balance.
Vodafone: <ul style="list-style-type: none"> • 77% of respondents stated that their manager supports their work life balance; • 62% of respondents felt that their wider department showed a genuine interest in their well-being;
IBM: <ul style="list-style-type: none"> • Respondents gave this a score of 4.

Table 39: Employee Engagement Findings on Well-being
(Author, 2011).

There was a commonality across the organisations regarding workload and work-life balance. The high scores indicate that employees are content with their working conditions and are satisfied with their employee wellbeing.

My Manager: People's feelings towards their immediate boss and their day to day managers
Ministry of Defence Civil Service: <ul style="list-style-type: none"> • 58% of respondents felt their line manager motivates them to be more effective in their work; • 51% of respondents felt their line manager helps them to understand how their work contributes to the organisation objectives; • 74% of respondents agreed that their line manager recognised when they have done their job well; • 62% of respondents felt their line manager evaluated their performance fairly; • 54% of respondents agreed that their received regular feedback on their performance.
Vodafone <ul style="list-style-type: none"> • 82% of respondents felt their manager sets high performance standards; • 85% of respondents are clear about the results expected of them; • 86% of respondents empowered by their manager to do their job; • 73% of respondents stated that poor performance is not accepted in the team;
IBM: <ul style="list-style-type: none"> • Respondents gave this the highest score of 5.

Table 40: Employee Engagement Findings on My Manager
(Author, 2011).

The participants across all three organisations responded positively in terms of their feelings towards their line manager, in particular with regard to the manager recognising and valuing high performance.

My Team: People's feelings about their immediate colleagues
Ministry of Defence Civil Service: <ul style="list-style-type: none"> • 79% of respondents agreed that the people in their immediate team could be relied upon to help when things get difficult; • 76% of respondents stated that the people in their team find ways to improve the service provided; • 69% of respondents felt they were encouraged to find new and better ways of doing things.
Vodafone: <ul style="list-style-type: none"> • 81% of respondents felt there was good co-operation and teamwork within their team; • 84% of respondents stated that the team's goals and priorities are clear; • 86% of respondents felt that their team looks for ways to improve the customer experience.
IBM: <ul style="list-style-type: none"> • Respondents gave this the highest score of 5.

Table 41: Employee Engagement Findings on My Team
(Author, 2011).

Employee feedback in both organisations confirmed positive feelings towards colleagues. The impact of peers on individuals is almost as significant as the impact of line managers on an individual.

Fair Deal: How happy the workforce is with pay and benefits
Ministry of Defence Civil Service: <ul style="list-style-type: none"> • 41% of respondents felt that their pay adequately reflected their performance; • 44% of respondents were satisfied with the total benefits package; • 34% of respondents felt that their pay was reasonable when compared to people in similar jobs in other organisations.
Vodafone: <ul style="list-style-type: none"> • 49% of respondents feel that their total reward package is fair; • 61% of respondents stated that better performance leads to better reward.
IBM: <ul style="list-style-type: none"> • In North-East Europe an average score of 3 was given; • In South-West Europe a high score of 4 was given.

Table 42: Employee Engagement Findings on Fair Deal
(Author, 2011).

The overall levels of satisfaction across all three organisations would suggest that respondents consider the current arrangement to be reasonably fair. Arguably all of the respondents would like to see an increase in pay and benefits: this was felt most strongly in Vodafone. The slight variation in scores within IBM is considered within the normal range, but may highlight greater satisfaction in South-West Europe.

Giving Something Back: How much companies are thought of by their staff to put back into society and the local community

This category was not reflected in any of the employee engagement surveys: although it is used as one of the categories used by the Sunday Times in assessing the '100 Best Companies to Work For'.

My Company: Feelings about the company people work for as opposed to the people they work with

<p>Ministry of Defence Civil Service:</p> <ul style="list-style-type: none"> • 58% of respondents were proud to work for the organisation; • 45% of respondents would recommend the organisation as a place to work; • 53% of respondents felt a strong personal attachment to the organisation; • 39% of respondents felt the organisation inspired them to do the best in their job; • 34% of respondents stated that the organisation motivated them to achieve their objectives.
<p>Vodafone:</p> <ul style="list-style-type: none"> • 82% of respondents were proud to work for Vodafone; • 76% was the overall rating for Vodafone as a place of work; • 81% of respondents would recommend Vodafone as a place to work; • 83% of respondents confirmed they were intending to stay working at Vodafone for the next 5 years; • 64% felt that Vodafone was open and honest.
<p>IBM:</p> <ul style="list-style-type: none"> • There are no responses that compare.

Table 43: Employee Engagement Findings on My Company
(Author, 2011).

The level of positive affectation towards Vodafone was high when compared to the Ministry of Defence Civil Service. However, it is not clear why individuals

chose to give a comparatively low score in terms of whether they felt Vodafone was open and honest. In IBM, this question was not asked: therefore, there are no results to compare.

Personal Growth: Whether staff feel challenged by their job, their skills are being used and if there is scope for advancement
<p>Ministry of Defence Civil Service:</p> <ul style="list-style-type: none"> • 90% of respondents stated that they were interested in their work; • 76% of respondents believe that they are sufficiently challenged by their work; • 74% of respondents felt their work gave them a sense of personal accomplishment; • 75% of respondents felt they had a choice in deciding how they did their work; • 58% of respondents felt they were involved in decisions affecting their work.
<p>Vodafone:</p> <ul style="list-style-type: none"> • 76% of respondents felt that their job made good use of their skills and abilities; • 69% of respondents stated that their manager coaches them to improve their skills and performance; • 72% felt that they were encouraged to show innovation; • 72% felt that there were opportunities to learn the skills and knowledge to do their job well; • 60% of respondents felt they could achieve their career objectives at Vodafone.
<p>IBM:</p> <ul style="list-style-type: none"> • Across all geographic areas of IBM, 'Career Goals' scored 1, the lowest of all the ratings. • 'Good use of skills' achieved 2 in all geographic areas except North West Europe where it achieved the highest score of 5.

Table 44: Employee Engagement Findings on Personal Growth
(Author, 2011).

The findings in terms of personal growth varied considerably in strength of feeling. Employees in the Ministry of Defence Civil Service gave their highest score for being interested in their work; but a comparatively low score for how involved they were in decision-making with regards to their work, reflecting the hierarchical organisation. The Vodafone respondents gave stronger scores for how their job made good use of their skills, compared to whether they felt they could achieve their career objectives at the company.

For IBM, too, the results were mixed. There was unanimous dissatisfaction with the lack of career goals within IBM. Given that this low rating also appeared in the IBM 2008 Employee Engagement survey, it is already considered by the IBM senior leadership team as the single most critical driver for the organisation to focus on. The consistent response of 2 for 'Good Use of Skills' by respondents in Japan, North America and South-West Europe was low, and arguably should also be of concern. In sharp contrast, respondents from North-East Europe awarded this a high response of 5.

4.9.1 Quantitative Data - Employee Engagement Surveys - Findings

The survey findings for all three organisations highlighted a common satisfaction with line managers, peers and wellbeing. In contrast, the areas that received the lowest scores were different. For the Ministry of Defence Civil Service, it related to the confidence expressed in the senior leadership; for IBM, it related to personal growth - in particular, career goals - and in Vodafone, it related to the view that their total reward package was not fair. Whilst these results provide a breadth of views across the global organisations, they do not specifically reflect the views of talent.

In terms of the model, these findings may suggest that inspirational leadership from CEO down through all line managers would be desirable for the Ministry of Defence Civil Service employees, along with a climate of trust. For IBM, a commitment to development, challenging work and a high-performance culture would be desirable. Vodafone respondents wanted greater performance-related rewards. These areas were all added to the model, as part of the section on organisational culture that drives performance.

4.10 QUANTITATIVE DATA –INDIVIDUAL PERSPECTIVE

As discussed previously in Chapter Three, the researcher sought to gather quantitative data from the perspective of talented individuals, to examine factors that specifically affected their performance, in order to confirm that the

developing model met their requirements. However, access to the talent cohorts of the organisations used for the case studies proved difficult. To gather individual input, a military cohort was used; and subsequently, access to a talent cohort within Vodafone was used. In each case, respondents were given a questionnaire, and invited to state if they considered each factor to be essential, desirable, nice to have or irrelevant. There were 31 factors listed under the four themes: strategy, structure, culture and processes.

4.11 QUANTITATIVE DATA – MILITARY COHORT

The findings in Table 38 show both the actual response rates and, in brackets, the percentage rates from the military cohort. When calculated as percentages, the researcher chose not to include decimal points. As a consequence, some of the rows do not add up to 100%: this is because some of the scores, when converted to a percentage, attracted '0.4' as part of the score, and 'rounding up' the number would have been inaccurate.

In order to analyse the results from each cohort and then compare the findings, the military cohort findings were first analysed, to identify the top three attractors, retainers and nice to have issues. As these issues had arisen from the literature, any that were considered by the cohort to be irrelevant were highlighted and examined for strength of feeling.

	1 Essential	2 Useful	3 Nice to Have	4 Irrelevant
Aligned Strategy				
Clear Vision	7 (50%)	6 (43%)	1 (7%)	0
Clear Goals	10 (71%)	4 (28%)	0	0
Consistent Clear Strategies	6 (43%)	8 (56%)	0	0
Appropriate Structure				
Clear lines of communication	10 (71%)	3 (21%)	1 (7%)	0
Clear lines of power	5 (36%)	6 (43%)	2 (14%)	1 (7%)
A structure that can respond to the needs of the strategy	1 (7%)	11 (79%)	2 (14%)	0
Organisational Culture				
CEO/senior leadership team involvement in talent management	6 (43%)	7 (50%)	1 (7%)	0
Support from line managers	13 (93%)	1 (7%)	0	0
Strong / visible leadership	11 (79%)	3 (21%)	0	0
Employee empowerment	10 (71%)	4 (28%)	0	0
Employee engagement	10 (71%)	4 (28%)	0	0
Employee involvement	10 (71%)	4 (28%)	0	0
Participative decision-making	8 (56%)	6 (43%)	0	0
Challenging and meaningful work	14 (100%)	0	0	0
Ability to contribute ideas / make a difference	13 (93%)	1 (7%)	0	0
Individuals have a wide range of job skills	2 (14%)	9 (64%)	3 (21%)	0
Good 2-way communication	9 (64%)	4 (28%)	1 (7%)	0
Innovation / creativity encouraged	7 (50%)	5 (36%)	2 (14%)	0
Team working encouraged	4 (28%)	8 (56%)	2 (14%)	0
The expected values and behaviours clearly expressed	6 (43%)	5 (36%)	3 (21%)	0
Honest feedback and transparency	8 (56%)	4 (28%)	2 (14%)	0
Can-do culture	6 (43%)	6 (43%)	2 (14%)	0
Motivated employees	11 (79%)	3 (21%)	0	0
Customer-focused	2 (14%)	9 (64%)	3 (21%)	0
No blame culture for mistakes	6 (43%)	6 (43%)	2 (14%)	0
Individual accountability	7 (50%)	4 (28%)	2 (14%)	1
Encouraged to participate in Training and Development	6 (43%)	7 (50%)	1 (7%)	0
Talent focused Processes				
Performance management system in place	7 (50%)	5 (36%)	2 (14%)	0
Rewards linked to performance	7 (50%)	5 (36%)	1 (7%)	1 (7%)
Good remuneration and bonus scheme	7 (50%)	4 (28%)	2 (14%)	1 (7%)
Talent Management Metrics	4 (28%)	7 (50%)	3 (21%)	0

Table 45: Organisational Themes, Military Cohort Performance Enhancers
(Author, 2010)

The results highlighted an overwhelming strength of feeling for organisational culture as a factor that would most positively affect the performance of the military cohort. Moreover, an emphasis on challenging and meaningful work and a climate that encourages empowerment, engagement and involvement emerged. This not only reflected the data from the literature, but was consistent with the results from the employee engagement surveys. However, the common responses from the talented individuals may reflect that they were part way through a human resource management course, on which some of these important issues had already been discussed.

The group positively identified that engagement of the CEO and senior leadership team was an area that would enhance their performance; but the low response rate did not appear consistent with the literature or the case study results. The responses regarding strategy and structure highlighted a desire for clear goals and clear lines of communication. Of the four conditions, it was noted that the responses on processes were less strong. In order to conduct further analysis on the data, the responses provided for 'attractors', 'retainers' and 'performance enhancers' were compared: to look for high scoring areas of commonality and difference.

4.11.1 Attractors

The candidates prioritised the conditions that would attract them to join an organisation. The top three attractors all received strong scores:

- Challenging and meaningful work: 93% essential; 7% useful.
- Support from line managers: 86% essential; 7% useful; 7% nice to have.
- Strong / visible leadership: 79% essential; 21% useful.

In addition, three separate individuals each choose one condition that was irrelevant to them in their decision to join an organisation. The three conditions were:

- CEO/senior leadership team involvement in talent management;
- Customer focused;
- Individual accountability.

4.11.2 Retainers

In selecting the conditions that would most affect the talented individuals to remain at an organisation, the talented individuals were again consistent in their responses. The top three factors were:

- Support from line managers: 93% essential; 7% useful.
- Ability to contribute ideas / make a difference: 86% essential; 14% useful.
- Challenging and meaningful work: 78% essential; 22% useful.

Of interest, two of the group each identified a condition that was irrelevant to them in terms retaining them at an organisation. The two conditions were:

- Team working encouraged;
- Customer-focused.

4.11.3 Performance Enhancers

Despite completing the questionnaires individually without conferring, the candidates were unanimous in their view. All 14 individuals highlighted the same three conditions that would positively affect their performance at work:

- Challenging and meaningful work: 100% essential.
- Support from line managers: 93% essential; 7% useful.
- Ability to contribute ideas / make a difference: 93% essential; 7% useful.

In terms of the factors that were considered irrelevant, again two individuals within the group each highlighted one condition that would be irrelevant to them in terms of enhancing their performance. These were:

- Individual accountability;
- Individual has a wide range of job skills.

4.12 QUANTITATIVE DATA – VODAFONE COHORT

In contrast to the military cohort, the Vodafone cohort was only asked to identify the factors that enhanced their performance. This was because the data was collected by e-mail rather than in a workshop; the researcher chose to minimise any scope for error through, for example, respondents misunderstanding the instructions. In terms of response rate, there were 24 respondents out of a Vodafone cohort of 40 (thus a 60% response rate), which reflected the challenge of collecting data electronically rather than in person. The results are detailed in Table 39.

Of note, the military cohort and the Vodafone cohort did not agree on the same top three factors that would drive their performance in work. For the Vodafone cohort, the top three performance enhancing conditions were:

- Clear goals: 96% essential; 4% useful.
- Employee engagement: 83% essential; 17% useful.
- Clear lines of communication: 79% essential; 33% useful.

Finally, five conditions were identified, albeit by only one or two respondents, that would be irrelevant in terms of enhancing their performance. These were:

- Clear lines of power;
- CEO/senior leadership team involvement in talent;
- Encouraged to participate in training and development;
- Performance management system in place.

	1 Essential	2 Useful	3 Nice to Have	4 Irrelevant
Aligned Strategy				
Clear Vision	18 (75%)	6 (25%)		
Clear Goals	23 (96%)	1 (4%)		
Consistent Clear Strategies	18 (75%)	6 (25%)		
Appropriate Structure				
Clear lines of communication	19 (79%)	8 (33%)	2 (8%)	
Clear lines of power	4 (17%)	13 (54%)	5 (21%)	2 (8%)
A structure that can respond to the needs of the strategy	13 (54%)	9 (37%)	2 (8%)	
Organisational Culture				
CEO/senior leadership team involvement in talent management	9 (37%)	13 (54%)	1 (4%)	1 (4%)
Support from line managers	12 (50%)	11 (46%)	1 (4%)	
Strong / visible leadership	15 (63%)	9 (37%)		
Employee empowerment	15 (63%)	9 (37%)		
Employee engagement	20 (83%)	4 (17%)		
Employee involvement	13 (54%)	11 (46%)		
Participative decision-making	3 (13%)	13 (54%)	8 (33%)	
Challenging and meaningful work	11 (46%)	13 (54%)		
Ability to contribute ideas / make a difference	13 (54%)	10 (42%)	1 (4%)	
Individuals have a wide range of job skills	4 (17%)	10 (42%)	10 (42%)	
Good 2-way communication	12 (50%)	8 (33%)	4 (17%)	
Innovation / creativity encouraged	8 (33%)	11 (46%)	5 (21%)	
Team working encouraged	14 (58%)	10 (42%)		
The expected values and behaviours clearly expressed	11(46%)	10 (42%)	3 (13%)	
Honest feedback and transparency	15 (62%)	9 (37%)		
Can-do culture	15 (62%)	8 (33%)	1 (4%)	
Motivated employees	18 (75%)	6 (25%)		
Customer-focused	14 (58%)	8 (33%)	2 (8%)	
No blame culture for mistakes	11 (46%)	11 (46%)	2 (8%)	
Individual accountability	12 (50%)	11 (46%)	1 (4%)	
Encouraged to participate in Training and Development	1 (4%)	13 (54%)	8 (33%)	1 (4%)
Talent focused Processes				
Performance management system in place	12 (50%)	11 (46%)		1 (4%)
Rewards linked to performance	18 (75%)	6 (25%)		
Good remuneration and bonus scheme	8 (33%)	14 (58%)		
Talent Management Metrics	2 (8%)	19 (79%)	2 (8%)	1 (4%)

Table 46: Organisational Themes, Vodafone Cohort Performance Enhancers
(Author, 2012)

4.13 QUANTITATIVE DATA – INDIVIDUAL PERSPECTIVE FINDINGS

The results of the quantitative data collected from both the military and the Vodafone talent cohort were compared to determine the impact on the model. For the military cohort, the performance enhancing results were used; whereas for the Vodafone cohort, these were the only results with which to compare. Of note, the cohorts had identified different factors for the top three conditions that could enhance performance. This may reflect the context of their work environment.

The military cohort felt that challenging and meaningful work would drive their performance. However, in Vodafone, budgetary pressure means that there are no roles that could be described as not challenging or meaningful. Roles at every level are scrutinised every year; and if they do not add significant value to the organisation, are either cut, with the work passed to another appointment, or downgraded in order to challenge someone more junior.

The second condition identified by the military was support from line managers. Whilst the Vodafone cohort felt that this too was important for enhancing performance, only 50% felt it was essential, and 46% considered it useful. Again, this may reflect the pressure in Vodafone on line managers: who receive feedback from their direct reports each year, through the employee engagement survey. Each manager with more than four direct reports receives a Manager Index score as a percentage: this score, for many areas of the business, is used as a Key Performance Indicator, linked to the end of year individual bonus. As such, line manager commitment in Vodafone already exists.

The third condition identified by the military cohort was the ability to contribute ideas, which may reflect their frustration at working in a hierarchical culture where much of the communication is top down. In Vodafone, the organisation is far flatter; and lends itself to two-way communications between a manager and his/her direct report.

The Vodafone cohort expressed a strong preference for clear goals as a means to drive performance. Having worked for 18 months in Vodafone, the researcher can appreciate this desire for clarity. In Vodafone, an individual sets their own goals based on where he/she would like to take the role: quite the opposite from the military, where Terms of Reference are often issued to the role holder at the beginning of the appointment, and the line manager outlines the priorities for the incumbent. Vodafone rewards the achievement of performance goals, and behaviours demonstrated throughout the year. However, the setting of goals at the beginning of the year is individually driven: the line manager then agrees them or amends the goals as required.

The second strongest condition identified by the Vodafone cohort was for employee engagement, which reflects the literature. The emphasis on communication throughout Vodafone with the annual employee engagement survey may be a reason why this condition received such strong interest. For the military, employee engagement is not considered a requirement, there is a top-down culture of 'tell' not 'sell', and the majority of military personnel are committed to the importance of their role. Once again, these differences may reflect organisational culture.

The strong support for clear lines of communication from the Vodafone cohort is, again, not a surprise to the researcher. Vodafone has a complicated organisational structure that relies extensively on matrix working. As such, the lack of a clear hierarchy would appear to have the potential to complicate communication and ownership.

4.14 PRIMARY RESEARCH FINDINGS

Once the primary data was collected from the case studies, interviews, documentary data, three employee engagement surveys and two talent cohorts, it was brought together. The collective data confirmed that the four themes of

strategy, structure, culture and processes had an interdependent relationship with an organisation. Moreover, strategy and culture had more influence on organisational performance than structure or processes, which were now confirmed as enablers for the purpose of the model.

4.15 PRIMARY RESEARCH FINDINGS - STRATEGY

The lack of a strategy in the Ministry of Defence Civil Service had caused difficulty in the creation of a talent management strategy, because it had been difficult to identify the skills and capabilities required of the workforce, and frustrating for employees, as noted in the employee engagement survey. The Cabinet Office Capability Report had recommended the introduction of a strategy for the Civil Service, which had led to the Defence Plan being implemented.

Moreover, in Sony, a strategy had been written in Tokyo which bore little relation to the UK talent management strategy: which held that not only was an organisational strategy required, but it needed to offer clarity on opportunities for that market, articulate how resources, knowledge and vision could be aligned, and highlight the organisational capabilities and strengths, so that a talent management strategy could support the delivery of this. Drawing upon the experience of IBM, it was apparent that a large corporate organisation might have more success in aligning its talent management strategy to its business unit strategy (rather than its corporate strategy), to deliver the skills and capabilities required by the organisation. The experience of Unilever highlighted the need to not only align the talent management strategy with the organisational strategy, but frequently update both. The talent cohorts chose not to place much weight on strategy, and in particular, clear goals and vision, as a motivator for their performance. Therefore it could be argued that whilst from a managerialist perspective, strategy is of significant importance in terms of driving organisational performance, it is not so important from that of an individual.

4.16 PRIMARY RESEARCH FINDINGS – STRUCTURE

The case studies had highlighted the impact of structure on organisational performance. An agile structure was more likely to provide opportunities for faster decision-making and innovation. The relationship with structure and culture became clear, in terms of formal decision-making in the Ministry of Defence, when compared to Vodafone and Microsoft. The documentary data for the Ministry of Defence had recognised the impact of this, and highlighted the need for change to simplify the structure, reduce committees and increase individual accountability. The employee engagement surveys did not touch on the organisational structure, but the military talent cohort did consider this an important factor: in particular, a structure that can respond to strategy and clear lines of communication.

The relationship between structure and culture was noted, particularly in the experiences of Microsoft and Sony, which highlighted the impact of the national culture in which the corporate headquarters operated. For Microsoft, the US influence on talent management had led to the UK in-country office embracing the need to recruit, develop, retain and reward talent. In contrast, the Japanese influence on the Sony UK office was markedly different.

Therefore, the collective primary research findings highlight the need to include organisational structure in the model, because of its influence on strategy and culture. However, in terms of significance, it is considered an underpinning enabler, and less important than strategy or culture.

4.17 PRIMARY RESEARCH FINDINGS – CULTURE

The breadth of subjects covered under organisational culture included values, leadership and much else besides. Therefore, culture was unpacked to

determine the key areas of influence on organisational and individual performance.

From the managerialist perspective, there was a significant relationship between the CEO and senior leadership team in terms of owning talent management within the organisation, and the commitment from the line managers to actively support and empower talent. The interdependency between culture and strategy was clear in driving performance. Moreover, the relationship between culture and processes, in order to gain traction and have consistency across the organisation in attracting and retaining talent to drive performance, also became clear.

From the employee engagement surveys and the military talent cohort, it was clear that the line manager had a big impact on employee engagement; and hence, performance at work. In particular, this related to support from line managers, strong/visible leadership, challenging work, a climate of trust in which individuals can contribute ideas, empowerment, involvement, performance-related rewards and recognition. Thus, these individual factors within culture were specifically mentioned in the model.

It would appear from all the primary research findings that culture is a significant factor, perhaps of equal importance to strategy for the model; and that in comparison, structure constitutes an enabler.

4.18 PRIMARY RESEARCH FINDINGS - PROCESSES

Talent-focused processes covered a wide range of subjects, from the existence of an Employee Value Proposition, to conducting talent reviews and managing the reward package for good performance and high potentials. The case studies discussed the extent to which these had been implemented in their own organisation but, alone, it was clear that processes did not drive performance. The employee engagement surveys did not touch on processes; and the

military talent cohort placed little importance on these from the individual perspective.

The inclusion of processes in the model appeared to be appropriate, because of the interdependency between culture and processes. However, the processes themselves appeared to be nothing more than an enabler or a means of implementing cultural values consistently across the organisation. The inclusion of processes in the model would appear to be less significant than that of culture or strategy.

4.19 CREATION OF THE MODEL

The first step in creating the model was to draw together the pre-coding table, used to prepare the 16 research questions and sub-questions employed for the case studies. Step two was to analyse the results of the transcripts in order to look for themes. The outputs from the case studies confirmed that there were four conditions that needed to be reflected in the model: strategy, structure, culture and processes. Step three drew on all the primary research findings, to confirm the inter-dependent relationship between these four conditions, and the fact that there needed to be far more of an emphasis on strategy and culture than structure and processes.

The model evolved from a rudimentary diagram of four boxes to something more detailed through continual refinement. The final version depicted the flow of talent into the organisation, from left of the picture, through to performance enhancing on the right, as an output.

In adapting the basic model of four boxes, the use of a rectangular box, to represent strategy, was the first logical step. Whilst not entirely reflecting the A4 size of a document, its rectangular nature is designed to represent the documented organisational strategy. The box was sub-divided to show the existence of a deliberate or emergent strategy (either corporate or business

strategy) at the top, because this should be the authoritative document against which the priorities of the talent management strategy are drawn. The rectangle contains the three main aims of a strategy, and the four main aims of a talent management strategy. The double-edged arrows depict the importance of ensuring that the strategies are fully aligned and regularly updated. The dominance of two of the conditions, strategy and culture, reflect that these shapes are the largest, with culture represented by a triangle. The double-edged arrows between strategy and culture reflect their relationship. Collectively, strategy and culture have an influence on retention: hence the inclusion of 'retention' in a box at the top of the model in Figure 21.

Organisational culture is a complex area, heavily influenced by the beliefs and values of the CEO and senior leadership team: hence the small text box to the right highlighting this. Such was the top down influence of the CEO and senior leadership team on line managers, the researcher chose a triangle to represent culture. At the bottom of this are five key areas that have been found to affect employee engagement: challenging work, climate of trust, committed to development, high performance culture and performance related rewards. Overall, these factors were found in the primary research findings to be performance enhancing: hence the inclusion of an arrow on the right.

Finally, structure and processes were both deemed to be enablers only, in that they could not drive organisational performance on their own, but had the ability to facilitate the impact of strategy and culture in leveraging talent to drive organisational performance. As such, these two conditions were included in the model: and depicted by underpinning arrows that ran along its base, in support of strategy and culture. The step by step development of the model is detailed in Appendix 7.

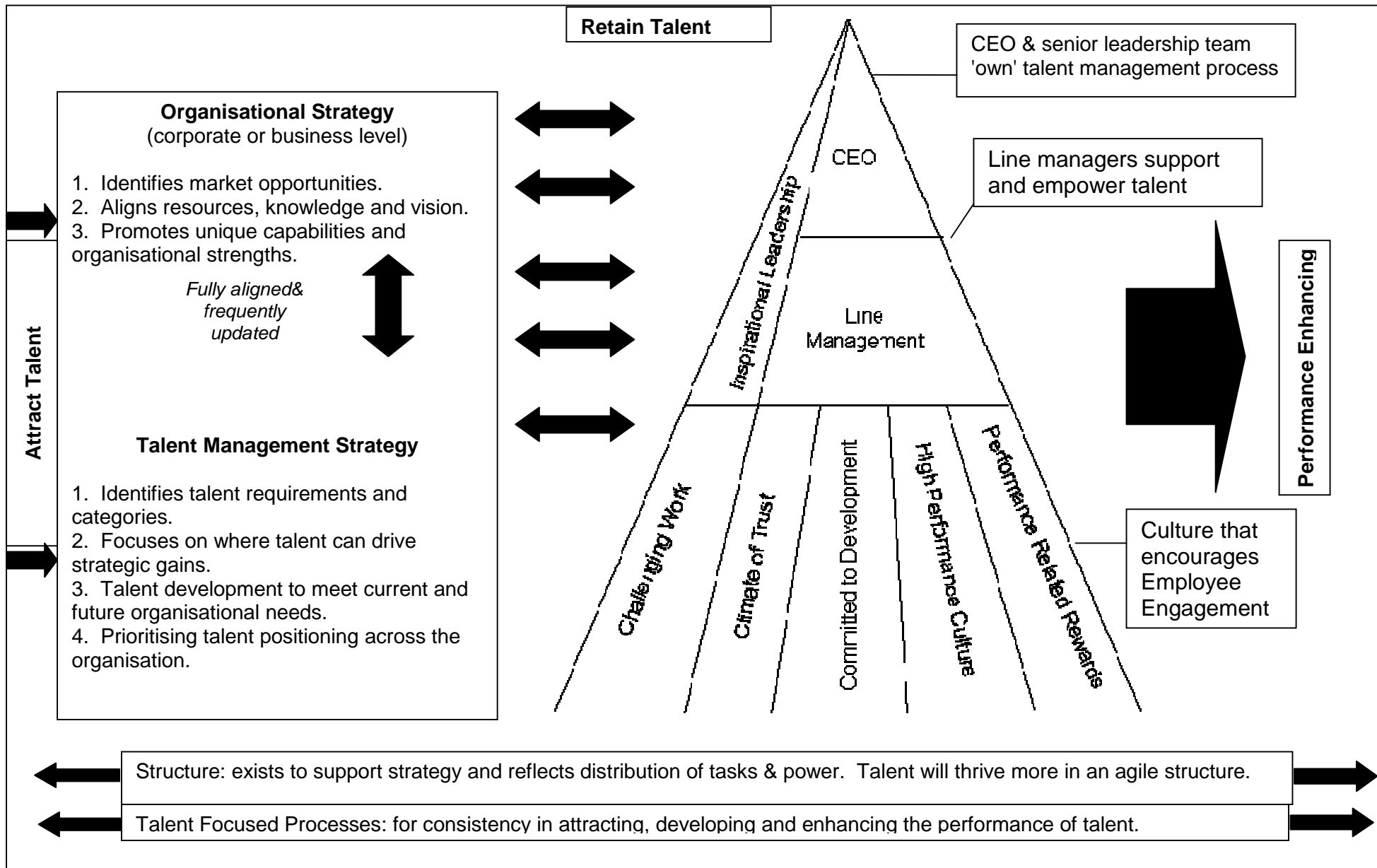


Figure 21: Enhancing Organisational Performance through Talent
(Author, 2010)

4.20 CONCLUSION

The literature review identified four conditions that affected the ability of a talent management strategy to enhance the strategic performance of an organisation. These were: strategy, structure, culture and processes. However, primary research was required to unpack these four conditions to determine the relationship between them, whether they were of equal importance, and what the sub-areas were in each of the four which had the ability to drive performance.

Primary research findings were gathered from case studies, documentary data, employee engagement surveys and talent cohorts. Collectively, they confirmed the importance of all four conditions, and an inter-dependency between them. Moreover, the findings led to the conclusion that strategy and culture were more significant than structure or processes. Drawing on the employee engagement and talent cohort data, it was possible to break out the areas within each of the four conditions, to provide greater clarity on what drives performance. These details were added to the model.

In Chapter Five, the primary research findings are analysed against the findings from the literature review, and the model is subjected to further testing. The aim is to develop a clear line of sight between the literature review and the findings: assessing how far the latter confirms the themes emerging in the former, with regard to this study's four key conditions of strategy, structure, culture and processes. These conditions are critical to the development of a watertight model, which is tested in the second half of the next Chapter by a number of further organisations, as well as four of the six case study organisations at the heart of this thesis. Feedback from these organisations was then incorporated into the final model, set out at the end of the next Chapter.

CHAPTER 5

ANALYSIS

5.1 INTRODUCTION

The literature review findings from Chapter Two and primary research findings from Chapter Four are now drawn together and analysed, in order to answer the research question: ‘What are the conditions required within organisations that would enable a talent management strategy to be put in place?’ The literature review found four conditions that affected the performance of a talent management strategy in an organisation: strategy, structure, culture and processes. Culture, in particular, was a broad area that encompassed a number of different criteria, such as values and leadership.

Primary research was conducted to explore the four conditions, to determine whether there was a relationship between the four conditions; moreover, if one was more important than another and what, if any, were the key areas of significance within each condition. To gather primary data, the researcher undertook six case studies, gathered documentary data from the organisations, examined three employee engagement surveys and gathered quantitative data from two separate cohorts.

The researcher retrospectively contacted the case study organisations to confirm their definition of talent. The organisations that did respond, confirmed that they broadly followed the same definition of talent ie high potential talent that was capable of fulfilling a senior leadership role in the organisation. However, the criteria used by the organisations to measure high potential varied slightly. By adopting the Critical Realist approach, it could be argued that talent is real, even if it is difficult to define consistently (Miles and Huberman, 1994). The decision by the case study organisations to consider high potential talent as their definition of organisational talent may provide some clarity of what practitioners consider to be talent. Thus moving away from the literature, which continues to recognise Critical Talent (Connolly, 2005; Lawler, 2008; Powell and Lubitsh, 2007), Knowledge Workers

(Guthridge et al., 2008), and those employees with the skill to drive the business strategy (Cheese, 2008; Byham et al., 2002; Miller and Desmarais, 2007) as 'talent'.

The findings pertaining to the four key conditions described above were then compared with the Literature Review, set out in Chapter Two, and employed to further develop the model, first set out at the end of the previous Chapter. In addition, this Chapter details the feedback received from 8 organisations that validated and is incorporated into the model. However, the first step was to bring together the primary and secondary research findings on the four conditions.

5.2 ORGANISATIONAL STRATEGY

The literature review explored the conflicting opinions on strategy. These ranged from the chaos theorists, such as Stacey (1995), who felt that the existence of a strategy added little value, to Mintzberg (1998) who brought together the many different definitions of strategy from the very formal, staff-led strategies that failed to adapt to an evolving environment to the more informal strategies that were less prescriptive and evolved. Notwithstanding these different views, management theorists felt that an organisation without a strategy would struggle to have any sense of direction (Becker and Gerhart, 1996; Boxham and Purcell, 2008; Johnson et al., 1998; Legge, 1989; Porter, 1985). As discussed in Chapter Two, the key findings from the literature review also suggested that different levels of strategy can exist, be it at the corporate or business unit level; and an organisation may have more than one strategy, as long as at least one provides prioritised activity against which other policies and resources can be aligned. This view was endorsed by the military cohort, who had recently been taught these principles on their postgraduate course in human resources.

The literature also stated that strategy should reflect external and internal factors, and needs to be regularly updated (Boxall and Purcell, 2008; Porter, 1985). Moreover, the literature review found that the existence of a talent

management strategy provides clarity for the organisation on the skills and capabilities required to drive the organisational strategy and, to deliver the maximum benefit, it needs to be fully aligned with the business strategy (Lewis and Heckman, 2006; Heinen and O'Neill, 2004).

As discussed in Chapter Four, the primary data gathering had found examples of an organisation without a strategy, two organisations which had written but not updated their strategy, and two with a talent management strategy that was not aligned with the organisational strategy. This enabled the impact of these areas to be analysed.

The Ministry of Defence Civil Service did not have an organisational strategy, resulting in a number of consequences. The organisation had drawn criticism in the Cabinet Office Capability Report for not having clear priorities or clear accountabilities (<http://www.civilservice.gov.uk/>, 2010). In addition, the talent management strategy had been written in isolation, without confidence that the skills and capabilities could deliver the requirements of the organisation at macro level. Moreover, employees had expressed their frustration in the employee engagement survey about the senior leadership team, who did not appear to have a clear view on the organisation's future, or to manage the organisation well: resulting in employees having little confidence in the decisions made. The Cabinet Office Capability Report had recommended the introduction of a strategy, which in turn had led to the introduction of the Defence Plan, 2010-2014.

In the case of the two organisations to have written but not updated their strategies, the arrival of a new Chairman and CEO at Vodafone acted as a stimulus; whereas at Unilever, the strategy was re-written after the first profit warning in 75 years. Whilst the cause of the profit warning in 2004 was unclear, the investors blamed the poor five year strategy, and over-ambitious 5-6% growth on top brand sales. In contrast, the group's chief finance officer blamed poor weather, which had resulted in low sales of ice cream and Lipton tea in northern Europe. He also blamed increased competition for laundry products, soaps and shampoos in Europe and Asia (Google, 2012).

The commonality between chaos theorists and those that believe that a strategy can evolve lies in the ability to respond to external forces. Arguably, Unilever had not taken full account of these (Porter, 1995), such as growing competition in Europe and Asia, and even their own reliance on the weather, in their deliberate strategy. Moreover,, Unilever had also failed to identify the valuable, rare and imitable resources to enable it to achieve competitive advantage (Barney, 1991).

The two organisations to have implemented a talent management strategy but not aligned it with organisational strategy were the Ministry of Defence Civil Service and Sony. Whilst the challenges for the former have already been discussed, the experience at Sony was a little more complicated. As the corporate headquarters in Tokyo had focused, in their business strategy, on the development of technology, there was confidence that the products and services would generate market share. The direction to Sony's UK headquarters was to focus completely on sales, not on the development of talent for long term competitive advantage. The priority to pursue research development and sales may reflect the Eastern perspective that there is no shortage of talent. Whilst in principle, Sony remains largely successful, the lack of a long term focus on talent development in the West may not be sustainable.

The secondary and primary research findings highlighted the importance of including 'organisational strategy' in the model and, in particular, a number of specific factors. It appeared, from both the secondary and primary research, that an organisational strategy could add value, either at corporate or business level. To be most effective, the secondary research suggested it needed to identify and articulate market opportunities, align resources and promote unique capabilities (Johnson et al., 1998; Porter, 1995; Tvorik and McGivern, 1997). The findings from the primary research were that Sony, Unilever and the Ministry of Defence Civil Service would have benefited from this.

Moreover, the link to the existence of a talent management strategy was considered important, particularly one which identified talent for the organisation, focused on where talent can drive strategic gain, and on both the development and deployment of talent within the organisation (Bergeron, 2004; Heinen and O'Neill, 2004; Lewis and Heckman, 2006). Again, the experience of the Ministry of Defence Civil Service and Sony confirmed this. For both strategies to be effective, it was identified that they needed to be aligned and frequently updated (Byham, 2003; Heinen and O'Neill, 2004). Once more, the experience of Unilever highlighted this point.

5.3 ORGANISATIONAL STRUCTURE

Chandler's assertion that 'strategy comes before structure' reflects the view that structure represents an enabler, which supports delivery of the strategy through the distribution of power and resources. However, as discussed in Chapter Two, this view has since been criticised for being a little outdated, as it does not reflect the increasing number of leaner, matrix-run organisations (Galbraith and Nathanson, 1978). Notwithstanding this, the findings from the primary research are that the organisational structure does have a bearing on the speed of decision-making and the capacity for innovation. For example, the more mature organisations such as the Ministry of Defence Civil Service, IBM and Unilever have found the ability to gain traction with talent management and the overall process of change to be slow and frustrating, when compared to Microsoft and Vodafone.

As discussed in Chapter 4, Unilever noted that Microsoft and Vodafone are young companies, weighed down neither by tradition nor baggage: something inevitably impacting upon organisational culture too. Moreover, as highlighted in Chapter 2, the size and structure of an organisation impacts on its ability to deliver against the business strategy, and to manage talent. The smaller the organisation, the more able it is to support the development of employees and respond to changes in the business environment; whereas organisations with between 1,000 and 10,000 employees tend to struggle to develop – or indeed,

neglect completely – the formal processes or managerial focus necessary to manage talent effectively.

Proactive management, a clear structure and formal processes are therefore imperative within larger companies – otherwise, as Collins (2001, p. 121) puts it:

‘As a company grows [from small to medium] it begins to trip over its own success - too many new people, too many new customers, too many new orders, too many new products. What was once fun becomes an unwieldy ball of disorganized stuff. Lack of planning, lack of accounting, lack of systems and lack of constraints create friction.’

The findings of this study suggest that young, modern companies such as Microsoft and Vodafone are eminently aware of the above. As they have grown, the findings suggest they have embraced talent management throughout their organisations. Yet interestingly, despite its position of dominance in the information technology market, Microsoft employs less than 95,000 individuals worldwide (http://www.microsoft.com/en-us/news/inside_ms.aspx, accessed 8 October 2012); and Vodafone, another enormous company within the telecommunications industry, fewer than 85,000 people (http://www.vodafone.com/content/annualreport/annual_report11/business-review/people.html, accessed 8 October 2012).

These figures compare with, according to 2009 figures, over 85000 civil servants being employed by the Ministry of Defence (http://www.defencemanagement.com/news_story.asp?id=10773, accessed 8 October 2012) – which unlike the other case study organisations, can scarcely be viewed as an international organisation in the same way, albeit these numbers are now falling dramatically, and will continue to do so as cuts in the UK government budget are made; and an extraordinary 433,362 individuals employed worldwide by IBM: the second largest US firm in terms of numbers (<http://www.ibm.com/ibm/us/en/>, accessed 8 October 2012).

Given such unwieldy employee figures, it is surely not surprising that the findings suggested the Ministry of Defence – Civil Service and IBM to be hierarchical, slow to effect change and slow to embrace talent management. Put simply, the larger the company, the more difficult it is to put effective structures and processes in place: which perhaps helps explain why Microsoft and Vodafone employ so many fewer people than IBM.

Another finding from the primary data concerned the relationship between structure and culture: in particular, the national culture of the corporate headquarters, and distribution of power and resources throughout the organisation. The location and national culture of the corporate headquarters, and level of emphasis placed on talent management, was reflected within the UK headquarters. Whereas Microsoft, with its US corporate headquarters, had fully embraced talent management, the position at Sony, with its Asian corporate headquarters, was very different.

In terms of whether the organisations had adapted their structure to meet their changing strategy, results were mixed. It seemed that few of the organisations had moved beyond a small shift in senior leadership team membership or slight movement within headquarters teams; there were no radical changes to the organisational structure. This appeared to reinforce that organisational structure is not a key condition that affects the delivery of a talent management strategy in support of strategic organisational performance.

This suggested that, in terms of the model, structure was less important than strategy, although it did still have an impact. Whilst it was included into the model, it provided an underpinning role, akin to an enabler, that supported the delivery of strategy. Moreover, the structure of the organisation appeared to reflect both the style of strategy and the organisational culture: hence the inclusion of structure in the model underpins both strategy and culture. For example, the Cabinet Office Capability Report had recommended that the Ministry of Defence Civil Service refine its structure to improve individual accountability, and increase communications to improve engagement and

individual performance (<http://www.civilservice.gov.uk/>, 2010). In comparison, the relatively flat structure in Vodafone and Microsoft appeared to provide a culture that supported innovation and empowerment.

5.4 ORGANISATIONAL CULTURE

There was an abundance of data in the literature review on organisational culture, which was examined in section 2.4, and covered a broad spectrum of issues that affect 'how we do things around here'. In addition, it sought to define culture and climate and assess: how this manifested itself in terms of values and behaviour; how these were reflected in management and leadership styles; and how these affected individual motivation, performance and discretionary effort. Therefore, culture was a key area to unpack through the primary research, to determine if there were specific areas of culture that had more influence than others.

The primary research gathered from the case studies on culture, climate, values and behaviour highlighted the impact in the organisation, in cases where the CEO and senior leadership team believed in talent management. In essence, how they had:

'Shape[d] the way people act[ed] and interact[ed], and strongly influence[d] the ways in which things get done' (Armstrong, 1992, p. 69).

In Microsoft and Vodafone, this commitment, demonstrated by active engagement and inspirational leadership, had created the climate within the organisation, which appeared to have influenced the values of the line managers and the processes that existed; from differentiation to talent reviews and the decisions that were taken as a result of these. Similarly, but in a less positive way, the same was true in the other four case studies. Therefore, for the model, a key area for culture was the top down 'ownership of talent'.

Given that behaviours are said to reflect the beliefs, attitudes and values within the organisation (Williams et al., 1989) the organisations studied were asked to describe their culture. As discussed in Chapter Four, Microsoft and IBM had used words to describe the organisational culture that existed; whereas Vodafone promoted descriptors for a culture that they aspired to have, in order to encourage all employees to behave in this way. However, this approach was confusing for new employees, as rhetoric did not match reality.

The Ministry of Defence Civil Service had chosen: 'pace, passion, pride and professionalism', yet the Cabinet Office Capability Review Report had reflected that the Civil Service were a long way from this. As with Vodafone, this too may have reflected aspirational values, but it did introduce the issue of relativity. Could 'pace' in the Ministry of Defence Civil Service equal 'speed' in Vodafone? Clarity on values which drive behaviour throughout the organisation will ensure an honest Employee Value Proposition, leading to a good 'cultural fit' at recruitment, and minimise retention issues.

The literature review examined a number of theories on leadership in section 2.4.4, and the competencies that a leader could demonstrate to enhance the motivation of an individual and improve his/her performance. The data from the employee engagement surveys and the cohorts was analysed against this in respect of individual motivation, performance and discretionary effort.

Feedback from the employee engagement and cohorts suggested that what would enhance their performance and engagement were access to challenging work, a climate of trust, development opportunities (including international assignments), and recognition through performance-related rewards. As such, these areas were added to the model. In contrast, the extent to which a leader is charismatic, transformative or transactional, and whether the lines are blurred between the leader and follower, does not appear to be relevant for the model.

Therefore, as far as the model is concerned, the culture of the organisation begins with the CEO and senior leadership team owning talent, which can only be effective with the full support of the CEO. The active engagement of the CEO and senior leadership team in talent management then appeared to drive the behaviours of the line management: thus enhancing organisational performance (Bryan et al., 2008; Byham, 2003; Clarke, 2007; Guthridge et al., 2006; Michaels et al., 2001; Williams, 2000). Whilst the behaviours of the CEO and senior leadership team are likely to drive behaviours amongst line managers it is conjecture that this would then drive the performance of talent. However, by adopting the critical realist approach it could be considered likely, through additional reasoning, that the line managers would then influence the performance of talent.

The notably low confidence which the employee engagement feedback for both IBM and the Ministry of Defence Civil Service demonstrated in the senior leadership team (albeit, for the former, only in cases of North-West European employees, and only with regard to Translating Goals to Action) may bode ill for the performance of both organisations if it is not remedied.

Given that the generative mechanisms are easier to identify within the area of culture it reinforces the importance of culture for the model.

5.5 TALENT-FOCUSED PROCESSES

Given the emphasis in the literature on talent-focused processes, which was explored in section 2.5, the researcher was keen to determine the extent to which organisations had implemented these.

The key finding was that the willingness to fully introduce talent focused processes to support the Employee Value Proposition, flexible recruitment, development, talent reviews, differentiation, reward and metrics was reliant on an organisational culture that valued talent. Although most of the organisations had implemented some talent-focused processes, these were generally limited to a variable Employee Value Proposition, to attract and

retain talent, along with a graduate recruitment scheme. The lack of a talent factory, coaching for high potentials and the existence of competencies did not appear to have as much an impact on performance as the full implementation of differentiation. The commitment to conduct differentiation, more than any other process, appeared to confirm the engagement of the CEO and senior leadership team: particularly when this was coupled with decision-making, around both developmental interventions and support in finding the appropriate next role for the high potentials, and to deal with underperformance.

However, across the case studies, there was a variable commitment to differentiation. At Microsoft, roles and people were calibrated annually; the senior leadership team sign off the top 4% of talent each year, and discuss their next move. Vodafone were in a similar position. However, in the Ministry of Defence Civil Service, differentiation had been implemented, but only for the Senior Civil Service. Sony had experimented with differentiation but then buried the results. IBM and Unilever, having conducted differentiation once, had elected not to repeat it again too soon. Arguably, a firm commitment to annually completing differentiation against people and posts enables the organisation to ensure that employees are suitably employed, provides each individual with guidance on how to improve his/her performance against their peer group, and ensures that the right people are employed in suitably challenging roles.

In terms of financial reward, the literature review had examined the impact of this on motivation, and how organisations could use rewards to recognise team and individual performance. This was analysed in section 2.5.4. The literature review found that motivation and the contents of the psychological contract is an individual matter, and may vary over time. Although esteem, job satisfaction and progression are all factors, there does remain an element linked to financial reward: even if it is only a hygiene factor. Given that challenging work, development opportunities and recognition have already been discussed under culture, the process underpinning financial reward remains.

The commonality in the case study findings is that all organisations rewarded performance annually: although there were differences in how the reward package was calculated. The Ministry of Defence Civil Service based their reward entirely on individual performance; whereas the Private Sector organisations used a combination of team and individual performance, to encourage individuals to work together and reward those that performed the best. Shares were used to reward high potential staff in Microsoft, Unilever and Vodafone. Using Critical Realism as an Ontology it would suggest that talent (defined as high potentials by the case study organisations) is real and despite driving down labour costs through outsourcing and off-shoring the reward packages for both senior management and high potentials, as a tool to recruit and retain, continue to rise exponentially.

In section 2.5.5, the literature review considered the emphasis on the importance of metrics as a means of confirming a return on investment of talent management. However, the primary research findings indicated that lead indicators for talent management were under-developed; and that whilst some of the case study organisations had introduced lag indicators, the benefit in capturing this data was unclear. The findings from the case studies highlighted a commonality: in that all of the private sector organisations used metrics, whereas the Ministry of Defence Civil Service had not yet implemented these. Talent retention was a common metric; all organisations tracked this using a lag indicator.

Probing revealed that not all organisations used exit interviews to look for themes. For example, Microsoft always conducted exit interviews; but Vodafone had chosen to stop these because they were 'manpower-intensive'. The metrics used by Unilever included head count and diversity, although these added little value other than to provide an overview. Of note, Unilever had also introduced a lead metric to track the depth of their 'talent pipeline', to ensure that sufficient junior employees were being developed for future senior leadership team positions. This would appear to be a key metric for talent.

Microsoft had a detailed process that tracked all Exceptional Potential incumbents over a four-year period, in order to monitor progression within the company. This verified the progression of high potential individuals to confirm they were being fast tracked, compared to a colleague not on the Exceptional Potential programme. Moreover, it was also used to monitor the retention of those individuals.

Although the importance of consistency was recognised by the case study organisations, the use of processes was considered as nothing more than a tool to support culture and implement a talent management strategy: for example, the existence of a Employee Value Proposition, full commitment to differentiation and talent reviews, and the process to implement performance-related rewards for talent.

In terms of the model, the findings highlighted that talent-focused processes provide consistency in large organisations that support both the existence and alignment of the strategies: specifically, to support recruitment, reward, retention, development and deployment of talented staff to meet both organisational requirements and support the values of the organisational culture. To that end, the arrow was shown as an enabler that underpinned both strategy and culture.

Moreover, the primary research had confirmed that there was an interdependent relationship between the four conditions. Furthermore, these conditions could attract and retain talent but, more importantly for the purposes of this research, could enhance the performance of the organisation.

5.6 REACTION TO THE MODEL

Having created a model at the end of Chapter Four, it was distributed to a wider sample of organisations, to ensure that it was comprehensive and had applicability with other organisations. Choosing the organisations to provide comment on the model was not easy: the six case study organisations were

all approached but only four replied, with Vodafone and Sony the exceptions. The researcher then looked for six other organisations, where a personal relationship had developed through interviews or via a mutual acquaintance. This led to senior HR professionals and talent managers in Barclays, BP, Deloitte, Diageo, John Lewis and Serco being approached.

The span of industry sectors was coincidental but fortuitous, as it had the potential to expose one or more industry sector with a different view on talent management. The approaches were all made by e-mail, which explained the background and purpose of the research. With the exception of Serco, who scheduled a conference call for UK and US talent leads in order to understand more detail from the researcher, the remaining organisations replied electronically.

Once the organisations had committed to participating, the researcher provided a copy of the model, and descriptors to highlight the consequences on performance of including, or omitting, the elements of the model within the organisation. In addition, the organisations were sent a self-assessment questionnaire to conduct their own diagnostic. A copy of the model, descriptors and questionnaire, along with the text of the covering letter sent to the organisations, are contained in Appendix 8.

In order to request feedback on the model, the organisations were asked a series of questions based on their own experience:

- Does the model represent best practice?
- Does the model represent their organisation?
- In their opinion, was anything missing from the model?
- Would the model and self-assessment questionnaire be useful for other organisations looking to develop a talent management strategy?

The feedback from the organisations is summarised in Table 40. In general, these were positive: a number of helpful comments were received, and the model was amended accordingly.

Verbatim Feedback from Organisations	
Barclays	This looks great and a really in depth analysis of a talent management system. I'm not sure if you've included details on the importance of stakeholder engagement in developing strategy but that has been a key issue for us. Moreover, a system of continual verification or feedback loop is critical to confirm that it remains fit for purpose.
Diageo	One area that could be clarified is the involvement of line managers. From senior leadership team level down we have line managers but there is no distinction here between junior managers and senior executives yet their skills and capabilities to develop with experience.
IBM	There does not appear to be any recognition of the maturity of the organisation and the legacy issues that will have an effect the agility of the organisation and its ability to introduce a successful talent management strategy. Identification of areas of resistance and any advice on how to overcome such obstacles would be helpful.
John Lewis	<p>The JL Partnership's unique co-ownership business model intrinsically embraces talent development within each of the Partnership divisions, as part of its constitutional commitment to Partner fulfilment. Therefore, this useful model accurately represents our strategic focus and culture, and also the concept of underpinning this with a workable support structure and processes. However, in our fast growing business, with over 70,000 Partners currently spanning several divisions having necessarily different business goals and a continuous transformation process, the objective of aligning organisational structure to cross-divisional talent management implementation remains a challenging one.</p> <p>One minor observation on the model would be the wording against organisational structure. Employers might more readily engage with this model if this statement was reframed to read 'An organisational structure that on every level actively embraces (or supports, or promotes) the contribution of talent'. That said, we endorse the intent of this aspect of the model.</p>
Microsoft	<p>Having reviewed your model I would say that it stands up based on what we know of managing talent here at Microsoft.</p> <p>The only other thought I had was that I didn't see any reference to assessment and evaluation of either the model or the talent management processes an organization might implement. To ensure the strategy and processes etc are delivering what an organisation needs for the long term is an important proof point.</p>
Ministry of Defence Civil Service	In terms of aligning talent management strategy with organisational strategy, your model does I think represent the MOD Civil Service organisationally albeit only at the Senior Civil Service level. Here we have the 2 nd PUS taking a very proactive role in managing and developing SCS talent; the nine box grid is firmly established and she is helping us set the direction and accountability on the line. We have also worked hard to give assurance to

	<p>the Civil Service Development Group that through a systemic approach to workforce planning we have the most talented SCS in the most pivotal or high risk posts. We have also looked at the outcome of performance related awards to ensure that there is consistency (in terms of the people nine box grid) with who is reviewing the top awards.</p> <p>I think your model would be useful for less experienced organisations, as would the questionnaire. I am already using a mental variant of it in my discussions with Directors here around the development of Fast Streamers.</p>
SERCO	<p>The model represents where we aspire to be and it clearly explains some of the key building blocks to effective talent management. We are working on many of these elements but are restricted by a number of factors at the moment. I don't think there is anything missing from your model but a degree of judgement is required by the organisation when applying this. The questionnaire certainly makes sense although for less experienced organisations a bit more detail might be useful.</p>
Unilever	<p>Your questionnaire makes sense and appears to cover all angles.</p>

Table 47: Organisational Feedback on Final Model

(Author, 2010).

The comments identified a number of issues relating to the model. When setting the talent management strategy, it was suggested that stakeholder engagement be emphasised. In terms of organisational structure, greater clarity was requested on the different levels of line managers that could most influence the development of talent, unless this was aimed at all levels of management. For organisational culture, there was recognition that legacy issues may impede progress; advice on overcoming such obstacles was recommended, although it is considered that this lay outwith this thesis. Finally, under processes, more detail was requested on the questionnaire to help less experienced organisations, and the introduction of a feedback loop was suggested. These amendments were incorporated into the model.

5.7 CONCLUSION

The findings from the literature review and primary data gathering suggest that there are four conditions that can affect the ability of a talent management strategy to enhance the performance of an organisation. Moreover, talent management is being taken seriously within these organisations, and whilst it may be emerging as a sub-set of strategic human resources, it does appear

to be a new, different concept, gaining traction in its own right. The commitment to resources, across a number of different industries - telecoms, fast moving consumer groups, retail and banking - would indicate that this has relevance for all organisations, irrespective of their sector or industry within the UK.

Furthermore, the commitment and interest in talent management identified by this thesis would indicate that this is more than just the latest management fad. The primary data findings have afforded a degree of priority to the four conditions: strategy and culture appear to have the most influence, while structure and processes appear to be supporting enablers only. Having created a model, the researcher provided diagnostics to highlight the impact of including or otherwise each of the four conditions, along with a self-assessment questionnaire to enable organisations to conduct their own diagnostic. The final model was sent to 12 organisations for comment: those at the centre of the original six case studies, as well as another six organisations, in order to compare findings. Of the 12 organisations approached, eight responded. The responses from the eight organisations were generally positive. Some of the responses included:

“This looks great and a really in depth analysis of a talent management system” (Barclays).

“I am already using a mental variant of [the model] in my discussions with Directors” (Ministry of Defence Civil Service).

“The model represents where we aspire to be and it clearly explains some of the building blocks to effective talent management” (Serco).

The endorsement from high performing, established organisations confirms that the model incorporates all the key areas and, whilst no claim of generalisability is being made, it would appear that the model has wider utility for other industries. The feedback included a number of suggested amendments for the model: including ‘stakeholder engagement’ when

developing a strategy, a feedback loop for continual verification, clarity on the level of line manager involved below the senior leadership team, recognition of the maturity of the organisation, obstacles to talent management and how to overcome them.

The feedback was considered, and whilst not all of it necessarily reflected best practice, the researcher drew on the suggestions and accompanying text to create best practice for the model. For example, the suggestion from Barclays to include 'stakeholder engagement' when developing a talent management strategy would appear appropriate. It would ensure that the needs of the business are fully captured and that, once written and issued, the talent management strategy would be more likely to be adopted. As such, the wording in the strategy box has been amended to reflect this. In contrast, the feedback from John Lewis, and suggestion to include the following phrase, was deemed unnecessarily specific and not adding value:

'An organisational structure that on every level actively embraces (or supports, or promotes) the contribution of talent'.

The suggestion from Microsoft to include validation was accepted; and a feedback loop inserted to monitor progress and confirm the return on investment. However, the issues raised by IBM relating to a request for an acknowledgement of the maturity of the organisation and advice on overcoming obstacles have not been included, as these are considered areas worthy of further development beyond this thesis. The end result is an amended model that, together with the inventory and questionnaire, should ensure that the new model, displayed in Figure 31, could be applied to other organisations.

The next chapter draws together the findings of this research; confirms the validity of the key research question, objectives, assumptions and methodology; before moving on to discuss its limitations, and make recommendations for further study.

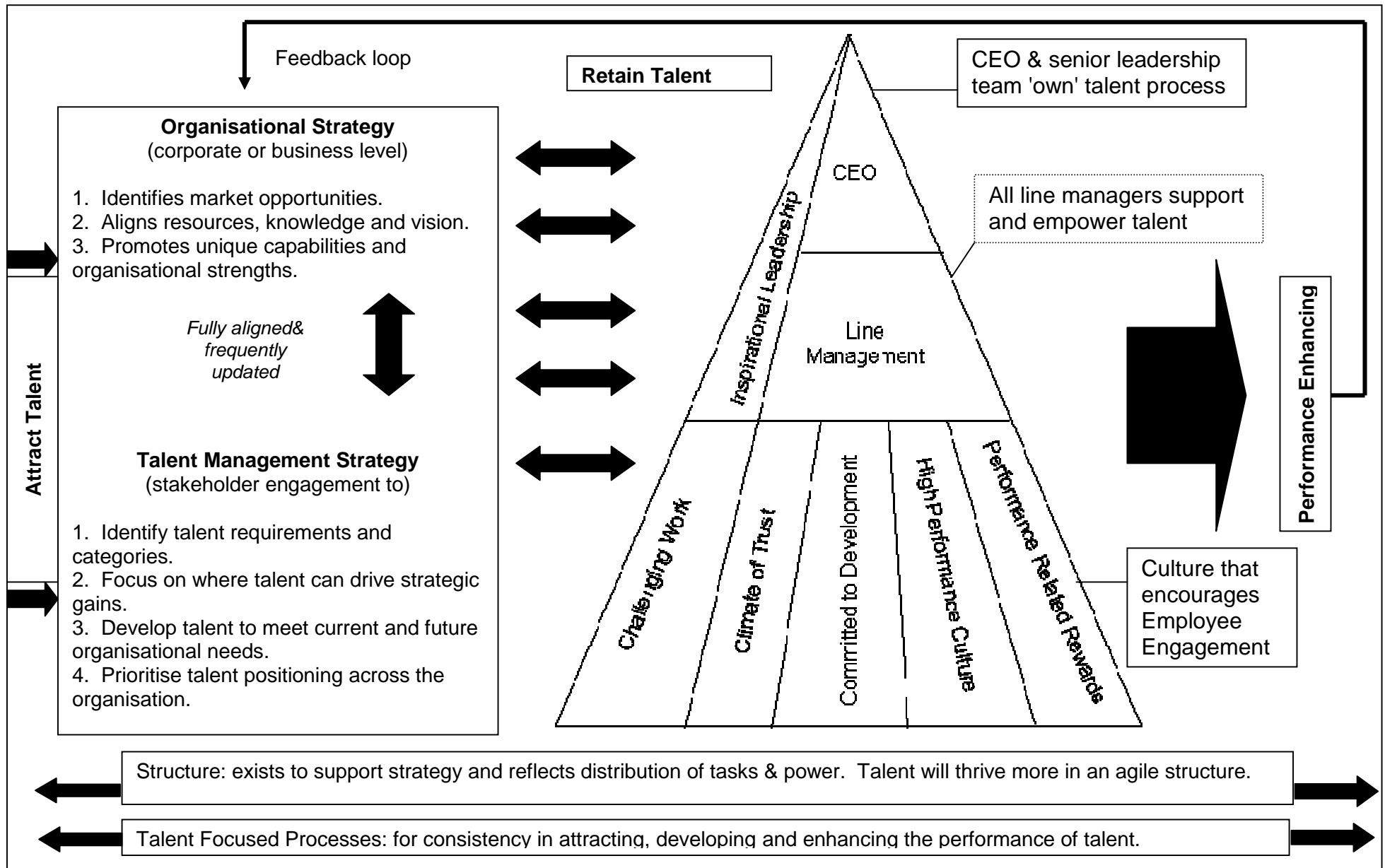


Figure 21. Enhancing organisational performance through talent (Author, 2010).

CHAPTER 6

CONCLUSIONS

6.1 INTRODUCTION

Talent management has attracted a great deal of attention in the literature, although much of this, written by consultants, lacks academic rigour. The purpose of this thesis was to examine talent management as a potential lever for enhancing organisational performance. As such, the researcher adopted the 'managerialist' perspective. Additionally, the researcher undertook to investigate if talent management was a subset of strategic human resources, stand-alone activity or, indeed, whether it was nothing more than the latest management fad.

This thesis set out to identify how organisations can create conditions that enable them to harness and build on the performance of talent, by pro-actively managing talent, in order to enhance the performance of the organisation. In order to identify the key conditions, research was undertaken with six case study organisations; and these results were cross-referenced with findings from employees, drawing on both large scale data through three employee engagement surveys, and more focused feedback from two cohorts: one from the military and one from Vodafone. The key deliverable was to create a model that highlighted the key conditions that emerged from the primary and secondary research. Once created, the model was circulated for comment to confirm its completeness.

In order to draw together the research, this Chapter confirms the relevance and validity of the research question, objectives and assumptions, before providing a high level overview of the research methodology. It then moves on to address conclusions, which include: the research limitations, lessons learned,

contribution to knowledge (both to the academic community and to the practitioner), and recommendations for further study.

6.2 RESEARCH QUESTION

Research Question: What are the conditions required within organisations that would enable a talent management strategy to be put in place?

In answering the research question, the researcher first had to determine if there were conditions in the literature that could influence the ability of a talent management strategy to enhance performance; and moreover, what these conditions were, and whether the primary research would confirm the existence of these and highlight any specific criteria within each of the conditions. The researcher also sought to identify the relative importance of each condition, and if there was an interdependent relationship between these. The answers to these questions were explored in Chapter Five: a summary of the findings is provided later in this Chapter.

6.3 ASSUMPTIONS

Prior to proceeding with the investigation into the potential contribution of talent management to organisational performance, a number of assumptions were made. These were tested in the literature review, and against the findings from the primary research. The assumptions identified the boundaries and utility of talent management within the context of an organisation, and are repeated below. The assumptions, detailed below, appear to remain valid:

1. 'Talent management' is a distinct but not separate area of human resource management;
2. There is merit in applying the US and UK findings on 'talent management' within a UK perspective;

3. 'Talent management' is a generic term that has utility for all organisations irrespective of their sector or industry;
4. 'Talent management' is not an end in itself but a lever to improve organisational performance and can help in the pursuit of competitive advantage;
5. All high performing organisations are competing, to a greater or lesser extent, for a limited pool of talent.

6.4 RESEARCH METHODOLOGY

As outlined in Chapter Three, the findings from the literature review were explored through primary research. This included gathering qualitative data and documentary data from six case study organisations; and employee engagement survey results from three of these six organisations. In addition, quantitative data was gathered from two cohorts.

The researcher adopted the 'reflexivity' ontology and specifically, the 'epistemic reflexivity' approach, as it involved the researcher questioning her knowledge and assumptions, and adding value to the research rather than remaining objective. In terms of the epistemological approach, the researcher elected to adopt the style of 'critical realism', as it allowed for the inclusion of experience and observation in the data gathering process (Johnson and Duberly, 2000).

Before embarking on the research, a number of constraints and considerations were identified. Given that it was being conducted on a part time basis and self-funded, the immediate constraints identified were time and money. As a result, the research conducted was limited in scale and scope, and does not make any claim on generalisability. The subject of talent management and its impact on organisational performance is a large area to research: so has led to the

identification of areas for further work. A further limitation lay in the competition to both recruit and retain talent, and for achieving and maintaining competitive advantage. Limited access to data was therefore anticipated.

In terms of research reliability, the researcher aimed to operationalise as much as possible, in order to facilitate another researcher replicating the procedures if required. Moreover, she aimed to minimise issues of observer bias, by preparing a set of open questions, and conducting the interviews in mid-week. She also aimed to minimise researcher bias by not leading the interviewee in the questioning, allowing the discussion to free flow to an extent, but still to follow the questions that had been prepared. The findings led to the creation of a model, tested with wider organisations for validation.

6.5 CONCLUSIONS

It is not intended to replicate the contents of Chapter Five, which drew together the literature findings and the primary research findings for analysis. Instead, this chapter will demonstrate how the background theory and focal theory are different as a result of the research undertaken.

This thesis set out to identify the conditions within an organisation that would enable a talent management strategy to be put in place. From the literature review, it appeared that there were four conditions worth exploring: the findings in each of these areas have already been analysed in Chapter Five. The case study interviews revealed a number of themes regarding the four conditions explored through further research; which included gathering quantitative data from two cohorts on: strategy, structure, culture and processes. These were examined to identify any dependency relationship; to determine if they held equal importance; and to assess what areas, if any, lay within each of the four conditions that were essential or desirable for the model. The four conditions are considered sequentially below.

6.5.1 Alignment Of Talent Management Strategy Against Business Strategy

‘Strategy’ was the first of the four conditions to be examined; this included the decision to adopt a deliberate or emergent strategy, or pursue the chaos theory approach and allow a strategy to develop; the acknowledgement to frequently update the strategy to reflect internal and external factors; and the use of lead and lag indicators to measure return on investment. Having established the organisational approach to a corporate or business strategy, the perceived importance of developing a talent management strategy was explored, along with the requirement for this to be fully aligned with the organisational strategy.

The above findings from the literature review were tested in the case studies, and the researcher found that the reality was a little different. All the Private Sector case study organisations had either a corporate or business strategy. In contrast, the Ministry of Defence Civil Service, at the time of the case study interview, did not have a corporate or business strategy, although a talent management strategy did exist and had been written in isolation, based on theoretical best practice.

The Cabinet Office Capability Report had expressed that the lack of a corporate strategy in the Ministry of Defence Civil Service had resulted in poor performance, and thus detailed a requirement to produce a strategy. From this recommendation, the Defence Plan was created. Moreover, the Ministry of Defence Civil Service employee engagement survey results confirmed that employees felt confused over priorities and were dissatisfied. Of note, both the cohorts identified ‘clear goals’ as a key area that would affect their performance and employee engagement. Whilst the Military cohort had gone on to request ‘consistent strategies’ as areas that could positively affect their performance at work, the Vodafone cohort had focused on ‘clear lines of communication’.

Therefore, it would appear that the risk of not having a business strategy lies in the potential for organisational and individual performance to suffer, and for employee satisfaction and retention to be negatively affected.

Whilst Unilever did have a corporate strategy, it had not been frequently updated to take into account changing external factors, such as the increasing mild weather influencing sales of tea and ice cream in Europe. Arguably, Unilever had become complacent in failing to review their strategy: an experience which highlights the importance of frequently reviewing both the corporate and the talent management strategy, to determine what internal or external factors, if any, may have changed or can be deemed to be changing.

The existence of a business strategy and a talent management strategy that are not aligned will not necessarily result in poor organisational performance if there are other factors in play: for example, if the company brand, such as Sony, is sufficiently strong to attract/retain talent, and the product is sufficiently good to continue to attract customers. The Ministry of Defence Civil Service did not have the same kudos for their brand, and their experience was very different. Therefore, whilst it is not ideal to write a talent management strategy in isolation of the business strategy, the experience of Sony appears to have resulted in organisational success. In other organisations, as was the case in the Ministry of Defence Civil Service, the outcome was very different.

The primary research findings were thereby upheld: the existence of either a corporate or business strategy was fundamental to providing clarity for the direction of the organisation and its employees. However, such a strategy did need to be frequently updated to identify environmental changes either within or external to the organisation. All case study organisations had a talent management strategy, supporting the importance of the findings from the literature. However, where this was not directly aligned to the corporate or business strategy, there was a risk that the wrong skills and attributes were being developed, which could impact on organisational performance and

retention. Although it appeared that Sony had overcome this through employing a surplus of talent, the experience in the Ministry of Defence Civil Service had been less positive. As such, the secondary findings were upheld: namely, that to be effective, the organisation is advised to directly align the corporate or business strategy with the talent management strategy.

6.5.2 An Organisational Structure That Supports Talent

The literature made three main assertions regarding organisational strategy in relation to talent management. First, that the structure should support strategy and not be an end in itself. Second, that talent will perform most effectively in an organisation where there are clear lines of both communication and power, and where the structure remains responsive to the strategy. Third, organisations can operate in the style of Structure-Centric or Human Capital-Centric organisations; but the latter would empower talent more, thus resulting in better performance and retention.

These three assertions were tested through primary research and, broadly, were upheld. First, there was consensus that the organisational structure was an enabler to support strategy: specifically, that structure alone would not drive performance but could facilitate, or impede, the impact of strategy and culture on driving performance. Second, the Cabinet Office Capability report had recommended changes to both improve communications (in order to enhance engagement) and reduce committees, in order to improve individual accountability and clarify lines of power with which to improve performance.

Moreover, the data gathered from the Armed Forces Talent Pool identified that the main area, within structure, that could positively affect their performance was the existence of clear lines of communication. The third finding from the literature was not completely upheld. Both IBM and Unilever believed that they operated in the style of a human capital-centric structure; but this did not seem

to be sufficient to empower talent or guarantee high performance within the organisation.

In addition, the primary research findings highlighted a further area regarding structure, related closely to culture: the geographic location of the corporate headquarters and the impact of the national culture on organisational values and attitudes throughout the global organisation in response to talent management. The difference in the values regarding talent management, which emanated from the Microsoft and Sony corporate headquarters, could not have been more different. This highlighted that, within the area of talent management research, this variable has not been the subject of sufficient research.

6.5.3 Talent Focused Culture

According to the extensive secondary research on culture, the subject encompassed a combination of values, attitudes, beliefs and assumptions, not all of which are visible. However, in terms of talent management, the tangible signs of a talent-focused culture include the CEO/senior leadership team 'owning' talent (identifiable through their active engagement in talent reviews), the existence of talent management on the senior leadership team's agenda, and the decisions taken by this team regarding the development and deployment of talent. The literature suggested that such active engagement would encourage line managers to support, develop and reward talent for the overall good of the organisation. Moreover, where an organisation has a talent-focused culture, the climate is likely to be one where talent feels invested in, comfortable with contributing ideas, and able to 'make a difference'. Collectively, this would enhance organisational performance and be a positive factor in recruiting and retaining talent.

The secondary research findings were tested through primary research. Despite the overwhelming prior work on the benefits of CEO and senior

leadership team engagement in talent management, in reality, not all are actively involved. For example, at IBM, Sony, Unilever and the Ministry of Defence Civil Service, the CEO and senior leadership team were aware of talent but not actively involved. It appeared as though talent management had not been firmly anchored in the organisation's culture. Of the six case study organisations, only Microsoft and Vodafone had fully embraced talent management; but they were relatively young, and did not have the legacy issues affecting the other four organisations.

For IBM, Sony, Unilever and the Ministry of Defence Civil Service, it appeared that a degree of complacency existed within the senior leadership teams; and moreover, that talent management was a peripheral activity undertaken by the human resources staff, and not viewed as central to developing organisational capability. Of note, Microsoft and Vodafone have both achieved a consistent record of high performance, whilst Sony has also achieved strong results despite the lack of active talent management. This may be because, as the differentiation exercise highlighted, there is a surplus of 'A' grade talent within Sony UK and a clear focus on sales. Whilst in the short term, it appears that talent within Sony can manage itself informally - when given clear priorities such as sales targets. for example - it is unlikely that this situation is sustainable. Over time, talented individuals could leave the organisation: frustrated that their skills and future are not being more actively managed and developed.

The employee engagement surveys highlighted a desire for strong senior leadership, particularly within IBM and the Ministry of Defence Civil Service. Moreover, they also identified a unanimous wish for greater pay and benefits, to reward performance. The findings from the Armed Forces Talent Group confirmed the positive impact on their performance of 'strong visible leadership', 'support from line management' and 'challenging and meaningful work'. The Vodafone talent cohort had also indicated that culture which encourages employee engagement could drive their performance.

As a result of conducting the primary research, it seems that 'culture' is a complex area that includes values, attitudes, beliefs and assumptions, and that these vary considerably in different contexts: potentially even within the same organisation. The demonstrable commitment of the CEO and senior leadership team in managing talent would appear to have been influential in Microsoft and Vodafone. However, within Sony, Unilever, IBM and the Ministry of Defence Civil Service, lack of engagement would appear to have undermined the existence of the talent management strategy, and influenced the behaviour of the line managers.

Therefore, despite the secondary research findings that a talent-focused strategy should exist in all organisations, the primary findings suggest that the existence of a talent-focused strategy is not enough to embed a talent-focused culture. However, where there is active engagement in talent management, from the CEO and senior leadership team down, a talent-focused strategy and talent focused processes are likely to exist too. From the experience of Microsoft and Vodafone, the talent-focused culture confirmed that the engagement of the CEO and senior leadership team was less about improving the individual performance of high potential individuals as an end to itself, and more about recruiting, developing, retaining and rewarding talent, in order to deploy talent into roles to drive the business strategy.

6.5.4 Existence Of Talent Focused Processes

Much of the literature on talent management was focused on processes as a means of consistently recruiting, developing, rewarding and retaining talent. However, the primary research identified that processes themselves were seen at best as an enabler by the organisations, and at worst, as irrelevant by the cohorts.

Accordingly, despite the amount of secondary research on talent-focused processes, the primary research confirmed that processes alone could not drive

performance or behaviours. Instead, it pointed to the importance of a talent-focused culture in driving performance. Therefore, at a rudimentary level, the existence of talent-focused processes may serve to highlight whether an organisation considered talent management to be a central issue for organisational capability or not.

6.6 RESEARCH LIMITATIONS

It was recognised that there are a number of limitations to this research. To begin with, the majority of the literature on talent management emanated from the US, specifically from consultants. Whilst the latter is often the case for an emerging subject, it did mean that much of the research was rich in hyperbole, and did not stand up to academic rigour. The lack of empirical evidence on talent, particularly within the UK, meant that there was limited peer reviewed talent management research with which to draw upon.

The literature review identified a number of definitions for 'talent', highlighting the inconsistency that existed around the subject. As this research focused on high potential talent only, in order to reduce the number of variables, there is a limit to the applicability of the findings. Had the focus of the research been on the existing senior leadership team or those individuals with specialist skills, for example, in research and development, the findings may have been different.

In conducting primary research, it is recognised that the limited sample size may have limited the research findings. Given the small number of case studies and lack of depth in the documentary data, no claims of generalisability have been made (Saunders et al., 2007). With regards to the employee engagement surveys, two limitations are acknowledged. First, data was only collected from three organisations. Second, scoring for the respondents differed between these organisations: the Ministry of Defence Civil Service and Vodafone provided respondent results as a percentage; whilst the IBM results were on a scale of 1-5, thereby rendering data comparison difficult. As such, the

employee engagement surveys were used only as a mechanism to identify themes and, again, no claims of generalisability have been made.

The findings from the cohorts were also limited. The individuals from the military were not considered as talent; moreover, their views may reflect their military culture and their postgraduate human resource training. In contrast, the high potential Vodafone cohort was selected. However, gathering their input by e-mail rather than in person may have reduced the level of interest in the subject and their willingness to participate, hence the 60% response rate; meaning that not all of their views were captured. The findings from the military and Vodafone talent cohorts differed slightly: which may reflect the context of the environment in which both operate and their desire for factors that currently are far from ideal.

Given the relatively short timeframe chosen in the Research Design, the findings reflect the views of the organisations and individuals at the time; and are limited as a result. Had ethnography been used, or a more detailed study been conducted, the results may have differed.

Moreover, the decision to adopt the 'managerialist' perspective rather than, for example, the feminist perspective, may have introduced some limitations to the research. A different perspective may have resulted in other findings.

6.7 LESSONS LEARNED

This research identified a number of learning points regarding both the subject matter and the process of learning itself. Whilst the research topic initially seemed focused on talent and how to manage it, it soon became clear that identifying the conditions within an organisation that influence the performance of talent involved a far larger area. The research straddled theories that cut across psychology, management, leadership, organisational behaviour and organisational performance; many of these subject areas have been large and difficult to define.

During the period of research, it quickly became apparent that in order to identify the conditions that affect the performance of talent, knowledge regarding those areas was required. Therefore, by necessity, the research moved away from a deep understanding of talent towards a relatively shallow understanding of a number of areas including business strategies, culture and the theories underpinning management, leadership and motivation. It was difficult to manage such a wide range of literature which highlights how wide, despite all attempts, the area of research became.

With hindsight, further development of the research question, at an early stage, would have identified the areas that the research would cut across. For example, it should have been possible to map out the areas of research that this thesis would cover such as management, leadership and organisational psychology; before determining whether the research question needed to be refined. However, as a result of impatience, enthusiasm and curiosity, a journey intended to examine talent management strayed into different, quite unexpected subject areas. The skills of being a researcher have not been acquired easily and, as a consequence, they will not easily be forgotten.

In order to highlight, at the MPhil transfer meeting, that the subject area had merit as a doctorate, the researcher gained early commitment from six case study organisations to participate in primary research gathering. In hindsight, the enthusiasm to book these meetings had not allowed sufficient reflection time either before commencing or between each case study. Had more reflection time been factored in, the researcher would have further developed and focused on the research that needed to be gathered, including gathering better quality documentary data; and tried harder to gain access to each organisation's high potential talent cohort.

Furthermore, the researcher notes that, with hindsight, a greater number of organisations, or more interviewees within each of the six case study

organisations, would have added more weight to the findings. The relatively small sample size appeared manageable at the time, but has meant that any conclusions drawn from the research were limited.

It is acknowledged that whilst the researcher proceeded with a combination of impatience, enthusiasm and curiosity, it was also with insufficient skill, or an ability to critique the literature or write in a suitably academic style. As such, the quality of the findings was limited and required further data collection.

Moreover, the thesis has been extensively re-written, more than once: again highlighting how inefficient the researcher's approach has been.

6.8 ORIGINAL CONTRIBUTION TO RESEARCH

The literature review identified two gaps in the existing research that have been met through this study: lack of empirical data from UK based organisations regarding talent management; and lack of agreement regarding the thematic conditions. A summary of the primary contribution to research is provided in Table 41.

Gaps in the Research	Solution Proposal	Status
A lack of empirical data from UK based organisations.	Gather qualitative data from six UK-based organisations through case studies.	ACHIEVED
	Gather data from Employee Engagement surveys to identify what motivates all employees to improve their performance.	ACHIEVED
	Gather quantitative data from talented individuals in UK-based organisations to identify what motivates talent to improve its performance.	ACHIEVED
A lack of agreement about the thematic conditions that enable talent to contribute to the strategic performance of the organisation.	The literature review highlighted four conditions that, through further research, were prioritised. A model was created and tested by organisations.	VALIDATED

Table 48: Progress against Gaps in the Research
(Author, 2010).

In order to add to the existing body of knowledge on talent management, this research set out to establish, within the context of UK-based organisations, what are the conditions required within organisations that would enable a talent management strategy to be put in place? A model was created in Chapter Four, and circulated for further comment in Chapter Five. Responses to the model and the self-diagnostic questionnaire resulted in a number of minor amendments; the final version is contained in Figure 22. A copy of the self-diagnostic inventory and the descriptors can be found in Appendix 8.

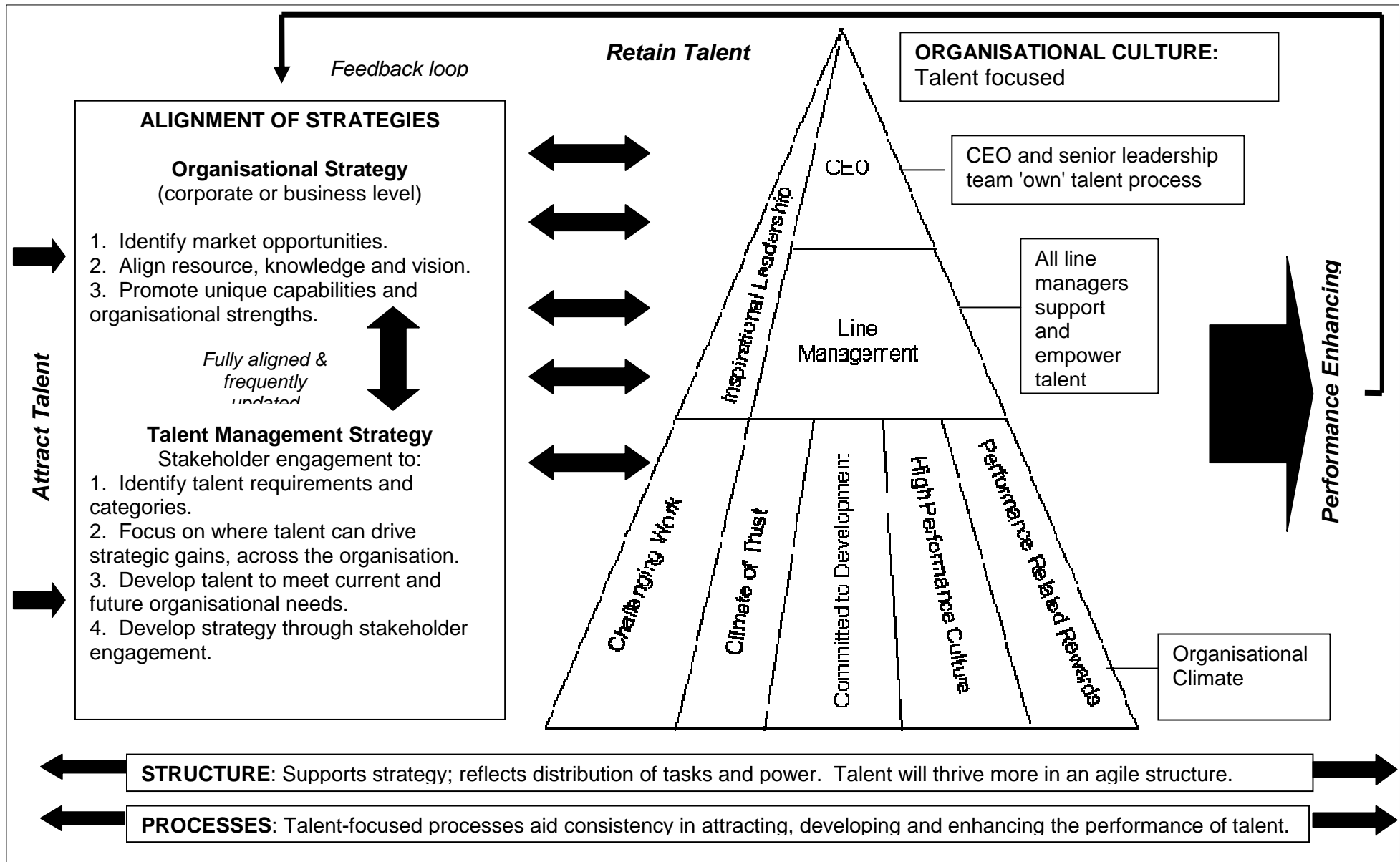


Figure 21. Enhancing Organisational Performance through Talent (Author, 2010).

6.9 RECOMMENDATIONS FOR FURTHER STUDY

This thesis has identified nine areas for further research:

1. The Employee Value Proposition is considered a key process for the recruitment and retention of high potential individuals into an organisation. Clarity on what the organisation offers, values and is looking for from talent is fundamental to achieving a good cultural fit between the individual and organisation. Therefore, the first area for further research lies in examining the relative comparison of attributes used by organisations to describe talent. For example, does high potential in Microsoft differ from high potential in IBM?
2. The literature review highlighted the negative impact that a hierarchical, bureaucratic structure can have on the performance and retention of talented individuals. Although the experience in the Ministry of Defence, Unilever and IBM appeared to confirm this, further research could be conducted to assess the impact of a hierarchical organisation versus a relatively flat, agile organisation on the performance and retention of talent.
3. Given the investment in talent management by large organisations, both in terms of head count (actual talent managers) and the time invested by the CEO and senior leadership team in talent, there is a need for further research to develop high quality lead and lag indicators, in order to measure the return on investment of a talent management strategy.
4. Mayo's findings, in relation to the 'Hawthorne Effect' discussed in Chapter Two, may suggest that talented individuals are more motivated, so perform differently (in both qualitative and quantitative output): because they are monitored by the senior leadership team and frequently discussed at talent reviews. Further research could be conducted to examine the effect of an

overt talent management process that included monitoring the performance of talented individuals through talent reviews.

5. The primary research confirmed that the performance of talent was affected by four conditions: of which culture was considered one of the most influential. For the purposes of this thesis, motivation was considered part of culture, because of the relationship between the wider organisation and the impact on the individual. One area for further research would be the development of intrinsic motivators for 'Generation Y'. This would assist organisations in developing appropriate rewards with which to engage and retain those now entering the workplace.
6. Taking a Critical Realist approach, there is an opportunity for further research into the generative mechanisms and systems within culture that impact on talent management.
7. As requested by one of the organisations that commented on the model, a useful area for further research would revolve around the identification of obstacles, which may impede the delivery of a successful talent management strategy, such as legacy issues, as well as providing guidance for organisations to overcome these.
8. The espoused versus in-use values of the case study organisations with regards to managing the risk behind talent management (inability to recruit/retain talent) is worthy of more research. Specifically, to compare the Public Sector against the Private Sector.
9. Finally, future investigation into a causal link between talent management and the successful achievement of strategy from a multi-causal perspective would help build usefully on the findings of this study.

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APPENDICES

Appendix 1 Timeline

Previous contributory work:							
Sep 2002 – June 2003: MA in HRM, Oxford Brookes University (Paper: Strategic HR and link to driving organisational performance)							
May 2006 – Jul 2007: MA in Defence Studies, Kings' College London (Paper: introducing behavioural competencies to RAF)							
Full – time studying (plus preparation / administration): August 2007 – March 2008							
Worked full time on researching Talent Management, in a consultant capacity as part of the Manpower Consultancy Steering Group at RAF Innsworth, Headquarters Personnel and Training Command, to recommend implementation for Royal Air Force.							
March 2008:	May 2008:	June 2008:	July 2008:	August 2008:	October 2008:		
Posted to Defence Academy, Shrivenham	Discussed feasibility of studying part-time PhD with Cranfield University with Head of School for Cranfield, Shrivenham Campus	Was allocated Professor Trevor Taylor as supervisor	Was allocated Dr Roger Derby as supervisor	Agreed Research Proposal. Submitted paperwork to enrol	Attended induction and wrote Gant chart to highlight tasks, milestones and deadlines against which progress could be monitored		
Part – time studying							
Jun 2008	May 2009	Jun 2009	Jul 2009	Aug 2009	Sept 2009	Oct 2009	Jan 2010
Conduct secondary research							
	Preparation for gathering primary research						
	Prepare preliminary chapters for transfer meeting: 'Introduction', 'Literature Review' and 'Research Methodology'						
		Transfer meeting MPhil to PhD. Changed supervisor to Dr Sylvie Jackson					
		Conduct primary research					
				Code transcripts/conduct initial analysis against literature findings Write up primary research findings and create early version of model			
				Write up analysis, amend conclusions and introduction			
Full – time studying		Submitted		Viva		Corrections	
Feb 2010	Jul 2010			Jan 2011		Jan 2011-Apr 2012	
Re-write thesis to improve flow and referencing based on feedback from supervisor						Additional research, substantial re-write including academic editing	

Appendix 2 Letter to Vodafone



Defence Academy
of the United Kingdom

Wing Commander Anita Tomany
Military Assistant to Director General
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Karen Halford
Head of Resourcing and Development
Vodafone UK
The Connection
Newbury
Berkshire
RG14 2FN

27 May 2009

Dear Karen,

You may recall that we met several times in 2006 when you interviewed me for a post at Vodafone and that, much to my frustration, the RAF would not let me leave. I promised to get back in touch when I had a clear exit date in order that we could re-commence discussions about future employment with Vodafone and the potential for me to join the Inspire programme. My exit date from the RAF is 1 July 2010 but that includes a period of leave and resettlement; I would therefore be available for employment from mid March 2010. I realise that much has changed in the intervening period; from my perspective I have been promoted, changed jobs, completed an MA in Defence Studies, got married, moved house and started a part-time PhD in Talent Management with Cranfield University. However, I remain focused on leaving the RAF and wondered if you would have time to meet and discuss the options.

Moreover, I would like to use Vodafone as one of my Case Studies for my PhD, because I still hold the company in high regard. Kyle Whitehill, with whom I have remained in e-mail contact, suggested that I contact Debbie Mavis to arrange access, although since I e-mailed here on 12 May I have heard nothing so I suspect she may be on holiday. I wondered if, in your new appointment, you would have time to discuss talent management with me. It strikes me from the research that three themes emerge that organisations should consider if their talent management strategy is to drive organisation performance:

1. Get the organisational culture and management style right - these have a significant impact on the success of a talent management strategy, in particular the role of the CEO and Board in setting the right climate;
2. A clear business strategy must be the starting point in developing a talent management strategy, in order that talent can deliver against the business objectives;
3. Robust HR processes, such as recruitment, retention, development and reward, must be re-written specifically for talented individuals, if they are to be effective. This includes conducting talent reviews to assess talent right across the organisation and the importance of an 'Employee Value Proposition', to reinforce the Employer Brand, which is a powerful tool for recruitment and retention.

My thesis aims to test the three themes by comparing the rhetoric from the literature with the reality in high performing organisations through a series of interviews. I am mindful of how busy you must be and how much time you invested in me in 2006 but I hope that you would feel that it would be time well spent; particularly if my findings can assist Vodafone and, in an ideal world, enable me to start learning more about my future employer. I look forward to hearing from you.

*Congratulations on your new post,
Kind regards,
Anita*

Appendix 3 Letter and Questionnaire to Unilever



Defence Academy
of the United Kingdom

Wing Commander Anita Toman
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23 July 2009

Dear Prerana, I SSCA
Leadership Development Director
TALENT MANAGEMENT

Thank you for agreeing to meet with me to discuss Talent Management on 20 August. I thought it might be helpful to outline the areas in advance that I would like to explore; it is a long list so we can skip briefly over some areas in order to focus on others if you wish. It may speed things up if you have key documents on talent management that I could take away with me. I envisage our meeting lasting around an hour; please let me know if you need to finish early.

I am keen to use a Dictaphone to ensure I capture all the details. However, if you have concerns about confidentiality and would prefer the discussion or elements of the discussion to be non-attributable I can rely on notes taking, but this may slow down the process a little.

BACKGROUND TO RESEARCH

Global demand for talent now outstrips supply. Globalisation and technological advances have placed organisations under increased competition. Attempts to improve efficiency have only realised limited benefits and organisations now look to their workforce as a means to create and maintain competitive advantage. However, demographic changes mean that many of the Baby Boomer generation (born 1946-1964) will retire in the next five years. Although Generation X (born 1965-1983) has a similar work ethic there are less of them and they are in high demand. Generation Y, in contrast, (born 1983-2000) has a very different work ethic; far less employer loyalty and very high expectations of challenging and interesting work. These factors are expected to create problems for recruitment and retention and are predicted to lead to a 'War for Talent' as outlined by the McKinsey consultants in 1988.

If talent is to be a source for achieving competitive advantage then companies will wish to know what conditions to create in order to improve their chance of recruitment, retention and engagement of talent. My aim is to identify those organisational conditions through interviews.

STUDENT BACKGROUND

I have been an officer in the Royal Air Force for 17 years. In 2003 I completed an MA in HRM and so enjoyed the research that I started a part-time PhD with Cranfield University last year. The end product of my research is a model, based on our discussions, against which organisations can benchmark their talent management strategy to identify areas for improvement.

Once again, I am grateful for your time and believe it should be to our mutual advantage. I look forward to meeting you.

Kind regards, Anita

Questions

1. Does a clear business strategy exist? Is the talent management strategy inextricably linked to it ie, does Unilever recruit, develop and reward performance based on the skills to drive the business strategy?
 2. Are the CEO and Board actively engaged in talent management? ie, is talent on the Board agenda?;
 3. Is 'talent' viewed as a global (not silo) asset? What evidence is there is this?
 4. What key words would you use to describe your organisational culture? ie, high performance, committed to development;
 5. Does your organisation have processes for recruitment, retention etc focused purely on talent?
-

Recruitment:

- How do you recruit? (ie, recruit by vacant post, recruit by skills not post; recruit when you need someone or recruit an appropriately skilled personnel as s/he becomes available?)
- Does your organisation have a unique Employer Brand / Employee Value Proposition to attract and retain talent – what are the key areas of the organisation that you promote?

Retention:

- Do you provide extra support during the recruitment/induction phase to reduce turnover during a vulnerable period?
- What, if any, methods of employee engagement, including pulse surveys, do you use to determine levels of satisfaction? Are these targeted at talent individuals, all employees or certain categories of employees? Why? What subjects do you ask about?

Development:

- Does your organisation identify Grade A, B and C posts (at all sites, including stretch assignments) and Grade A, B and C personnel to ensure the right 'fit'; drive performance' focus on development; retention etc?
- Does your organisation manage proactively formal and informal development including coaching and mentoring? Are competencies used to measure performance / development?
- Does your organisation have a 'Talent Factory' (intranet site) to track skills by post across the organisation and match staff skills against job requirements?
- Is your organisation willing to deal with under performers? What evidence is there if this?

Reward:

- Is Unilever's reward policy based on financial and non-financial rewards; individual and/or team performance; on what basis are rewards given (ie, performance against objectives?)
- Is there the flexibility (and willingness) to reward talented individuals when appropriate to improve commitment and retention? ie to re-locate a family tree for an individual moving overseas on a stretch assignment?

Metrics:

- What metrics, if any, do you use to measure the return on investment of your talent management strategy?

Appendix 4 Pre Coding Table

Descriptive Label	Code	Research Question or Sub-Question
Strategy		
ST: Existence of corporate strategy	ST-CORP	1
ST: Existence of business-level Strategy	ST-BUS	1.2
ST: Talent management strategy inextricably linked to corporate/ business-level strategy	ST-ALIG	1.3
ST: Does company recruit, develop, and reward based on skills to drive business strategy	ST-SKILL	1.4
Culture		
CU: CEO/SLT actively engaged in talent management	CU-CEO	2
CU: Talent/talent management is a standing item on the agenda	CU-AGD	2.1
CU: Talent viewed as global/silo asset	CU-AST	3
CU: Key words - describe culture	CU-PERF	4
CU: Committed to development	CU-DEV	4.1
Processes		
PR: Consistent HR processes for talent	PR-CON	5
PR: Flexibility exists to recruit talent	PR-REC	6
PR: Employee Value Proposition (EVP) is clearly identified	PR-EVP	7
PR: Key areas promoted in EVP	PR-EVP-KA	7.1
PR: Support talent to help retention	PR-RET	8
PR: Methods of Employee Engagement	PR-EE	9
PR: Targeted Employee Engagement	PR-EET	9.1
PR: Content of Employee	PR-EEC	9.2

Engagement Surveys		
PR: Differentiation by posts	PR-DIF-PO	10
PR: Differentiation by people	PR-DIF-PPL	10.1
PR: Style of talent development	PR-TD	11
PR: Use competencies	PR-COMP	11.1
PR: Use of Talent Factory	PR-TF	12
PR: Dealing with underperformers	PR-UP	13
PR: Evidence of dealing with underperformers	PR-UP-EV	13.1
PR: On what is reward based?	PR-REW	14
PR: Flexibility to reward talent	PR-REW-FL	15
PR: Metrics used to measure Rol	PR-ROI	16
Structure		
SU: Structure that enables talent to thrive	SU-TAL	3/12/13

Appendix 5 Coded Transcript

Appendix 5 – Coded Transcript (IBM)

IG

do a sort of particularly specialist role within HR which is what we call, well it used to be called Executive Talent its now called now called Business and Technical Leadership so that's more focused on how you build the future leadership right plan you know in the company.

AT

So succession planning perhaps.

IG

Exactly yes. But I've done some broader HR what we call broader HR what we call HR partner roles which is more of a generalists role where you have a business unit and you make sure that you're bringing the right bits of HR to them when they need them so you don't have to talk about target (indecipherable) as well so. I've got some hard copy documents its mainly more to do with my sort of current role but I'm happy for you to take them away as well if you want to.

AT

Thank you that's really kind. Given that you've got that much knowledge then its probably a little bit pointless then me talking through the background to the PHD that I'm doing. It sounds like you're very happy with talent management and now its going to fill the executive positions in the future and what it can do for companies. So really then the way that my PHD is working out having done a lot of reading into it, there are lots of ideas and theories out there but no silver bullets. So if we sort of have to put talent management in a chronological way working within a company it seems to me it would make sense if we start looking at the business strategy from the outset in terms of what are the skills that we need. Again the reading that I've done and still very much tentatively working through it compasses how much is reality would suggest that not many companies manage to identify the skills for the business strategy and then work from there. A lot of them seem to sort of walk straight into the nine box grid or assessing their talent without going back to basics almost if you like of what do we need. How does IBM fare in that way?

IG

Thank you're right, I think it is quite a you know a difficult subject to put a lot of science around but I think certainly what we tend to do is we look very much obviously at the global strategy but actually quite soon you get very much into individual business unit strategy so I think that the key thing is to try not to do anything that's too broad brush and we would look at each of the business units within IBM in terms of their talent strategy making sure that we've got the same tools and processes and so on you know across the company but really not trying to sort of resolve the gaps and so on there at macro level. So you'll tend to find that we have for example we have a consulting division which is really about going out to our clients and selling their time. We have a global technology services division which is more about running bigger outsourced accounts for our clients. So you've got a lot of project management type skills in there and so on and so forth. And then there's the more traditional side of IBM which is selling hardware and software to major clients. So what we tend to do is very quickly drop down to the business unit level in terms of the sorts of skills that they would need for the future. You know quite soon, so you can get quite granular because I think if you try and do anything too macro you get lost in: A. A lot of data but also you really then can't fine tune what skills you're really looking for.

AT

So and that would make sense particularly for IBM with such a diverse (indecipherable)

IG

Exactly with a lot of diverse products that you need to have very good diverse... and I think its not only the sort of client demand but obviously for example the consulting services business or in the services businesses generally where you're selling people you know you've got to be I think then you know very conscious of the business model, you know the cost space and I guess you know to some extent its not only recruiting and growing skills but there are quite a lot of skills which we'll probably source from other countries. So you know its not only about finding talent for the future but its also saying well this particular talent pool or this particular group of people actually you know the roles that they do maybe outsourced to somewhere like India. So you know that means that we've got a different dynamic in terms of what if you like we have to backfill. But more importantly for the people who's roles that might happen to we're really keen to make

sure we up-skill those people so that they actually have an opportunity to be employed by us even if the skills that they have today might be outsourced to some other countries. So in one of our divisions at the moment we're very much looking at what we call employability which is well you know if the reality is that the skills you've got may no longer be needed here how do you get skills that we will need for the future so that we can retain your employment with us.

CU-DEV

AT

So development then is a big factor.

IG

Absolutely developments and understanding what competencies you don't need for the future and training and so on. So you know I think its interesting at the moment, there's been a, with the current recession I think what we've seen and you've probably noticed is, is that in most companies are doing everything possible to avoid any redundancy so you know: A. We're looking at flexible options, sabbaticals and so on and so forth but also saying to people you know the reality of the situation is you know we want to continue employing you, you need to grow these skills for the future you know then and then you'll be more marketable so I think employability is a word that we're sort of see a lot more of. So think in answer to your question we do it sort of very much at business unit level so that we can be very crisp about what skills we need.

ST-SKILL

AT

And does that suggest that people almost operate in silos? (Indecipherable)

IG

Well, it does, it sort of does, it does. I mean you tend to get a silo affect and what one of the jobs, one of the tasks I have when we look at future leadership is to ensure that we are making sure that people particularly if they've got future potential don't get stuck in a silo. So one of the things that we look at very much when we look at our future leaders is have they got cross business experience so they almost if they've had that. Or if we've got someone with particularly high ultimate potential you know where can we sort of intervene early to make sure that they don't get into that silo and it's a difficult thing because on the one hand you're the software business you know you need people who understand software etc etc etc etc so you may want to keep all those people in your business but in terms of if you then put your sort of more broad business leadership hat on you have to think about growing your future potential with the company. So it's a trade off and a balance.

CU-AST

AT

And you must have the dichotomy then of keeping people in a silo because they're good and you could grow them to be a leader in that silo. But actually you want the tick as you say in the box between moving them between silos because that way they've got to fill in their potential higher up the organisation. And does that mean that IBM considers talent to be a global asset rather than a silo asset which is a phrase that is quoted time and again in literature.

CU-AST

IG

Yes totally. Yes absolutely.

AT

And how do you encourage that of your line managers?

IG

Well I think you, they need to see from example so you tend to find the senior leaders particularly display that competency of well, sorry, that understanding that the people are if you like an asset of the company not of the business unit. And we then expect them to display that so its something we would measure in our senior leaders so Brendan Riley who runs the UK who just sort of sits down there you know what he would be watched if you like by his senior leadership team when they assess him in terms of how's he developed talent, you know how's he looked at his own leadership team and made sure that you know at a particular time they're ready for development move that we're doing something that you know is not the usual move that you'd expect to happen. So he knows: A. He's been bred to know that that's the right thing to do and: B. He knows its something he's been watched to do.

CU-CEO

AT

so it sounds like Brendan his team are encouraged then to develop and to encourage that development in their line managers. And is that something you manage through competences where its one of your competences to develop and manage your staff or is it a reward policy or is it a bit of both?

PR - COMP

IG

Probably a little bit of both. I mean its probably more to do with, no, I would think its less linked to direct reward than competency. So its, you know if you know as an individual you've got the potential to get to a certain grade in IBM eventually that's the conversation you've had with your manager, then I guess that that's its not going to be, its going to be rewarded in interesting work, promotion, which I guess is in itself its reward but there's no sort of compensation linked to you know gaining additional skills or anything like that. So it would be more about your career development and the interest you have in what you do.

AT

OK so its seen as a good behavioural trait I suppose. And in order to keep that sort of on the radar if you like but for executives is it something that's mentioned at the board meetings? It talent and agenda item?

IG

Definitely, absolutely yes.

AT

How fascinating.

IG

Yeah, yeah. No I mean it really is I mean so we... We basically manage our executive talent on annual basis so we run what we call a cycle that says you know at the beginning of the year we take stock of what (I mean in very short hand) but we take stock of what we have so we look at who's currently in the executive pool, who could, you know who's quite close to becoming an executive and that they're put into a pool which are called Business and Technical Resources. So it's you like they're earmarked as either being current executive or potential executive and we then review if you like that population quite carefully with the business leaders. So we would on their behalf if you like provoke various things that happen in the process. So we would review them, for each person in that pool we decide what ultimate potential we think they have. So without going into too many details in IBM there are four executive grades so the first one is D so you go up a numbering system so you go up to ten which is the most senior non-executive position and then you go to an executive D, C, B and A and double A actually. So Sam (indecipherable) who runs IBM and who's immediate leadership team would all be double A's, the next layer down would be A's and so on and we then look at every individual and say OK Joe Blogs is a future executive and we think they've got B potential so they could get to a B grade job in the future.

AT

But you only start looking at them at D do you or can you look at the any time and fastrack them up?

IG

Yes absolutely. So for anybody in the pool we would always have an ultimate potential assigned to them.

AT

And how does somebody get into the pool?

IG

At the discretion of their own manager, in fact this year we've, it used to be do you think they've got executive potential? We've now just introduced a fairly, painfully! A new process where every band 8 employee and above so that's probably a hundred thousand people world wide have had a set of questions answered. Its only seven or eight questions but its you know do you think this person has got the potential to be band ten? If you think they've got the potential to be a band ten could they be an executive? If they could be an executive what band do you think they could get to? So we've done a more systematic review of every employee by their manager and asked them on a pool where would they get to. And then if, depending on the answers there either in the pool or they're not.

AT

And is that linked to the annual appraisal system?

HG

No its not actually its totally separate so we have an annual appraisal system that is basically completed by the end of January for the year before.

AT

And that's for everybody?

HG

Yes.

AT

Wow busy time of year then.

HG

Yes. We used to have it where you could do it any time and then it just became, and that seemed quite normal at the time and now you go why did we do that and as we move much more towards it being based on your absolute business (indecipherable) then it made sense to say look we just complete everybody by the end of January. And there is a penalty for not completing it in which you don't, if its not completed you're not eligible for your annual bonus. So its quite clear so that's all done and completed by January and then sort of get into the career piece which is normally sort of completed in the normal years, we'd have done what we call the individual development plan, the IDP, we'd do that by sort of March or April.

AT

Is that a sort of training and development plan for the next year?

HG

Yeah and the reason we, we sort of delinked them in that we sort of want to do, you know we try and keep a sort of fairly clear line between what you've achieved for the business in year and your career going forward and we try not to muddy the waters between the two. So you can have someone who for example is you know is someone we see as an absolute superstar for the future you know maybe a band 10 with A potential but if they don't have a good year they could get a low performance rating. But we then say that doesn't affect the fact that they've still got potential. I mean unless they've really messed things up.

AT

So that's really good so you can split performance and potential because somebody could still have legs but for whatever reason hasn't quite started this year.

HG

Yep, absolutely and that could be to do with the client they were working on or it was just a bad year now if that continues, obviously if its two or three in a row then we'd ask questions so and one reason for that is that the issue with linking them too much, I mean there are lots of issues with it but what you don't want find is that your high performance people if you like are always going to be high, sorry your high potential people in order to stay there have got to have high ratings because we do very carefully monitor how many ratings we give to each, how many high ratings we give out how many medium, how many low. And so the issue is if you start to (indecipherable) the behaviour you start to say well can't rate that person with performance low because they won't stay in the pool. You're linking behaviour that's actually not conducive to what we're trying to do. So we really try and say last years performance was one thing future potential is another and keep them very very separate.

AT

So it does sound from (indecipherable) performance review and the potential review and the way that you link skills to the business unit that you are quite focussed on performance as company. Not trying to put words into your mouth.

ST-SKILL

IG
Absolutely.

AT
Is there any other way that you would describe the company in terms of its cultural ethos are there any sort of words that

IG
CU-PERF
would certainly say high performance culture in that we do we have all appraisal ratings. So one is excellent. Two plus
wo, three and four is unsatisfactory. So over a year although there's no forced distribution we would look to every
business unit with only ten per cent one at least.

END OF TAPE 1 SIDE 1.

TAPE 1 SIDE 2:

IG
So yes we do ensure quite carefully that the ratings are awarded so that we've got a spread and then for people who are, I
mean typically we don't have any poor performers first time round, we tend to find that people are which is totally
unsatisfactory but we have a fair number of people who are rated as a three and that its that point which we say to them
well you're on a formal Performance Improvement Plan, a PIP. With short term objectives if you prove that you can get
through this short term objectives you'll come off that and become a two. If you go the other way then we'll manage you
through the unsatisfactory performance.

AT
So you're willing to deal with underperformers then? PR-UP

IG
Yes. Now traditionally we haven't, you know, I don't think, particularly in the UK, I don't think its culturally something
people like to do. And so we had to be fairly clear about you know not just saying someone's a (indecipherable) and then
not doing anything about it. So this year in particular we've mandated that anybody who's rated a three is formally put
in a PIP which is monitored by HR etc etc. Which in a way I think makes it sort of easier for the manager because they
feel that they're not the only one doing it. I think if you feel that you're picking people out and you're putting on a plan
but other people aren't then it tends to be a bit of a herd mentality. So this year in particular we've said you know if
someone's rated as a three they must have a PIP at the end of the first quarter. We will monitor it to see whether they
come off or stay on and then we will manage people out of the company.

AT
From the reading that I've done that seems to be good news for those who not underperformers. If you're a one or a two
having a lot of people who are a four still kicking around in your organisation can be quite disheartening.

IG
Oh I mean totally. I mean employees get jealous... You know if you like, you're obviously in a team and you've got
someone who's not pulling their weight and I think for the individual involved sometimes the straight talk is its just not
working out I think you'd be better off somewhere else. You know do we actually dismiss many people? No. Do we
have a conversation where we have a mutual agreement that they'll leave? Yes. So we don't have very many out and out
dismissals. People tend to be managed out of the business. PR-UP-EV

AT
I think people tend to know that they're underperforming as well don't they even before they're scored a four. The
difficult conversation comes and you know sort of a round peg in a square hole just doesn't work. Because you're such a
broad company do you try re-employ people in a very different area so if they're perhaps not suited to sales but they
might be suited to (indecipherable).

IG

We do, we try and have that conversation about, look someone is never going to work out in which case we would expect that they would be managed out. If it is someone who we feel it's a circumstance thing. You know is it, if it's about the aptitude in the role but they've got great attitude then yes. And we've got very free internal markets, job market system where every job is posted on the intranet so people can apply for jobs anyway. But as a manager you know one of the first questions we'd ask as (Indecipherable) what's the person's performance and then you'd expect to have a good, you'd expect to be satisfied that this is just a square peg in a round hole this year. So we try and void a term we once used as shufflers, you know people who shuffle around and never quite make it but always find a new bolt hole. And we do try and actually stop that from happening. Experience told us that those people's performance just never picks up particularly if they've got an attitude issue.

PR-TF

AT

Attitude I think counts for quite a lot doesn't it?

IG

Yes.

AT

If someone is willing to try hard but they just haven't found their niche and people are willing to work with them.

IG

I think the other thing is you know we do make sure we monitor obviously the ratings you know by grade and I think in my organisation I think you tend to find that if you've got a ratings distribution I think it's almost inevitable but it shouldn't be but the more senior people tend to get higher ratings. I mean that's just a skew I suspect every company will see. So obviously you take into account people's seniority and their pay in the way you rate them but on the other hand as people get more experience and can demonstrate their. So it shouldn't happen because you should correlate it by, you know you should almost do by band and in fact when we do. Sorry I'm slightly digressing but one of the things we do as we come up to the end of the year is we have something called team based decision making meetings where we would, see for HR as an organisation we would meet with out leader, we would have given him our sort of initial ratings for our people and then we'll all meet in the room and agree not as a committee but we'll put all the, you know here are all the people at grades 8. Here is who we're looking at giving a one rating to a two plus two and then a three. And we would just make sure that as a team we were comfortable with that. So we can do peer comparisons.

AT

So almost a form of ranking and yes we really do agree that all those people really do deserve that.

IG

Exactly. And we make it very clear to employees and it's been a message that we always I guess always put across but more so more recently is you're appraisal rating is A. about how much you've achieved against your objectives but also absolutely about how you stack up against your peers. So you know we will always talk about relative contribution.

AT

And I think that that almost gives a flavour of competition. (Indecipherable) where people want to achieve and outshine in the group and work hard. That's brilliant. I am suspecting the answer to this is no so forgive me but I'll ask it anyway. Because IBM is so large and so focussed within business areas I'm guessing that it's quite difficult for you to have processes that are focussed purely on talent for recruiting or retention, development?

PR-CON

IG

Well I think we do have, we have collared a process of pretty well everything. I mean over the last ten years where you know we went literally from a position where every country had its own appraisal process called different things (Indecipherable) and one of the first things we did was set one absolute common process.

PR-CON

AT

This is how IBM does it. (Indecipherable)

IG

6

PR-COM

so you know I suspect there's certainly a view from Andy McDonald who heads HR globally that he will not put up different processes in different places. And often in some countries you get the "Well we have to do it differently here because of legislation" he will ask that to be proved. So he will absolutely want a common process for every thing whether that's you know how you apply for job ads, so you know we become a global opportunity market place which is the same everywhere which is internet based job application systems. We have you know the same appraisal system, the same development planning systems, so then its only where at a business unit level you need to start to tweak it that you can do that. So for example obviously the competencies processes is the same everywhere but the content will be different if you're in strategic outsourcing than if you are in sales.

PR-COMP

AT

Is there different emphasis but commonality in terms of the skills.

IG

Yeah and the same skills, I mean I always say to people you know, competencies and skills. You know its just about building blocks and it's the way you, how many do you need for this particular role or you may need a different type of set. But actually the commonality between if you take an HR Professional and a Sales Rep, you know you probably both need good negotiation skills, good client relationship skills but an HR person doesn't have to have selling skills etc etc. So you know there's probably huge commonality in the skills set. They're either built in different ways or with a different emphasis so we try and make sure that, so we don't invent something that looks very different in other places.

PR-COMP

AT

So that would make sense. There seems to be a big focus in the literature that the global war for talent is on. We are all running out of talent, demographic changes, you know increase in international climate and therefore companies ought to be trying to pitch themselves at talent whether it be employee value proposition whether its better, more focus abilities to recruit or retain or develop in order to meet their needs because otherwise being very fickle people will walk out the door and go somewhere else. So that's kind of very much the segment of the work force that I'm looking at. And in terms of recruiting there is a view that you can recruit by vacant post so when you've got a vacancy in HR for example that's the job spec and you go out and you try to fill that post and there's another view that says well we need these generic skills in HR and we've kind of got them but there's a bit of a gap so we're looking for somebody that meets that gap and we can do that whenever somebody's available, we can headhunt or if somebody walks in the door and you say you're just what we're looking for and we going to make a play for you which is really flexible. And I just wondered how IBM went about recruiting talent?

PR-EMP

PR-REC

IG

I think probably, well, we have two I think very different approaches we have graduate recruitment which is really where the bulk of our recruitment is and I guess that's more about you know pulling your people who have got core, you know, as you say finding the people when you find them and you know bringing them in - in waiting if you like for a vacancy so.

PR-REC

AT

Is that quite structured then your graduate recruitment?

IG

Well yes it is. Its that time of year and we have you know protected it absolutely through the succession and through, actually probably in the last recession we didn't and there were years when we recruited very few graduates and suddenly we really paid for that in terms of A. Our standing in the market place with graduate but you know also just in also have the talent coming the organisation. So you know this year we've absolutely protected you know that graduate harem. But obviously its focussed very much on where we're going so you know we'll take a lot into the consulting business, a lot into probably the majority will go into the consulting business. So graduate recruitment tends to be much more on people who've got the right general skills and abilities rather than very specific. I mean we'll recruit anybody with any degree.

PR-REC

AT

Does that suggest on a real emphasis then on moulding people within your company?

IG

Yes. Moulding and I guess the you know if you like basic behaviours and basic intelligence.

AT

So if its got the intelligence and the attitude as a young graduate so lots of potential in terms of growth. Then bring them in you're very keen on that as a company. And then you would use your organisation specific training and development to turn them into the consultant.

IG

Exactly, so they don't have you, you know we will look at anybody with any degree. I guess we're somebody, the laboratories will tend to look for computer sciences grad etc but generally... Yeah. So we're looking at you know, attitude, what people have done with their lives so on and so forth which says that for a first couple of years they're in a big pool where they're managed by a central organisation, they're allocated to a business unit so if I had a graduate working for me they'd be part of foundation, their career would be managed by foundation, I wouldn't have to worry about that and then they would do tasks for me. And then we also encourage the business (indecipherable) by relieving them of the headcount for a couple of years which has been a way of making sure that we, because one of the reasons that graduates hiring dried of was because you know if you were a manager with a head count of twenty and you're told you've got to cut to 18 you're hardly going to take a graduate that's not going to be terribly you know, its not going to be productive. And so what we've said to managers is we'll protect, we'll if you like fund them centrally for the first couple of years in foundation and then you start paying for them when they come out.

AT

So that's sort of like free.

IG

Yes, I mean obviously the business has paid for it but.

AT

Its not going into the business unit.

IG

Yes. So on the one side I think most of the hiring would be graduate hiring. We don't, I can't remember when we last hired through an agency, through a third party, someone for example HR. But the other thing that's quite different with BM from a lot of companies, not all, is that a lot of our hiring done by the outsource companies. So for example when we, just trying to think of the last big one... So when we have quite a lot of software companies so one of our ways of growing our software business is to make acquisitions so what you'll tend to find is that we'll announce a global acquisition of a software company, we'll buy it and with that you'll get, you'll have to TUPE in all those employees who work with that company including their HR people, including their finance people so actually a huge amount of people in BM and I won't, I'll say the number but I don't want to be quoted on it. So probably about 50% of people working in BM didn't choose to work in IBM because they've been outsourced. So actually most of our new talent comes from outsource deals or from acquisitions. So you know if you look at the software groups all of the sales people would have been acquired, we didn't have to go out and recruit them.

AT

So in terms of the skills that you've got and the behaviours that you've got you've inherited a huge percentage.

IG

Yes. Yes.

AT

Which puts a real emphasis then on your competences for developing for (indecipherable) for rewarding to try and adjust some of those behaviours because they don't necessarily reflect what IBM would have picked.

IG

No I mean if you think, I mean our last big, we now do all of the IT for Defra so obviously those people were Civil servants who came into IBM as IBM has and there for you know the transition is very important so we have a dedicated HR team who work on A. The deals that we build in terms of the HR element of those details and what we're going to promise to the client that we'll do with their people. But then there's also within that team a dedicated team of people who do the transition of that group into the company.

AT

So employment relations that would deal with the unions probably?

IG

No it wouldn't be, that would sort of be a sub-set, that would be part of the deal mainly. But this is people who will then become almost the HR partner for that group when they come in. So we almost say to them you then work with Defra, or you know another big company, just trying to think of some of the big banks HSBC. You know you go and become their HR person, you know you induct the managers into how we do things in IBM. We've got lots of quite formal training going on. So for the first couple of years they... PR-TD

END OF TAPE ONE SIDE TWO

TAPE TWO SIDE ONE

IG

When we do our base salary reviews then every employee is looked at as to whether or not they're going to get a base salary. That is pretty well, I mean there isn't a, you know if you're a 1 performer you get X per cent. If you're a two plus you get 2, you know, another per cent but there's a range and basically now we give managers if you like a bucket of money, a fund and we say when you go onto the system and look where your people are placed today according to the market and so and so forth you know you've got a certain amount of money to spend and there for your allocate it how you want to and then your manager will review it. So there's base salary programme where you would expect you know the top people to get more than the bottom people and a lot of people now get zero. PR-REW

AT

That must be very difficult though because I would sense from your sort of 4 category ratings that in an ideal world that you haven't got very many 4's. You've got a few 3's, people who've joined and a few 1's at the top who are staying, I would think that's probably a huge amount of people in number two if you take those four categories. So in terms of proportioning that reward that must be hard to make it meaningful?

IG

Well though that's either a vicious or virtuous circle depending on what you do because what you find is managers when they do differentiate they suddenly realise that they don't have to dilute the pot. So you know if you've got you know a team of ten and you've got two one performers and then there's two plus and two actually that they are differentiated. You know if you've got three performers who get no money but the month that they get an allocation but you don't reward them anything you've suddenly got more money to spend on other people. So the differentiation makes you realise that you can actually give the high performers a lot more than the low performers. PR-REW

AT

But you risk upsetting the people who are 2's and two pluses I suppose by only marking the ones.

IG

Yeah. Oh well no that's the hardest battle. So that's how we do base salary and for a lot of employees then there's a company bonus plan which is absolutely paid out on the basis of the companies corporate results. We used to do it a lot more granular but it gets very complicated. PR-REW

AT

When you say granular, was it business results?

IG

PR-REW

Yeah, yeah. And then that just basically, depending on the company results there's a bucket of money released and then you give bonuses to people again, totally allocated on their performance rating. And then for quite a sizeable proportion of people there is a bonus plan so sales people are paid on commission other client based people are on geared bonus plan you know which is more about you know a lower base but a much higher possibility of earnings and over achieving. So we use commission very heavily with sales people. So I guess it's a number of different things, I think it is important, to be, one of the reasons we used to pay or bonus plan at a business level is we felt that people needed a line of sight. You know if I were successful I can quickly see where that relates to the business year results. But I think because of the size of the company it doesn't matter how much you break that down very few people can say what I did changed the results.

AT

Contributed and made a difference.

IG

So its very much now based on the company results. You know the company share price is something everybody watches you know part because obviously that means that there's going to be a bigger pot of money at the end of the day. And the other thing we do quite heavily is we give stock options retention in the form of their future. So the biggest for our executives, in fact this year there was no base pay increase for executives and at the moment for non-executives we're on hold and we made it very public that executives are not getting any increases but what we did do is give quite substantial stock options which obviously means they've got to stay around to get them which is a huge incentive.

PR-REW

AT

So a golden handcuff.

IG

Yes so a lot of executives, particularly in the consulting business, you know, if they leave to go to a competitor they lose all of that so that's probably stock at the higher level is what retains people. PR-REW

AT

Again that seems to come out in the literature. That's a got a lot more sort of long term tie-in where cash reward can be replicated by other companies so you could walk and get that tomorrow.

IG

And then also you tend to find that once you've had the increase and you've thought oh that's nice you know you forget about it.

AT

Very short term in terms of the sort of satisfaction from it.

IG

Yeah but you know if you can look at the stock price and you can calculate my options today are worth whatever and the the stock price goes up and then you think ah they're worth... You know everybody watches, literally you can sort of calculate your future you know based on what the stock price is doing. Obviously (indecipherable) when its going down out.

PR-REW

AT

Do you have, that was something I was going to ask you because you know obviously the literature that I am reading is a little bit dated and right now in the sort of global climate stock prices aren't, certainly haven't been doing very well over the last sort of six/nine months. Is it still a factor then for executives that its seen as a good thing to have stock prices. I suppose most people think that they'll go back up again?

IG

Yeah and obviously it depends, it depends when you're given the stock because there's always a grant price so you know for people who got the stock last year when it was very low, so our stock went to about \$72 from \$135, its now back to \$115. But obviously for the people who were given this at \$70 then that's fantastic news for people who have had it when it was \$132. So it depends when you were given the stock.

AT
That makes sense.

IG
So yeah if you were given options last year you were probably going to do very well out of them in the future. If you were given them the year before they're what we call underwater. Not worth anything.

AT
Yeah you sort of hope that they'll bounce back up. And what about non-financial rewards is there anything you do to recognise somebody's efforts? PR-REW-FL

IG
We do, we have thanks awards that you can generate on tools and it sends a nice note to people. We tend to, I mean we do that sort of thing but I think if you systemise it, it almost takes the feeling out of it. So I think as a company I think we're pretty good at giving feedback to people. We use and it sounds a weird thing to talk about but we use we have a very very active instant messaging system so its internal its called (indecipherable) product and we are all on it all the time and that's where you tend to find particularly because we work remotely from our teams, I mean I have a team at Portsmouth who I very rarely see. And my, I've got four different bosses who I work for in various reasons. One's based here, one's in Portsmouth, one's in Zurich and one's in the States. So the people I deliver to I very rarely see.

AT
Josh that must make it very difficult.

IG
But in the sense this instant messaging, its just like MSN, it keeps people absolutely connected. Its fascinating to watch it, so you'll tend to say "Hi are you there? Can I call you" or it can be, I've just got a new student working for me and she's just done her first sort of deliverable and immediately as soon as I got it I pinged her at the same time I got it and said "Great, good job, well done". So you tend to find people try to do things immediately.

AT
That's quite an interesting tool to fuel that.

IG
It wasn't designed for that, I don't know what it was designed for. I guess for people to chat.

AT
Keep communications flowing I suppose.

IG
And you tend to find, the other thing it does is it, the company's very much, what's the word, is very open, very single status so you tend to find I mean we've never, even in my job we've never had sort of executive loos or executive cafeterias or anything. You know its always been very, and interesting the same time, you can always find, I mean Brendan who's our CEO doesn't hide from anybody on (indecipherable) if he's green he's there, if you ping him he'll answer you. People don't tend to misuse it. So it also allows you to break down the sort of hierarchical barriers.

AT
That's really interesting, again from the literature IBM comes over as a global competitor company as apposed to high involvement and the global competitor is a model where they buy in talents and grow their own which it doesn't sound like they've captured you accurately and where there's lots of status and again high involvement. Its all very flat. No perks, there's no special parking spaces, everybody's equal, not special executive dining room. So it really sounds like (indecipherable)

IG

think we've always been like that and think you know the same now that you will tend to find a lot of for example Brendan has a weekly board meeting and you know you'll often find three or four of the exec's are in there and they've got a junior person who's shadowing them for the day and they'll be in the meeting seeing everything. You know the business evolves (indecipherable)

AT
That's really good.

IG
So we tend to be very trusting.

AT
So quite open and transparent then as a company.

IG
Yes. So yeah, very honest with people and very I think ^{CU - PERF} inclusive is probably a better word. I mean there are, you know as I said earlier, we're still not great at delivering bad news, we don't like telling people things aren't working etc but in terms of encouraging people, developing them, involving them and including them there's a lot of that that goes on.

AT
They're all really positive aspects of the organisations culture so I can see how that would be really attractive to your recruitment and retaining people. How do you measure what you do in terms of managing your talent. (indecipherable) From a D upwards I suppose isn't it, how do you know that what you're doing is effective? ^{PR - UP}

IG
Well I guess there is retention so we tend to look, you know if, if someone who's an executive has got A potential leaves here tends to be a lot of (indecipherable) at what happened (indecipherable) ^{PR - ROI}

AT
Do you do any interviews in that case to find out why?

IG
We don't do many actually. No we used to do exit interviews until we worked out that it took up about three HR people just to do them you know, so we do have something that called contributor attrition so on the system if someone's a high performer, if they're an executive when we look at our attrition statistics globally or within a country we'll cream off the ones we worry about just statistically. But certainly in terms of, I mean we try and avoid obviously people resigning. We try and avoid to take any save actions which someone puts their letter on the table and you have to then respond. A. Because that breeds a well just resign and see what they do. But also by then probably you've lost there person so we try and again the manager is responsible for sussing out whether someone's not happy and trying to do some stuff at that point to avoid them thinking they need to leave. Because you know you get too far down that route and someone's really mentally made that move.

AT
It's very hard to win them back then if mentally they've decided to go I think.

IG
But certainly if its someone who's got high executive potential or high contributor then we would sort of start to ask question.

AT
And do you proactively look out for, I don't know your chief financial officer or your CEO the key posts and keep communication flowing to make sure that they're happy and (indecipherable)

IG

Yes part of my job is not just to run the process but it is to keep in tune, you know with people often people come and talk to me and say I'm stuck in my career I don't know what to do and behind the scenes I'll try and make some things happen or I might have a quiet word with Brendan or my boss. So we tend to try and use, we're a very heavily networked company as well, I mean the network really matters. So we tend to try and feedback that without sort of breaking confidences.

AT

Which is that client relationship role that you (indecipherable)

IG

And you know, I know some people come and talk to me just so that it will get fed into the system and I know when I am being used and when I'm not. But you tend to build up that network and just keep an eye on the key people. But I think for most people you know particularly as I say when they get to more senior levels I think the one thing is they tend to be so, work life balance in IBM is not good. Executives work ridiculous hours and one of the things I talked about to people who wanted to become executives is not only the great things that go with it but the fact that you are on a plane a lot of the time or you're doing you know things out of hours.

AT

So people come into it with their eyes open.

IG

Yes. So you tend to find that most people who are on a path track are just so busy learning a new job dealing with difficult things you know being challenged that you know its when people get bored and feel that there isn't, feel that they don't know what they're going to be doing next that they tend to get a bit, you know that's when talk to the head-hunters

AT

When they feel they're not being used.

IG

When people are busy they don't even have time to even respond to head-hunters call!

AT

So that's very fair actually, I think if you're busy you feel valuable because somebody is using your experience and your knowledge and your skills and if you're not and its all a bit quiet and everybody else is busy you feel a bit left out perhaps.

IG

Yes. And if you're doing something, I mean we all have times when we look at our jobs and look at our jobs and go God that really difficult but the sense of achievement of doing it is fantastic. So you tend to find that people are challenged really heavily and in terms our people who lead businesses you know the focus on their quarterly results now their monthly results is phenomenal. And we have a you know, a very heavy business review process which is probably too heavy where people are reviewed you know, what are your results what's it looking like what deals are you closing, what haven't you closed. So if you talk to someone like Brendan he will be constantly having to answer to his guys up above. You know, how's he doing for the quarter, what's happening, how can we help, all this sort of thing. So you tend to find that people are very challenged from a business point of view.

AT

But also quite supported.

IG

Yes.

AT

Both up and down in terms of the hierarchy of the organisation. Its always been managed and maintained as a network as you describe.

IG

PR - TD
Yes absolutely. So no surprises for the guys who are more senior. You know a lot coaching and I think also you know a good degree of understanding so you know I work for the head of our European Consulting Business, in fact it's a woman and she is as hard as nails but she is brilliant with her team in terms of you know she's not going to not dismiss as informally but she's not going to put someone on a scrap heap because they had a bad quarter. She'll try and work in terms of what happened happened and avoid it for the future because it's not in her interests to do that. So you don't find people get written off.

AT

No and again that's something in the literature you know if somebody has a huge amount of skills and experience or high potential they might have had a bad quarter but they've still have a lot to offer and it's much better to get them back on track before they absolutely, than move them aside and start again and try and groom somebody else up.

IG

Yeah, I mean the investment we...

END OF TAPE 2 SIDE 2

TAPE 3 SIDE 1

IG

So yeah I think it's very supportive and then I think there does come a point when we're like anybody, you know where you say OK we've done all the support we can and then we're pretty good at managing people out of the business quite quietly making no big deal.

AT

I think that's fair enough (indecipherable) that's sort of the end of the formal questions that allow me to compare with other companies. If I could ask just a couple of things that are specific to IBM. My PHD is looking very much at what other companies do to compete in this war for talent in terms of having the right processes and almost aptitude to recruit, retain and develop and engage talent to deliver. Given your recruitment process is gauged very heavily at graduates, if I leave aside the acquisitions because that's quite complicated but a sort of recruitment process there's a real change in the demographics as you know, generation wide there less of them, very different attitude coming through and a real skill shortages into the science, engineering and IT. I just wonder how well set up you think IBM is to sort of cope with that war for talent and is there anything you feel that you can be doing sort of slightly differently.

IG

It sounds a bit odd, but we do a huge amount in terms of our external reputation so we really sell it, we've just become, you know external competitions, Graduate Employer of the Year. And we do absolutely set a huge amount of store by that.

AT

Do you go back to the same universities to maintain that relationship which ones do you target?

IG

Do you know I'm not up to date with the sort of core set and it won't just be the sort of obvious ones but there's certainly in terms of if you like being very competitive in all of that market place with all of our competitors whether IT or other competitors. You know we absolutely are, you know want public recognition of our graduate schemes you know to then attract the best. So as I say we went through a period probably sort of seven eight years ago where you know, I mean we never ever, we weren't one of those companies who remade on offers but we absolutely closed our doors for a couple of years and that's a hugely damaging in terms of graduates just forget who you are. So I think we've now sort of built the reputation of keeping the places going and you know being seen to be the best trainers and all of this sort of thing. So we do a huge amount on the, if you like, the front end of being attractive in the first place.

AT

And what is it that you offer graduates do you think? I'm sensing training and development but again don't let me put words in your mouth.

IG
It's not money!

AT
No, I don't think it is for any graduate just coming out. You know generation wide looking for interesting work that's challenging and something different.

IG PR - EVP - KA
With a high level responsibility is something, I mean, you know, a lot of our graduates are having done the basic sort of induction and so on, you know are given a huge amount of responsibility in clients and a lot of people are you know really keen to work with (indecipherable) clients and we can absolutely do that for a lot of people and we hire a lot of graduates in to our software development labs. You know they're global, we develop software down near Winchester, a place called Hursley, you know where those people are complete boffins sandals and shorts and what have you. They you know, its just Mecca to them, they're there with people who are inventing stuff that's never been invented before, you know getting patents agreed and so on and so forth. So for those people, they are absolute, and the great thing for our technical communities is we have a completely dual career path where the best technical people where they're developing code and software or out with our clients you know sort of putting together solutions can get to an executive level what we call Distinguished Engineer.

AT
But coping with attraction of Google, Microsoft, Yahoo etc that's got to be a real challenge for you?

IG
Yeah, I mean I guess it is, I'm not sure, I mean don't really have of the statistics of which graduates we lose to who. I think we're quite realistic we just don't try and, I mean certainly as I say on salaries, you know the salaries not bad but its nothing startling. So I think its more about training and development and of course the double edged sword there is that you know what you can find is that the canny companies will allow us to do the training and development and then poach them after two or three years. So graduates after three to four years are very vulnerable.

AT
How do you keep them in then? How do you retain them?

IG
I guess it is good management, they've got great peer groups, I mean most of our people, you know you have a, you know very much, you know you came through the company with your peer group and you keep those connections very well for the future. So you know they have a great community we have about 500 people who are doing their industrial trainee year with us so the third and their fourth university year. You know you go up to the cafeteria and there are twenty of them at a table. Great social life.

AT
So is it a big emphasis on culture?

IG CU - PCRF
PR - EVP - KA
Culture and community.

AT
Community.

IG
And then I guess we then, its interesting you know because we can't accelerate everybody's career, you can't have 400 graduates who are whizzing through bands because those jobs aren't available. So I guess the quick answer is I'm not

quite sure how we do it and we do have casualties, We're going to lose people along the way. But I think you know, its sounds (indecipherable) but you know you do feel like you're working for a family if you like.

AT

That must be quite hard to maintain in a company this big. So you must put a real emphasis on business units or sort of individual groups (indecipherable)

IG

Your manager is as I say very much as I say part of union, you're part of a team, you know you rely very heavily on each other but I think it is about, you know if you do HR or if you do finance, probably finance is maybe not such a good example but if you do, you know for me it would be very difficult to have the quality of processes we have around executives in many other companies. So you know if you're a Subject Matter Expert you know at something that IBM does well then its probably quite difficult to match that. You know if you're working in Hursley Software Labs you know A. It's a, the environment is very, you know its like a university down there. But you know its very difficult for people, you know who do you go and work for who does it better? And that sounds very arrogant but its, its, it is probably the subject matter expertise that people value.

AT

And its quite difficult to try and work out who your main competitor is. If there's somebody outside the company and it appeared to be Dell from the you know the literature review that I did and the to the summary and background into IBM but because your organisation is so diverse Dell obviously doesn't touch consulting or.

IG

Its different in every business unit. (Indecipherable) etc etc. The only, we are, we used to be very averse to sort of knocking competition. I think when Sam (indecipherable) took over the company from (indecipherable) I think he's much more in your face, the competition are rubbish we want them out of here. So you know our head of consulting will quite happily stand on stage and say you know you think its bad here you know Accenture are on a what ever it is, you know don't quote me because I don't know the facts, but certainly I think that Cat Gemini, couple other companies are on our days weeks. Do you want a 20% pay cut? So I think we (indecipherable) Absolutely and we would be quite open about that and you know we have done everything we still and have always done everything can to avoid redundancies. So we've off-shored, which I know is sort of a dirty word but we've off-shored thousands of jobs. We have done involuntary redundancies and I was involved in the first lot we did and that was because we lost a huge client contract that we couldn't make up, it wasn't about jobs moving abroad we just lost the contract. But we will do absolutely everything. I mean at the moment we're offering people in the consultancy business, you know do you want to take a short sabbatical at the end of the big plant engagement why don't buy back twenty days extra holiday. You know anything that will start, you know the bits and pieces that will stop us from having to make redundancies are really important at the moment.

AT

No and I think that's good in terms of your reputation as an employer because people will stick with you, they see that you're doing all your can to try and retain them and keep it going.

IG

Yes but there are different countries in there, I mean its no state secret we just announced sort of proposals for our pension plans which hit the press and that will be hard news to people but on the other hand if you're going to invest in the future you've got to find the money somewhere. So there are some hard messages but I think you know we all, the communications that we all get from the company are, you know, we're doing well in the market place and our stock price is holding, we are winning some big deals but our profitability is still really really iffy. So if the cost base isn't under control then it doesn't matter how many big deals you win. So I think the company communications are pretty clear that you that things are not bad at all but its because we're containing costs.

AT

And how as a conglomerate do you continue to focus on moving forwards, if you are Microsoft for example you have a very clear business strategy of where you are going and you know you are perhaps dominant on the market, you're the

experts in that area and people can measure themselves against you know. When I look at IBM which is so different in terms of its diversity how on earth do you think the chief exec knows which area to sort of push forward in.

IG

Well I think, I mean obviously they'll look at their big business area, we do divest occasionally we don't make you think indecipherable) we sold that company off because we didn't see it as a profitable business so we'll look at each business and divest if we want to and acquire but I think the key message I think, I don't know if you've seen anything around called "Smarter Planet"?

AT

No.

IG

But that's our sort of corporate mantra which is you know we can deliver massive solutions. So we've just won a huge government bid which is all to do with the identification of the border controls and so on and so forth.

AT

Oh wow.

IG

It's worth nearly (indecipherable) pounds, dollars of something. So and it's because we brought consulting together with another piece of the company so when we bring the whole IBM solution together...

AT

That must be quite powerful.

IG

That's powerful. So that's why we try and avoid the silos because you can flog software to anybody, you can flog hardware to anybody but actually the profit is when you bring it all together in a solution. So smarter planet is about things like London Congestion which we won last year which says if we bring three or four parts of IBM together as a team then nobody can beat us if you like, in theory. So it's bringing everything together in one and then we're looking at a real sort of, we've got a lot of smarter initiatives going around and they're trying to narrow it down but it's things like smarter cities where you have you know intelligent things about how, you know parking systems which tell you in your car where your nearest space is. So it's looking at...

AT

Using technology consulting.

IG

Yeah and also major issues that the globe has. So you know we're looking at lots of IT solutions to the energy crisis. You know how can you bring intelligence to bare on (indecipherable)...

AT

Indecipherable)

IG

Indecipherable) but that's what I heard the other day was if everything has chips in it eventually, if your fridge, if all your appliances have chips in them then how about when there's a huge, you know when the world cup final is on or whatever, you know the whole thing of when everybody goes out at the break to make a cup of tea or whatever they have to power up power stations to anticipate it. Actually you know what, if every fridge in the country went off for twenty minutes because you don't have to have a fridge on all the time, if every fridge went off for twenty minutes during that time period you would keep the requirements the same...

AT

And you get your surge.

IG

And you get it, and its like, isn't that obvious! And its those sort of things you know where you think that's really quite clever and it's the same with congestion charging, you know if you have a system in place that you know changes people's behaviour then actually you avoid congestion. So we're trying to look at what are the real, I mean you know, obviously day to day we've got clients buying bits and pieces and so on but the big projects are going to be on how can we bring all of IBM to actually resolve a big global problem. And then actually how are we going to sell that to people. So, so I think there's a lot, I mean I think for about eighteen months now Sam has been talking to the analyst and the employees about the smarter planet and that's sort of our, that brings, that makes people realise that you know they've all got to bring everything to bare within the company. So I think its that that's the competitive edge.

AT

That makes a lot of sense, absolutely. So in terms of your consultants then with a sort of really clever ideas and the guys with the technology to work out how they can adjust that to plug in altogether and make it happen you are hugely reliant on people.

IG

Yeah and team work.

AT

It sounds like an obvious thing to say but in terms of innovation and problem solving ideas you are absolutely indecipherable).

IG

And its absolutely team work because when you get to the nitty gritty sort of a deal what you tend to find is if you bring all parts of IBM together on the plan deal you may find that one part isn't going to make very much profit on the deal. I mean is it therefore worth their while putting their people into it? So you've got to have something that says look you're not going to make a great sum of, for this deal you know the revenues on your piece are going to be relative but your profit is going to be relatively low because its going to be high there. And you can't smooth that, you just have to have people understanding that that's the way they've got to operate to win the deal even though it might hurt them. So there's always conflict between what's good for me in my business and my commission and all those other things...

AT

And the wider IBM.

IG

Yeah. And so that's something that we grapple with quite a lot, you know how to bring the big deals together when its not necessarily...

AT

Is encouraging those behaviours again isn't it?

IG

Yeah, and that's why we pay, and that's why you know if you're an executive you're watching the stock price. So although you know, so you've got this, I guess a dilemma of what's going to be good for me personally but how much can we as a company make you connect with the bigger company get results and keep success.

AT

So again you're hugely reliant on the right behaviours for people to display in order to get the best

END OF TAPE 3 SIDE 1

AT

So with that in mind is there anything that you think would be interesting to come out of the research that I'm doing, bearing in mind that I'm going to about six companies I think, Microsoft, Unilever, Civil Service, Vodaphone, very

different companies in very different industries but is there anything that IBM or you think or do you know if you could crack that nut or just find me a little bit (indecipherable) that would be helpful.

HG

I think certainly the discussion we had about how do you maintain, for me personally it would be interesting because I don't really, they're not in my product hit but for me it is about the people we're recruiting now, how do we retain them in the company so I think if there any golden bullets on you know retaining you know the best of, the cream of the crop as they develop through the company. So in their first I don't know five or so years.

AT

And that's all about knowing what people want because that differs for each individual I suppose.

HG

Yeah.

AT

And I guess, and we can look as I sort of go through my research with other companies. But I would imagine its everything from offering international assignments for those people who want to travel to offering good communications and training and development so that you support them and give them growth and an opportunity to race through the company.

HG

Yes. The other thing I'd be interested in just on observations is I mentioned work life balance. You know you hear, you know the generations are coming through you know how they've seen their parents burning out, they don't want to do the same. You know, and in fact, thinking of one of the surveys of what's important to a graduate you know money was down here and you know (indecipherable) PR-EVP

AT

(indecipherable) Flexibility is right at the top.

HG

So it would be interesting to see what your findings are on that actually because...

AT

For your executives who all have work life balance I won't say issues but its very much focussed on the work not the life now are you going to manage a generation wide coming in who aren't interested in that.

HG (indecipherable)

AT (indecipherable)

HG

(indecipherable) and yet you now in a way, its like any company, you know our young consultants are you know worked really hard so its interesting. I mean do they just get to a point where they are sucked into it and think well actually if I'm going to progress and compete with my peers I'm just going to have to put that to one side now and say that would have been nice but or are they sitting there going I can't wait to get out or you know, for me actually the work life balance piece would be extremely interesting because I can't really get my head around that at the moment as to you know is it a time bomb waiting to go off. You know is it something where people as I say after a while go actually you know what I really like doing what I'm doing (indecipherable). PR-EVP

AT & HG (indecipherable)

HG

Or actually have the flexibilities of, I mean maybe we are compensating for it and it would be interesting in other companies because a lot of our you know quite new people or even our students are allowed to work from home, we have

the technology that they can do that so actually are they being able to do it but just you know in their own way. I don't know.

AT

Achieving flexibility in a different way.

IG

So I'd be interested in that because as I say I can't work out for myself whether it's something we are managing through or something that's going to sort of bite us at some point. PR - EVP

AT

Right OK. No that's a good thing (indecipherable) One of the things that Cranfield University have offered my supervisor that I have been working with is to host a seminar at Shrivenham and offer it that if people want to come along and say you know what my most interested is and chat with other companies almost with me in the background. And then we can thrash out what do companies do we think need to look at. I don't know whether that's something that you or would be willing to come to.

IG

Yeah, I think yeah, definitely willing to come to.

AT

So if I want to try and do something Autumn?

IG

Yeah, that would be nice to.

AT

Thank you.

Appendix 6 Case Study: Summary Of Questions And Answers

Question 1 Does a corporate strategy exist?	
IBM, Microsoft, Sony, Unilever and Vodafone	Yes
Ministry of Defence Civil Service	No

Question 1.2 Does a business-level strategy exist?	
IBM, Microsoft, Sony, Unilever and Vodafone	Yes
Ministry of Defence Civil Service	No

Question 1.3 Is the talent management strategy inextricably linked to the corporate or business-level strategy?	
Ministry of Defence Civil Service	Alignment is difficult
IBM	Human resource plans are linked to the business unit strategies because of the diverse nature of the company
Microsoft	The business unit strategies and talent strategy are fully aligned
Unilever	Recently aligned talent management strategy with business strategy
Vodafone	The business strategy and talent management strategy were both recently adjusted and re-aligned.

Question 1.4 Does the company recruit, develop and reward performance based on the skills to drive the business strategy?	
IBM, Microsoft, Sony, Unilever and Vodafone	Yes
Ministry of Defence Civil Service and Sony	No

Question 2 Are the CEO and senior leadership team actively engaged in talent management?	
Ministry of Defence Civil Service	Talent management is being driven 'bottom-up' by a senior member of the human resources staff. There is no real active engagement from the senior leadership team
IBM	CEO and senior leadership team are supportive but not engaged
Sony	CEO and senior leadership team are vaguely aware of talent as an issue but <u>not</u> actively involved
Microsoft	CEO and senior leadership team are very involved in talent
Unilever	CEO and senior leadership team support but are not actively involved in talent management. Not all senior leadership team members appreciate the importance of it
Vodafone	Senior leadership team are actively involved with talent management and own the talent review process

Question 2.1 Is 'Talent' a regular on the senior leadership team agenda?	
Ministry of Defence Civil Service, Sony, Unilever,	No - talent does not feature on the senior leadership team agenda
IBM	-
Microsoft and Vodafone	Yes - talent is a standing agenda for the monthly senior leadership team meeting

Question 3 Is 'talent' viewed as a global (not silo) asset?	
Ministry of Defence Civil Service	A 'global' asset in the sense that the Civil Servants can move out of the Ministry of Defence department into, for instance, the Home Office and Foreign and Commonwealth Office, and back again
IBM	Silo development only is encouraged, albeit that offers opportunities for global travel
Sony	Silo asset with limited opportunities
Microsoft	Silo asset but with global opportunity to travel, within that silo. Limited opportunities for a 'star' to be managed across all silos
Unilever	Silo development only is encouraged
Vodafone	A global asset in every meaning

Question 4 What key words would you use to describe your organisational culture?	
Ministry of Defence Civil Service	Pace, passion, pride, professionalism
IBM	High performance, very inclusive, culture and community
Sony	Committed to development
Microsoft	Values driven, High Performance and a really strong culture of personal accountability – ie up to individual to push themselves
Unilever	Strong performance ethic but work relationships come first. This can mean that performance can be compromised for the sake of relationships
Vodafone	Results-driven and fast-paced - moving towards talent-driven

Question 4.1 Is your organisation is committed to developing talent?	
Microsoft, Ministry of Defence Civil Service, Unilever and Vodafone	Yes, committed but the onus is on individual.
IBM	-
Sony	Yes, committed to development

Question 5 Does your organisation have human resources processes for recruitment, retention etc focused purely on talent?	
Ministry of Defence Civil Service, IBM, Sony	No
Microsoft	Yes
Unilever	Yes, in terms of differentiation and development
Vodafone	We do but we also firmly believe that processes are just an enabler

Question 6 How do you recruit?	
Ministry of Defence	Recruit by vacant post. Although a fast track scheme also exists for graduates

Civil Service	
Sony	Recruit by vacant post only
IBM, Microsoft and Unilever	Graduate recruitment and recruit by vacant post
Vodafone	Would like to think we would have the flexibility but in reality we recruit by vacant post

Question 7 Does your organisation have a unique Employer Brand / Employee Value Proposition to attract and retain talent?	
Ministry of Defence Civil Service	Rely on company brand
IBM and Vodafone	Company brand and culture is used to attract and retain talent
Sony and Microsoft	Company brand is the main attraction and the employee assistance package retains people
Unilever	Company brand attracts talent and the quantity of opportunities retains talent

Question 7.1 What are the key areas of the organisation that you promote?	
Ministry of Defence Civil Service	-
IBM	The 'unique organisational capability' of IBM that brings consulting and software development together for large national projects.
Sony	The employee assistance package
Microsoft	Company values and the comprehensive employee assistance package
Unilever	The quantity of opportunities
Vodafone	The culture, the work-life balance and the opportunities

Question 8 Retention - do you provide extra support during the recruitment/induction phase to reduce turnover during a vulnerable period?	
Ministry of Defence Civil Service and IBM	No
Sony, Microsoft	Yes – a buddy system
Unilever	Retention is not a problem. 90% of senior leadership team members have grown up in the company. People just tend to stay
Vodafone	Not discussed. The process is just an enabler

Question 9 What methods of employee engagement do you use to measure levels of satisfaction?	
Ministry of Defence Civil Service, IBM and Sony	An annual employee engagement survey
Microsoft	An annual employee engagement survey, plus, business areas can conduct pulse surveys at the six month point if they wish
Unilever and Vodafone	Not discussed

Question 9.1 Are these targeted at talented individuals, all employees or certain categories of employees?	
Ministry of Defence Civil Service, IBM, Sony and Microsoft	All employees
Unilever and Vodafone	Not discussed

Question 9.2 What subjects do you ask questions about?	
Ministry of Defence Civil Service	
IBM	
Sony	How people feel about working at Sony. The questions are set by our Corporate Headquarters in Tokyo.
Microsoft	Leadership, engagement, values, how they feel about their job etc. The questions are set by the Corporate Headquarters in the US
Unilever	Not discussed
Vodafone	

Question 10 Does your organisation identify Grade 'A', 'B' and 'C' posts?	
Ministry of Defence Civil Service, IBM and Vodafone	No
Sony	Yes. But senior leadership team elected not to use the results
Microsoft	Yes. Each year
Unilever	Yes. Recently completed this exercise

Question 10.1 Does your organisation identify Grade 'A', 'B' and 'C' personnel?	
Ministry of Defence Civil Service and IBM	Yes, but for senior individuals only
Sony	Yes but senior leadership team elected not to use the results
Microsoft and Vodafone	Yes, each year
Unilever	Yes, recently completed this exercise

Question 11 Does your organisation manage proactively formal and informal development including coaching and mentoring?	
Ministry of Defence Civil Service	Formal development through courses is available. Coaches are available for senior posts only
IBM	Coaching, mentoring are used but the emphasis is on 'on the job' development
Sony	Coaching and mentoring are used.
Microsoft and Unilever	70% is 'on the job', 20% is training from line manager or coach, and 10% is formal training to keep costs down.

Vodafone	Senior staff have coaches and all staff have a buddy system for mentoring
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Question 11.1 Are competencies used to measure performance / development?

Ministry of Defence Civil Service	The competence framework is used for all grades for recruitment, reward and annual appraisals
IBM	Competencies are used but the emphasis is on 'on the job' development
Sony	Competencies are used
Microsoft	Manage by competencies: four generic plus specific ones for post
Unilever	Manage by competencies and these are reviewed every two years
Vodafone	Competency framework was recently re-written to give consistency to the values and behaviours

Question 12 Does your organisation have a 'Talent Factory' (intranet site) to track skills by post across the organisation and match staff skills against job requirements?

Ministry of Defence Civil Service, IBM and Sony	No. There is an intranet which advertises vacant posts internally but it doesn't have a search capability to look for suitable individuals for a role
Microsoft	No. Onus is on the individual to spot opportunities
Unilever	No. The intranet is used for self development rather than advertising vacant posts
Vodafone	Will be introducing an intranet site with search capability but, in the meantime, talent managers contact high potential to give them first choice over key appointments.

Question 13 Is your organisation willing to deal with underperformers?

Ministry of Defence Civil Service, IBM and Sony	Not very good.
Microsoft	Differentiation drives this - we are quite good. Individuals in the bottom 10% are advised on how to improve but can get managed out
Unilever	Traditionally not very good
Vodafone	Yes. Bottom 10% are managed out each year

Question 13.1 What evidence is there that your organisation is willing to deal with underperformance?

Ministry of Defence Civil Service, IBM, Sony and Unilever	- None
Microsoft and Vodafone	Annual reporting against 'refresh targets' and turnover

Question 14 On what is your reward policy based?

Ministry of Defence Civil Service	Financial awards (annual bonus) for superior individual performance and ad-hoc team awards can reflect team superior effort and/or performance
IBM	Financial rewards for team and individual performance. Use of 'MSN

	Messaging' to pass on messages to recognise good performance
Sony	Financial and non-financial rewards are given based on individual performance and team sales targets
Microsoft	Financial rewards: one for individual performance and one for team performance. Share awards are based on future potential
Unilever and Vodafone	Financial rewards are based on company and individual performance and linked to a % of salary. Share awards are based on potential

Question 15 Is there the flexibility (and willingness) to reward talented individuals, where appropriate, to improve commitment and retention?	
Ministry of Defence Civil Service	No, not really
IBM and Unilever	Not discussed
Sony	Greater flexibility for high performing, senior individuals in sales
Microsoft	Tailored to individual circumstances and seniority. Very senior / high profile re-locations are outsourced to a specialist company
Vodafone	Recently introduced a voucher scheme to encourage positive peer-feedback and recognition

Question 16 What metrics, if any, do you use to measure the return on investment of your talent management strategy?	
Ministry of Defence Civil Service	None really, it is too early to measure return on investment
IBM	Not discussed
Sony	Metrics for recruitment (internal vs external candidates) and turnover of high performing sales individuals
Microsoft	Metrics for succession planning and talent retention
Unilever	Metrics for succession planning, depth of the talent pipeline, diversity, quantity of expatriates, quantity of full time employees by function compared to other companies
Vodafone	Metrics for diversity, depth of talent pipeline, number of high potentials recruited and number of low performers exited

Appendix 7 Development of Model

Development of Model

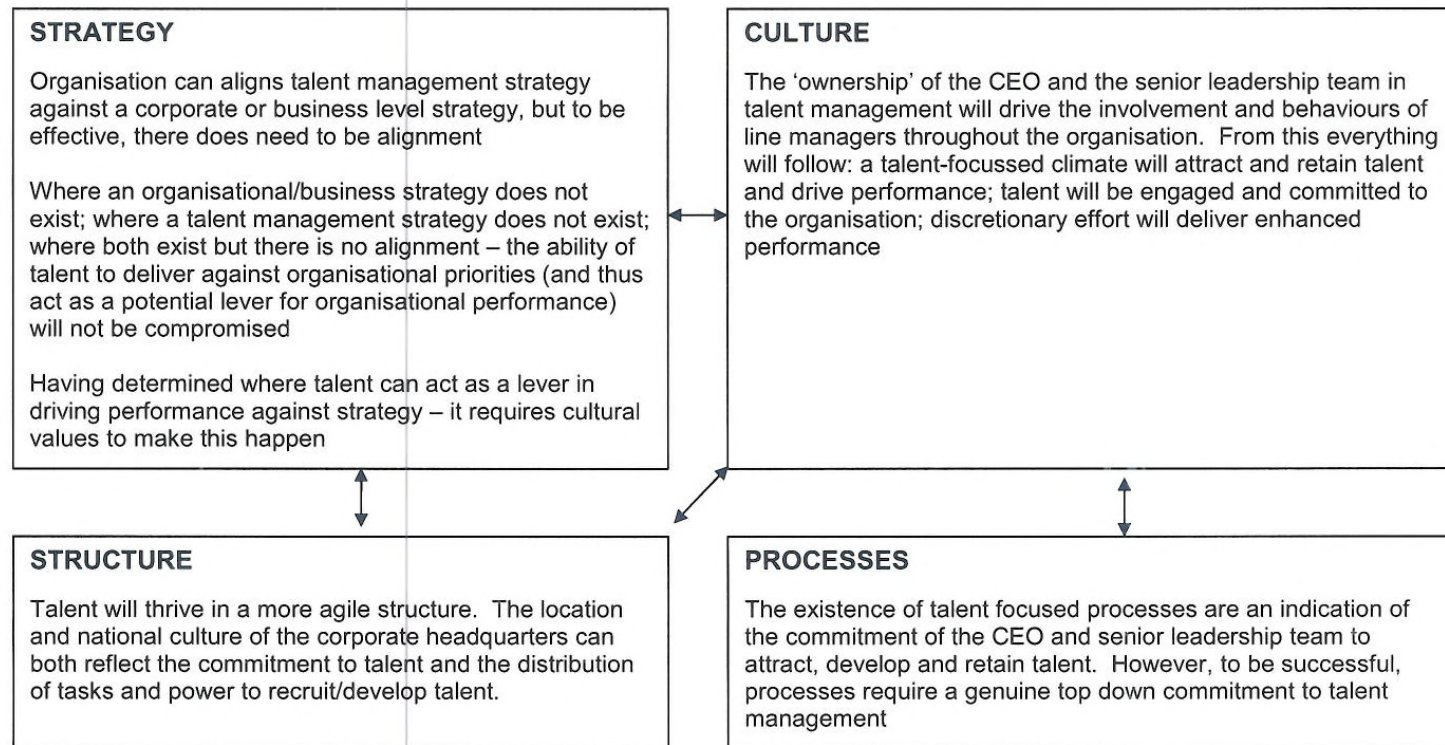
Appendix 7

Step One – The secondary research findings led to four thematic conditions (and within these, some sub-conditions) that appeared to have equal weight. The relationship between these four conditions was unclear:

STRATEGY	STRUCTURE	CULTURE	PROCESSES
<ul style="list-style-type: none"> * Existence of an organisational strategy (evolving or emergent) * Organisational strategy at corporate or business level * Identifies market opportunities; aligns resources knowledge and vision and promotes unique capabilities and organisational strengths * Existence of a talent management strategy that is fully aligned and frequently updated * A talent management strategy that identifies talent requirements and categories; focuses on where talent can drive strategic gains; talent development for current and future needs; prioritised talent deployment within the organisation 	<ul style="list-style-type: none"> * Exists to support strategy * Reflects distribution of tasks and power (size and structure can hamper ability to drive strategy) * Talent will thrive in an agile structure (human-capital rather than structure centric-environment) 	<p>Factors that can drive performance (and, in some cases, retention) of talent:</p> <ul style="list-style-type: none"> * CEO and SLT ownership/active engagement in talent management * CEO and SLT can positively/negatively affect line management behaviour * Line managers supporting and empowering talent * Inspirational leadership * Climate of trust/ transparency * Organisational commitment to development * Performance related rewards * High employee engagement 	<p>Talent-focussed processes deliver consistency in attracting, developing and enhancing the performance of talent at work. For example:</p> <ul style="list-style-type: none"> * Employee Value Proposition * Flexible recruitment * Commitment to developing talent * Appropriate rewards that recognise high performance and high potential * A talent factory to identify talent for assignments * Stretch assignments * Differentiation * Talent reviews <p>Metrics and methods for managing risk may not drive performance but are recommended</p>

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Step Two – The output of the case studies was that two of the four conditions: strategy and culture carried more weight than the other two: structure and processes. Moreover, signs of an interdependency relationship started to emerge particularly between strategy and culture.



Step Three – The choice of documentary data provided by the case studies was telling and confirmed the cultural values in respect of talent management that reinforced the content of the interviews. The findings confirmed the development of the model thus far.

STRATEGY

The Ministry of Defence Civil Service provided a copy of the Cabinet Office Capability Report that had emphasised the need to introduce a strategy to provide clear priorities and improve performance.

The content of this documentary data confirmed the importance of strategy as one of the four conditions on the model.

CULTURE

Microsoft's provided slides detailing organisational mission and values; and detailed a commitment to recruiting talent and helping talent to perform at its optimum.

IBM and Unilever shared their Annual Report which focused on financial performance and made little reference to talent.

The content of the documentary data reinforced the value of the contribution talent in the eyes of the CEO and senior leadership team with these organisations. Moreover, the need to highlight culture as one of the significant factors in the model.

STRUCTURE

The Ministry of Defence Civil Service provided a copy of the Cabinet Office Capability Report that had emphasised the need to simplify the organisational structure in order to improve individual accountability and improve performance.

The content of this documentary data confirmed the importance of strategy as one of the four conditions on the model.

PROCESSES

Sony provided slides that represented which talent focussed processes could be introduced to truly implement talent management in the organisation. However, these represented an aspiration that was not shared by the CEO or senior leadership team.

The content of the documentary data reinforced the importance of culture and top down ownership of talent before processes can be implemented.

Step Four – The findings from the employee engagement surveys highlighted that culture more than the other three conditions would affect employee engagement and drive performance.

<p>CULTURE</p> <p>From an individual perspective, employee engagement, and thus performance, could be positively affected by:</p> <ul style="list-style-type: none">* Inspirational leadership (from the CEO down through all levels of line management)* Organisational commitment to development* Challenging work* A high-performance culture* Performance-related rewards
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<p>STRUCTURE</p> <p>-</p>

<p>PROCESSES</p>

<p>STRATEGY</p> <p>-</p>

Development of Model

Appendix 7

Step Five – The findings from the talent cohort highlighted that within organisations there was broad consistency for what talent felt would drive performance but that there was a variation between organisations; thus highlighting that the feedback was organisation-specific.

STRATEGY

- * Clear priorities which lead to clear goals

CULTURE

- * Challenging and meaningful work
- * Support from line managers
- * A climate of trust which encourages the ability to contribute ideas
- * Employee engagement

STRUCTURE

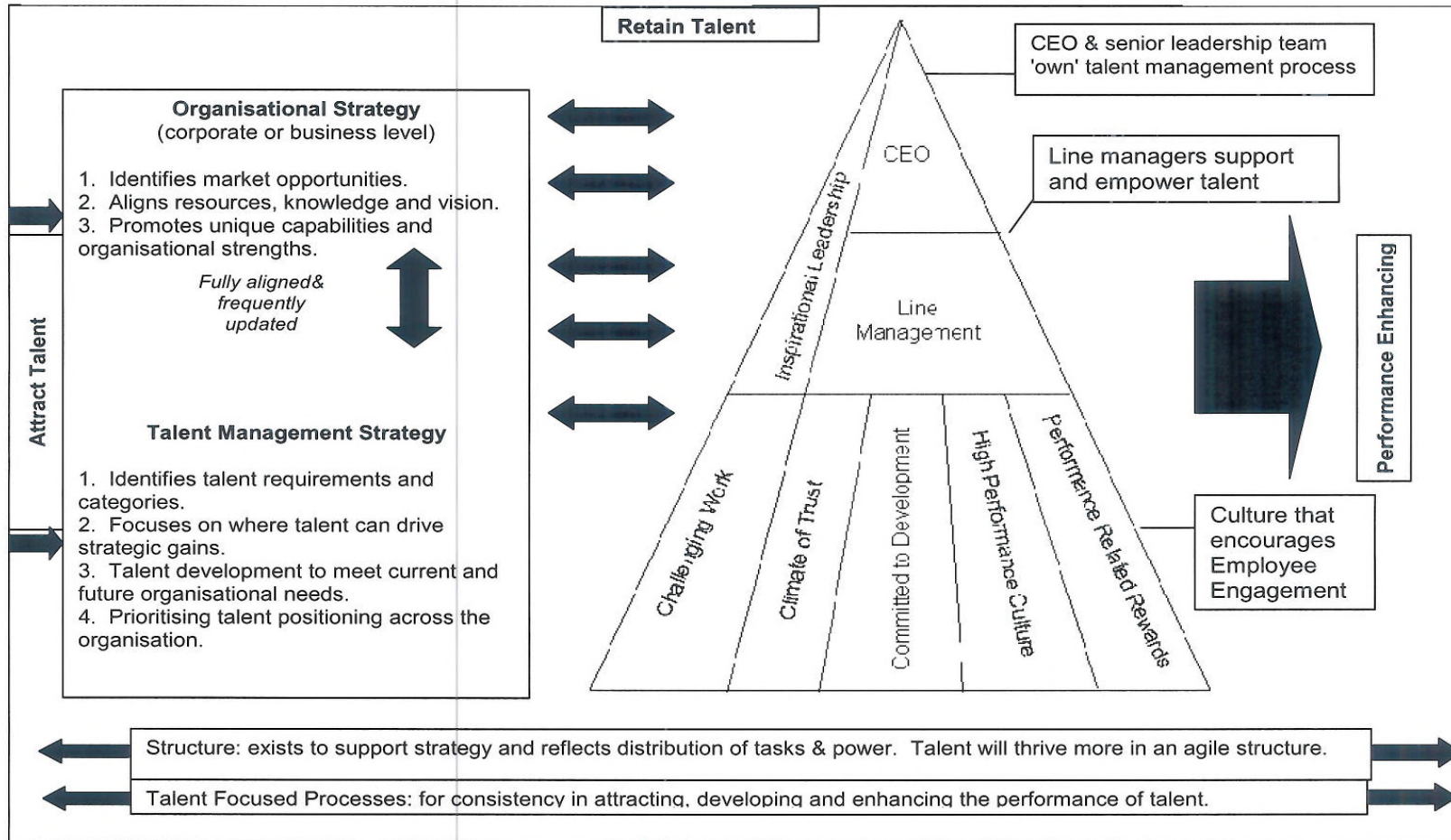
- * Clear distribution of tasks and power that enables clear lines of communication

PROCESSES

-

Step Six – The analysis between the primary and secondary findings confirmed the existence of four conditions. Moreover, that strategy and culture were more significant than structure or processes. It also highlighted the inter dependency between the conditions.

<p>STRATEGY</p> <ul style="list-style-type: none"> * An organisational strategy adds value, either at the corporate or business level. * Ideally identifies and articulate market opportunities, aligns resources and promotes unique capabilities * A talent management strategy adds value. Ideally it identifies where talent can drive strategic gain and details the development and deployment of talent within the organisation * For both strategies to be effective, they needed to be aligned and frequently updated 	<p>CULTURE</p> <ul style="list-style-type: none"> * The CEO and senior leadership team 'owning' talent had the most impact on talent management as a lever for enhanced organisational performance * The active engagement of the CEO and senior leadership team in talent management affected the behaviours of line management * Individual performance and engagement were positively affected by the existence of challenging work, a climate of trust, development opportunities (including international assignments), and recognition through performance-related rewards
<p>STRUCTURE</p> <ul style="list-style-type: none"> * Organisational structure reflects distribution of tasks and power (it affects the speed of decision-making and the capacity for innovation) * Structure reflects and supports both the strategy and the organisational culture * Structure alone cannot deliver talent management as a lever for enhanced organisational performance but it can, in conjunction with culture, impede it 	
<p>PROCESSES</p> <ul style="list-style-type: none"> * Organisational willingness to fully introduce talent focused processes was reliant on an organisational culture that valued talent * Processes alone could deliver consistency but required a talent focussed culture if talent management was to be a lever for enhanced organisational performance 	



Appendix 8 Request for Comments

TALENT MANAGEMENT – ENHANCING ORGANISATIONAL PERFORMANCE:

Talent, on average, accounts for only 20% of the workforce but it creates 80% of the profit.

Thank you for the support and the interest that you have shown in my PhD research. As a fellow professional I would like to share my findings with you and ask for your comments.

MODEL

The culmination of my research is a model (diagram) which I believe represents best practise. The model highlights the four conditions that must exist in order for a talent management strategy to positively influence organisational performance at the strategic level. These are:

1. The talent management strategy must be aligned with the organisational strategy (Corporate or Business unit level strategy). Depicted by a rectangle.
2. A talent-focused organisational culture that is underpinned by the CEO and the senior leadership team's active engagement in talent management. Depicted by a triangle.
3. An organisational structure that does not impede the contribution of talent. Depicted by an underpinning arrow.
4. Talent-focused processes to ensure consistency across large organisations. Depicted by an underpinning arrow.

QUESTIONNAIRE

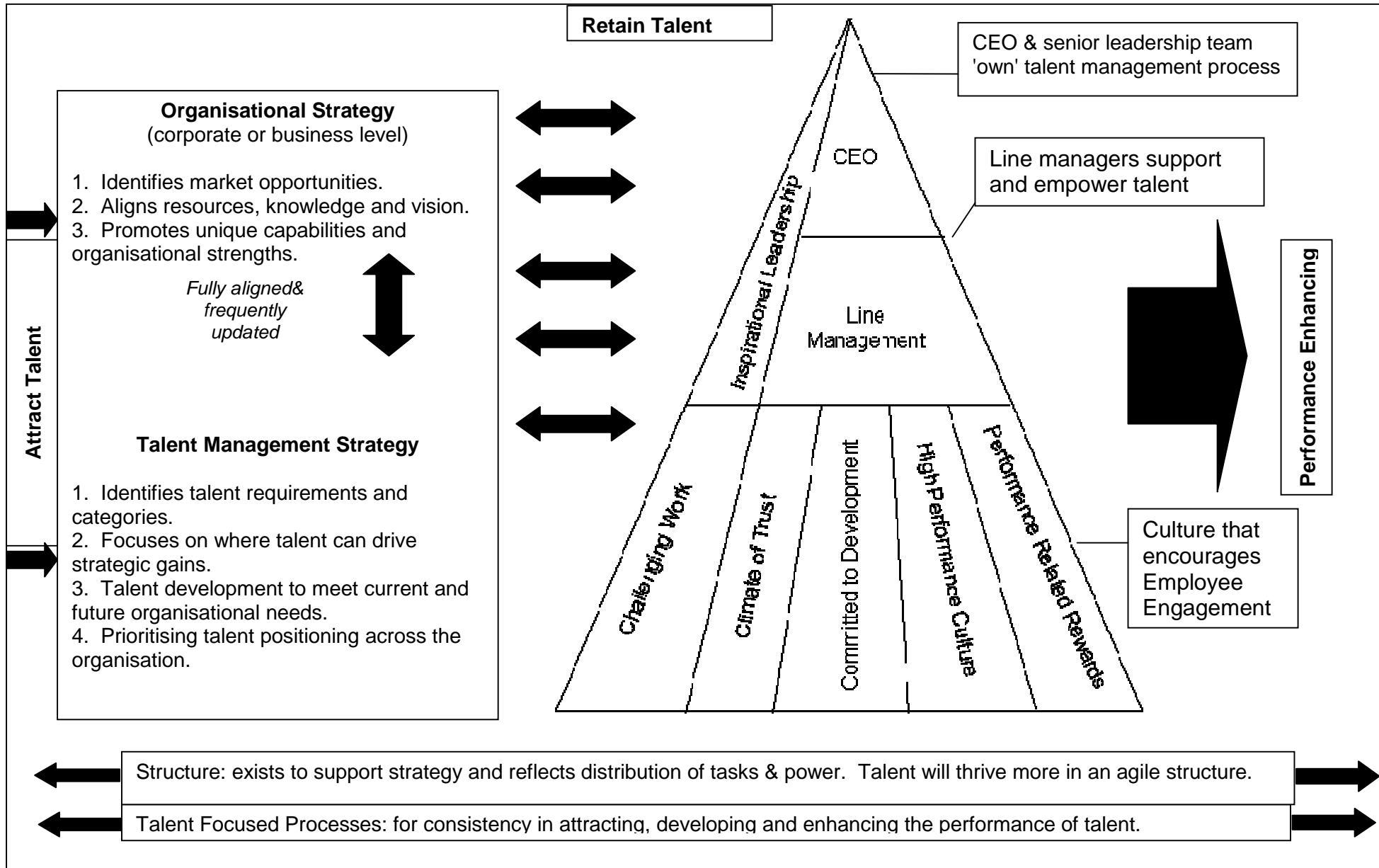
The model is designed to help organisations measure their performance. To aid this process further details are attached that provide some depth to each of the four conditions and the consequences of not having the conditions in place. A self-assessment questionnaire is also attached which you or your talent specialist may wish to complete in your own time.

FEEDBACK

I would really appreciate your thoughts on whether you feel that the model reflects your experience and if you think it would be useful for other organisations to adopt.

Please e-mail me your answers to: anitatmany@hotmail.co.uk by **15 June**.

Thank you for your assistance.



Aligned Strategies	Consequences of Criteria not being fully in Place
<p>A clear and winning corporate or business strategy exists that:</p> <ol style="list-style-type: none"> 1. Identifies market opportunities. 2. Aligns resources, knowledge and vision. 3. Promotes unique capabilities and organisational strengths. 	<p>The workforce may struggle to understand the organisations priorities. This could lead to dissatisfaction with some of the decisions that are taken by the senior leadership team. If left to continue the workforce may question the values of the senior leadership team. Frustration could lead to poor performance and retention issues.</p>
<p>A talent management strategy exists that:</p> <ol style="list-style-type: none"> 1. Identifies talent requirements and categories. 2. Focuses on where talent can drive strategic gains. 3. Plans continual talent development to meet current and future organisational needs. 4. Prioritising talent positioning across the organisation. 	<p>This could lead to investment in the wrong individuals, or the wrong skills and capabilities to meet future requirements. Failure to identify where talent can drive strategic performance could mean that opportunities are lost for the organisation.</p>
<p>The talent management strategy is fully aligned with either the corporate or business strategy. It is regularly reviewed and updated.</p>	<p>Misalignment could lead to an unfocused workforce, frustrated staff, wasted effort, poor performance and poor retention.</p>
<p>A Talent-focused Culture</p>	
<p>The CEO and SLT discuss talent regularly in talent meetings. They participate in talent development activities. They own the Talent Review process and sign off the decisions on which individuals should join the talent pool, make the final decision on succession planning and on strategic appointments.</p>	<p>If CEO and SLT are not actively interested in talent, or feign interest, the behaviours of the line management will reflect this and talent will not feel valued. This will affect performance, engagement and ultimately retention.</p>
<p>Line Managers support and empower talented individuals by providing clear priorities, actively looking for development opportunities and by recognising achievements. Mutual trust, honest communication, empathy and emotional maturity describe line management best practise.</p>	<p>If a line manager does not provide the right conditions for talent the individual will become disaffected, performance will suffer and ultimately the individual will leave. Poor line managers affect retention more than anything else.</p>
<p>Challenging work may include the complexity of the task, the importance and variety of the work and the ability to directly relate the task to the organisation's mission.</p>	<p>Work that is not considered challenging and meaningful can result in individuals feeling disaffected, poor performance and, ultimately, be retention-negative.</p>
<p>A climate of trust, where the leadership is considered to be fair, is created through clear communication which includes honest feedback, constructive criticism and recognition of achievements.</p>	<p>A lack of trust may lead to poor performance, because the attention and energy of the workforce is focused elsewhere. Ultimately it may adversely affect retention.</p>
<p>The organisation is committed to development through investing in the individual, through project or assignment work, coaching/mentoring and talent-development events.</p>	<p>Talent feels under-valued and becomes disaffected. This could lead to poor performance. Ultimately, it could affect retention, the reputation of the organisation and future recruitment.</p>

<p>An organisation committed to developing a high-performance culture is focused on continual improvement and does not tolerate under performance.</p>	<p>An organisation not committed to high performance may feel complacent. Individuals will cease to perform their best and organisational performance will suffer.</p>
<p>Rewards are a powerful motivator and can encourage certain behaviours. Rewards linked to the performance of individuals can encourage healthy competition but may result in a climate where selfish, short-termist behaviour is considered to be good. Rewards linked to teams can encourage collaborative working and those linked to the organisation (particularly shares) can encourage retention. The reward policy must reflect the organisational strategy.</p>	<p>Failure to link rewards to performance will send mixed messages to the individual and may result in poor performance or the wrong behaviours being displayed.</p>
<p>Organisational Structure</p>	
<p>An organisational structure that supports the delivery of the strategy and reflects the distribution of tasks and power. Talent has been found to perform better in an agile organisation where contributions are encouraged rather than a process-heavy bureaucratic organisation.</p>	<p>Talent may struggle to contribute or feel engaged. This could affect performance and retention.</p>
<p>Talent-focused Processes</p>	
<p>Processes enable consistency across large organisations. Whilst talent-focussed processes may appear to replicate some of the HRM processes they have been found to have a Return on Investment. These include: a Strategic Recruitment Plan, a Strategic Retention Plan, a Talent Pipeline, Differentiation and an Employee Value Proposition that all focus specifically on talent.</p>	<p>A failure to develop talent-focused processes could mean that the organisation misses an opportunity to recruit, develop or reward talent. As a result talent could choose to work elsewhere.</p>

Questionnaire

Annex C

	Fully Agree	Partially Agree	Don't Know	Partially Disagree	Fully Disagree
Alignment of strategies					
A clear and winning corporate or business strategy exists.					
A talent management strategy exists.					
The talent management strategy is aligned with corporate/business strategy.					
Talent-focused culture					
CEO and SLT are actively engaged in talent management.					
Line managers support and empower talent.					
The organisation strives to provide all individuals with challenging work.					
A climate of trust exists.					
The organisation is committed to development.					
A high-performance culture exists.					
The organisation links rewards to performance.					
Organisational Structure					
The organisational structure supports the contribution of talented individuals.					
Talent-focused Processes					
Talent focussed processes exist.					