Managing talent in organizations – Insights and trends

First results of the project "The talent recipe: Multi–actor perspective on managing paradoxes of talent identification in organizations"

Authors:

Sarah Kost
Marina Pletscher
Anna Sender
Lea Rutishauser

May 2024

HSLU Hochschule Luzern

UNIVERSITY OF LUCERNE

Table of Contents

Editorial

The ability to attract, develop, and retain talented employees remains a top organizational priority across many contexts. In the modern business world, which is characterized by volatility, uncertainty, complexity and ambiguity (VUCA), the lack of relevant skills and capabilities not only hinders growth but also threatens organizations' very existence. Thus, it is no surprise that talent management is increasingly recognized as a vital instrument—not only to prepare organizations for future challenges, but also to ensure that employees' full potential can be realized for the benefit of the business, the employees themselves, and society in general.

Talent management gives HR professionals an opportunity—not only to exert strategic influence over the course of the business, but also to ensure close alignment between business and people strategies. By orchestrating the processes and contents of talent management, HR professionals become key actors in helping line managers achieve their business objectives by ensuring that employees possess the capabilities and skills necessary for the future. However, designing and implementing talent management is a challenging task that requires navigating paradoxical tensions stemming from competing demands. Because these tensions become especially salient in times of resource scarcity or organizational change, resolving them requires dynamic, adaptive approaches and collaboration across different stakeholder groups.

This report is a timely response to the challenges organizations face by providing empirical evidence obtained from the interviews from key actors in talent management in diverse organizations in Switzerland. We asked the interview partners about the challenges and tensions they face and what approaches they adopt to address these challenges (see Chapter 2: Goals and Challenges). In line with current imperatives on increased organizational transparency, we focused on practices and approaches in communication with different employee groups and on reasons behind chosen approaches (see Chapter 4: Focus Topic: Tensions in Communication and Transparency). In addition, we explored the roles and responsibilities in talent management for different actors, such as employees, line managers, HR professionals, and top management (see Chapter 5: Tensions Related to Actors and Roles in Talent Management). Furthermore, we indicate to practitioners the directions in which talent management is developing (see Chapter 3: Learnings and Trends). Our results, summarized below, suggest that talent management practices have developed considerably in recent years and that organizations are willingly experimenting with different approaches and continuously adapt their processes.

We would like to thank the participating organizations and HR professionals for the time they devoted to interviews and exchange. We hope that our research will provide inspiration to practitioners to reflect on their talent management practices. We also look forward to further exploration of the topic of talent management and validation of these explorative results in the next steps in the "Talent Recipe" project.

Anna Sender
Lecturer and Senior Researcher
Lucerne University of Applied Sciences and Arts and University of Lucerne

May, 2024

Executive Summary

In the current dynamic work environment, talent management (TM) has become a decisive strategic factor for organizational success. However, decision-makers are confronted with numerous tensions that make it difficult to effectively identify and develop talent. This interview study sought to identify the tensions that HR professionals experience in TM and learn how they respond to them. Key findings illustrated in this report include the following:

	Challenges	Trends
Strategic Challenges	- Achieving high level of line management buy-in - Navigating heterogeneity across locations and employee groups - Navigating tensions in the roles of line managers, employees, and HR - Navigating tensions resulting from the lack of resources (e.g., financial, HR staff)	**Simplicity and Efficiency** - Simplifying the entire TM program - Simplifying talent identification (e.g., behavior indicators over abstract psychological assessments) - Simplifying talent identification tools (e.g., three-box grid) - Integrating digital tools **Transparency** - Gradual shift toward transparency - Greater engagement of stakeholders - Greater transparency about available career opportunities
Design Challenges	- Balancing simplicity and accuracy - Navigating mismatch between talents and positions - Designing and implementing meaningful development plans - Navigating transparency and ambiguity in communication - Choosing the right language and communication approach	**Flexibility and meaningfulness of development steps** - Greater talent involvement in the design of development steps - Gradual change to personalized approaches - Replacing off-the-job training with organization-specific training **Flexibility in talent placement** - Increasing mobility across divisions/locations - Flexibility and diversity in target positions - Identifying key positions beyond leadership roles - Promoting employees also from the outside of TM pool

- Depending on various internal and external factors, organizations differ greatly in their TM **goals**: from measurable KPIs (e.g., percentage of positions to be filled internally, diversity goals, training rates) to overarching TM goals (e.g., revealing hidden potential, strengthening employer brand).

- Organizations that seek to increase TM transparency are struggling with the **transparency paradox**: navigating positive effects of open communication (e.g., higher visibility within the organization and increased motivation among talents, open culture) and negative effects of open communication (e.g., disappointment and frustration among employees who are not identified as talents).
- Strategic approaches to communication are manifold and differ in the degree of **transparency dimensions**: content, intensity/frequency, and audience.
- The trend toward more open communication about TM programs is motivated by strong positive **consequences of transparency** (e.g., increased commitment and engagement, fairness, continuous learning and improvement).
- Successful TM requires commitment from multiple **actors** (e.g., top management, HR professionals, line managers, employees). HR managers perceive that they play a leading role in **winning the support** of various organizational stakeholders as well as in **assuring fairness** and diversity.
- HR function navigates between different **roles in TM programs**: from supporting function (consulted only by demand) to leading function in TM (designing TM processes, standards for talent identification and talent development).
- There is **no one-size-fits-all** in TM. The setting and development of TM programs are inevitably influenced by the environment in which they operate.
- TM strategies and practices depend on the **external context** (e.g., increasing skills shortage, generational change, change in competencies demand), and **internal context** (e.g., organizational size, structure, location).

To successfully deal with multiple challenges and tensions in TM, organizations indicate the need to lean toward more **dynamic approaches and greater flexibility in TM strategy**. This report showcases which factors influence organizational decision-making in designing and implementing TM, why particular approaches are chosen, and how HR managers navigate TM challenges depending on various external and internal contextual factors.

1. Introduction

1.1. Project Organization
The results presented in this report come from the "Talent Recipe" project, funded by the Swiss National Science Foundation (SNSF) and conducted over three years (03/01/2023–02/28/2026). This research project is a collaboration between the University of Applied Sciences Lucerne and the University of Lucerne. Led by Dr. Anna Sender, the project team includes doctoral candidates Sarah Kost and Marina Pletscher, as well as Dr. Lea Rutishauser. In addition, the project team collaborates closely with project partners Prof. Bruno Staffelbach and Prof. Dr. David Collings (Trinity College Dublin, Ireland), and Prof. Dr. Randall Schuler (Rutgers University, USA).

1.2. Project Goals
As a strategic human resource management practice, talent management (TM) has attracted a remarkable degree of researcher and practitioner interest in the recent years as organizations face increasing pressure to attract and retain talent (PwC, 2022). For the purposes of this report, **TM is defined as the**:

> systematic identification of pivotal positions that differentially contribute to an organization's sustainable competitive advantage, the development of a talent pool of high–potential and high–performing incumbents to fill these roles, and the development of a differentiated HR architecture to fill these roles with the best available incumbents to ensure their continued commitment to the Organization. (Collings et al., 2019, p. 543)

Due to the current economic challenges dominated by demographic, macroeconomic and technological changes, TM has become a top priority for CEOs and organizational decision-makers (Vaiman et al., 2017; Bhalla et al., 2018). However, surveys indicate that only 11% of organizations that implement TM are very satisfied with its performance (Korn Ferry, 2019), and that almost half of talent nominations end in failure (Martin & Schmidt, 2010). TM is a dynamic multi-stakeholder process, which makes it challenging to meet the needs of all stakeholder groups—and due to competing demands, TM is characterized by various paradoxes. Therefore, the "Talent Recipe" research project takes a paradox theory perspective on the bedrock of TM, adopting a paradox lens to view talent identification as a pluralistic and dynamic process instead of the traditional fixed, static, best-practice approach.

The research project comprises two stages:
1) **The first stage** involved a qualitative interview study with HR professionals and investigated the TM practices used in their organizations. The findings of this first stage are subject to this report.
2) **The second stage** will entail a quantitative study with organizations in Switzerland, scheduled for autumn 2024. In a survey with a large sample, we intend to validate and expand upon the results obtained from the interview study during the first stage.

1.3. Qualitative Interview Study
A total of 45 interviews across 33 different organizations were conducted, with two interviews involving two interview partners from the same organization simultaneously, between August 2023 and December 2023. In some organizations, it was possible to conduct two interviews with interviewees working in different functions and positions, thereby providing a multi-person perspective. The use of a multi-person approach granted us diverse perspectives and insights from various stakeholders regarding the complex task of constructing talent meaning, as well as identifying and developing high-potentials within an organization. The interviews were held online and were digitally recorded with interviewees' permission. On average, the interviews lasted 48 minutes. The primary language used during the interviews was either Swiss German or German, reflecting the prevalent native language of most interviewees.

1.4. Organizational Characteristics

The 33 organizations differ in terms of industry, organizational size, geographic scope, and strategic orientation. Purposive sampling allowed us to cover firms operating in a wide range of industries, including banking and finance (12%), technology (12%), consulting (9%), healthcare (9%), pharmaceuticals (3%), energy and transportation, (3%) food industry (9%), construction (22%), hospitality and gastronomy (3%), public service (12%), education (3%), and NGOs (3%). As Figure 1 indicates, the organizations had a global workforce ranging from 100 to more than 100,000 employees. Moreover, as illustrated in Figure 2, they conduct business globally with a presence in 1–over 150 countries and were headquartered in either the United States (6%) or Europe (94%). The organizations also vary in terms of TM maturity, ranging from an early beginner stage to more than 10 years of established TM. However, all organizations had dedicated HR professionals responsible for TM, and all adopted processes and practices to identify, develop, and retain talent in pivotal positions.
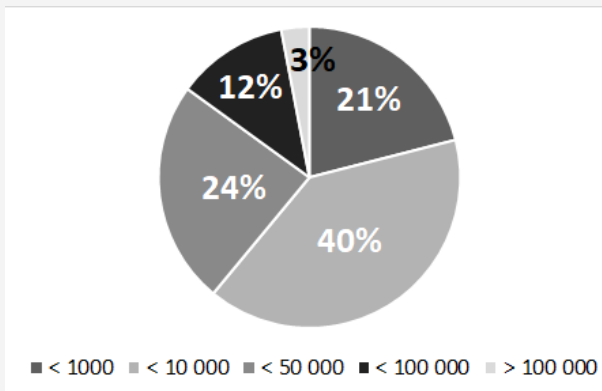
Figure 1: Participating organizations by number of employees (N = 33)
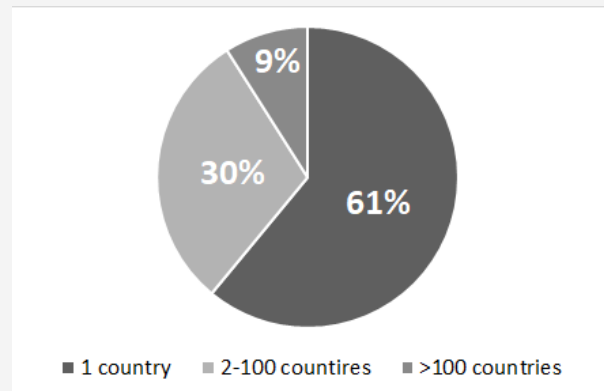
Figure 2: Participating organizations by global presence (N = 33)

1.5. Interviewees Characteristics

Figure 4 provides an overview of the composition of the interview partners. The sample consisted of 47 senior HR professionals, including 27 Senior HR Heads and 20 Talent Managers/Key Actors in TM, indicating a focus on knowledgeable informants. These interview partners possess comprehensive and often exclusive information on strategic priorities and challenges related to TM practices used in the organization. The seniority of the interviewees played a crucial role in gathering information on HR strategies as well as TM processes and practices. In terms of gender distribution, approximately 2/3 of the interviewees were female (see Figure 3).

Figure 3: Interview partner composition by gender (N = 47)

Figure 4: Interview partner composition by function (N = 47)

1.6. Structure of the Report

In the following we discuss the goals and challenges of TM, followed by the learnings and trends. The subsequent sections address the two key topics of interest: (1) tensions in communication and transparency and (2) tensions related to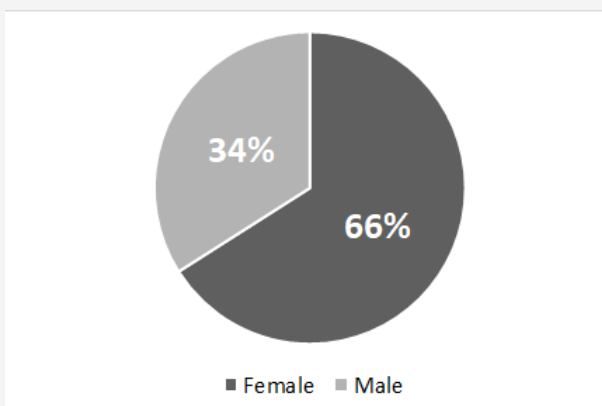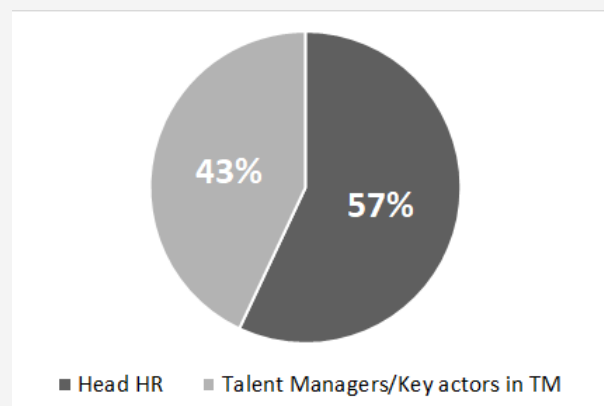 the actors and roles in TM. These topics were of particular significance and constituted the core of the qualitative interview study. This is followed by a discussion of the role of context in TM and the limitations of the interview study.

1.7. Limitations

Although they are illuminating, the results of this qualitative interview study should be interpreted in light of certain methodological limitations. First, although qualitative interview research allows for in-depth exploration and greater understanding of organizations' TM practices, the generalizability of our findings to broader populations is limited due to the small sample size. Therefore, the results of this study should be treated as inspiration for further research, rather than as an indication of what most organizations are doing. However, whenever a sizable proportion of the interviewees described the same trend, we duly highlighted it in the text. Second, as in all qualitative studies, the interpretation of this data is subjective and may have been influenced by the research team's own experiences and perspectives. To mitigate this limitation— at least to some extent—all members of the team were involved in the coding and analysis, and subsequent discussions were organized to establish a common understanding. Nevertheless, due to the subjective nature of qualitative research, as well as its reliance on in-depth understanding of context, it is often difficult to replicate such findings exactly. Third, data gathered via a qualitative approach cannot be used to establish causality. Although interview partners reflected on their learnings (e.g., which approaches were successful, and which were less so), other factors may have impacted their experience—and this causality cannot be implied. Fourth, interview data is usually hard to quantify, which can make it challenging to analyze and compare across different settings. Thus, validation of these results using both a larger sample and quantitative approaches is needed —and is indeed planned for the next stages of the "Talent Recipe" project.

2. Goals and Challenges

The defining of an organization's TM goals lays the foundation and guides the direction of its TM design and further development (Collings et al., 2019). Despite decades of academic and business efforts to reveal the optimal approach to TM, a "one-size-fits-all" solution does not exist (Gallardo-Gallardo et al., 2020). Accordingly, we found great differences in the goals that organizations set for their TM programs.

2.1. Goals: Beyond Retention

Long-term employee retention remains one of the most salient goals for implementing TM. Furthermore, consistent with the research findings on growing skill shortages (Whysall et al., 2019), interview partners identify employee retention as an increasing challenge. High costs and resource investments required for replacement, as well as growing competition for talent, are recognized as organizational risks. TM programs are perceived as the efforts that can prevent or at least reduce this risk.

> *Our people are very competitive. I have to be able to develop top performers in-house because I can't afford to buy them in, I can't keep up with the market.*

Although the interviewees indicate that TM alone cannot guarantee that key employees will stay within the organization, they nevertheless recognize that TM contributes to retention (e.g., *"If they get something, they might stay with us longer. That is also a return on investment for us"*). To achieve retention goals, organizations apply a great variety of approaches, from setting clear performance indicators to defining more overarching TM goals. An overview of the HR professionals' reflections on the TM goals revealed in the study is showcased in the Table 1.

Talent Management Goals	
Selected measurable KPIs	**Overarching goals**
- Internal hiring (e.g., percentage of [leadership] positions to be filled internally) - Diversity (e.g., proportion of women in the pipeline, proportion of age groups) - Training and development (e.g., days per year, percentage of employees) - Talent distribution (e.g., percentage of talent nominations across business units/areas) - Succession management (e.g., number of successors per position) - Tenure (e.g., tenure of employees identified/not identified as talents) - Speed of replacement (e.g., number of months)	- Discussing and finding consensus within top management team on future skills needed for organizational success - Creating a unified framework for TM and talent development - Revealing and nurturing hidden potential within the organization - Building a bonding culture - Strengthening the employer brand - Developing talent network within and beyond organization boundaries as a long-term approach to retention - Providing visibility to talents - Finding rapid internal replacements for vacancies

Table 1: Goal-setting in TM

As Table 1 indicates, the goals of TM include aspects beyond retention. TM serves as a platform that allows the management to discuss employee skills and qualities, as well as competencies that must be developed to ensure future competitive advantage. Therefore, the discussion about who is a talent requires a clear vision of the organizations' future needs. Developing this vision in a collaborative process in the organization facilitates the alignment of business strategy and HR practices and, thus, benefits the organization as a whole.

While aiming at developing more efficient and sustainable TM practices, organizations face challenges in balancing **contradictory effects of their key goals**. One such challenge is the tension between the goal of "training and development of a talent" and the goal of "retaining the talent in the organization." On the one hand, training and development efforts are important to maintaining competitive advantage, strengthening the employer's brand, and allowing talents to grow internally. On the other hand, training may raise a talent's promotion expectations, which are sometimes impossible to fulfil in a timely manner or at all. This may result in the loss of an internally trained and developed talent to competitors, and may therefore result in tension between the two goals.

> **Tension: Development vs. Retention**

Organizations in certain industries (e.g., hospitality, healthcare) experience this tension especially strongly. One approach to dealing with the tension between development and retention is to shift the focus from the short-term goals of the organization to a broader understanding of TM:

> *We are now trying to develop people. But perhaps we are also developing them for competitors. It's still worth it. I think I don't just develop people so that we have them here, but I develop them and try to support them in what they want and expect of themselves. Of course, I have fewer problems if they stay with me. But from a human perspective, it's important to me that people develop. If they stay with me or go elsewhere, it doesn't really matter. It is secondary. I see it like this.*

The following example supports this adoption of this broader understanding. Some organizations embrace **"boomerangs"** — employees who return to the organization in a new role after working with competitors for some time. According to interview partners, boomerangs bring fresh ideas and approaches that are beneficial for organization. Thus, "losing" the talents after investing in their development can be perceived as a merely temporary situation with a potentially positive impact in the future.

Thus, the focus shifts from short-term goals towards long-term goals, where attractive **corporate culture** and employer branding becomes an important asset. As one interviewee from a technological manufacturing organization indicated, *"I think it has often been institutionalized for many years, that you also try to make plans for people, development plans and, of course, employee appraisals. (…) And of course it also contributes a lot to the cultural values of a company."*

2.2. Challenges: Doing Things Right or Doing Right Things

The organizational context must be considered when designing TM programs because it goes hand in hand with multiple challenges. According to our analysis, the challenges can be divided into two groups: strategic challenges and design challenges. Strategic challenges refer to questions concerning the philosophy and importance of TM in the organization, whereas design challenges refer to the configuration of particular steps in TM programs. Figure 5 shows an overview of key challenges revealed in our study.

Strategic Challenges	Design Challenges
• Achieving high level of line management buy-in • Navigating heterogeneity across locations and employee groups • Navigating tensions in the roles of line managers, employees and HR • Navigating tensions resulting from the lack of resources (financial, HR staff)	• Balancing simplicity and accuracy • Navigating mismatch between talents and positions • Designing and implementing meaningful development plans • Navigating transparency and ambiguity in communication

Figure 5: Challenges in TM

One of the key strategic challenges concerns **navigating the interests, needs, and attitudes of various organizational stakeholders**. Interview partners report that they must thoroughly assess, understand, and manage the collaboration of different employee groups on all levels.

Furthermore, many interviewees indicate the importance of **involving the top management** as well as management's overall belief in the value of the TM program: If the top management doesn't support the TM program, interviewees must prioritize winning them over. They mention efforts to consistently show evidence-based justification for TM. For example, one interviewee reported:

> *There is lack of top management understanding for cross divisional mobility. This mobility is fostered by TM. (…) Until recently, this was also frowned upon by the group management, who said that there should be no such thing as poaching [across divisions]. But we want to adopt a basic attitude in which those with really great potential are allowed to move on within the Group rather than leaving altogether.*

Getting top management to buy into TM is important and requires a setup of processes that stakeholders trust (e.g., *"The management team is then unfortunately too uncertain as to whether we nominated the right talents and held the right discussions. And we simply have to become more self-confident in order to also communicate confidently. Yes, that's certainly a path we still have to take."*)

The **role of line managers** becomes particularly salient in the implementation of TM programs, as well as at the operational stage. Because they are often involved in talent identification and development, their support for the program is crucial—yet winning line managers' support can be challenging, because their active engagement in TM requires resources (e.g., time), motivation (e.g., in spite of the possibility that talent may be promoted away), and a general belief in the potential value of TM initiatives. As one interviewee indicates, *"If I sense that the line is not committed, then of course I address this and say, 'yes, if you have other suggestions…' or I also provide a certain database where you can see, aha, something could be changed positively so that it also has a positive effect on the business result."*

Internal **heterogeneity** across locations, departments, and employee groups is identified as a great challenge for an appropriate TM process design. As one interviewee describes, *"We have different areas that function differently. And to find a system that applies to all areas on the one hand, but also allows for a certain degree of individuality in the areas. That's the big challenge."*

11

Simplifying the TM process helps make it easier to navigate. However, a simpler process also creates blind spots that may endanger the quality of the TM program as well as the equality of talent identification and development.

The design challenges include also processes and targets related to talent identification. The **mismatch between talent pools and promotion possibilities** is a very common challenge. As indicated by an interviewee from a retail organization whose talent program was implemented two years ago: *"I think what we have to avoid, is that we absolutely have to avoid, is that people bob around in this program for years, and don't reach their target position."* Current organizational trends toward flexibility, dynamic change, and flat hierarchies make this challenge particularly salient. As one interviewee from a financial industry organization indicates, *"The hierarchies are becoming flatter and flatter and that's why I think we need to train our talents much more so that they learn to broaden their horizons, that they can move, that it can also be a lateral move, a career move, that it doesn't just have to go up. But we're really not there yet."*

Interviewees faced challenges in designing **developmental opportunities** because expectations for growth (whether horizontal or vertical) and support vary greatly among different employee groups. Meeting the needs of diverse employee groups requires personalized, individually adjusted approaches. Assuring that talents receive appropriate training (often specified in the development plans) is challenging and requires close tracking by HR. An individualized talent development program could make TM programs overly complex and hard to manage. In addition, the support needed from the line may not be readily available. For example, as one interviewee indicates:

That's when it sometimes becomes critical, where the managers say, 'Yes, but what are you going to do with them? You're taking them away from me,' so to speak. 'After all, these are often my top performers, who should actually be contributing to the business and not just spending all their time in some talent program.'

3. Learnings and Trends

In a rapidly changing environment—one where change was further accelerated by the pandemic—organizations must rethink their business approaches (Vaiman et al., 2021). HR managers feel pressure from multiple directions: Employees expect agile and flexible organizations; organizations expect employees who are willing to support changes; global competitors threaten to conquer the already scarce skills; an increasingly complex and ambiguous external context makes long-term planning ever more difficult. These global work transformations require HR professionals to modify talent strategies and reconfigure resources (Jooss et al., 2024). To remain competitive in a complex and fast-paced world, static approaches to TM are no longer sufficient: **Dynamic, flexible solutions** are required.

Figure 6 illustrates the key TM trends identified in the study.
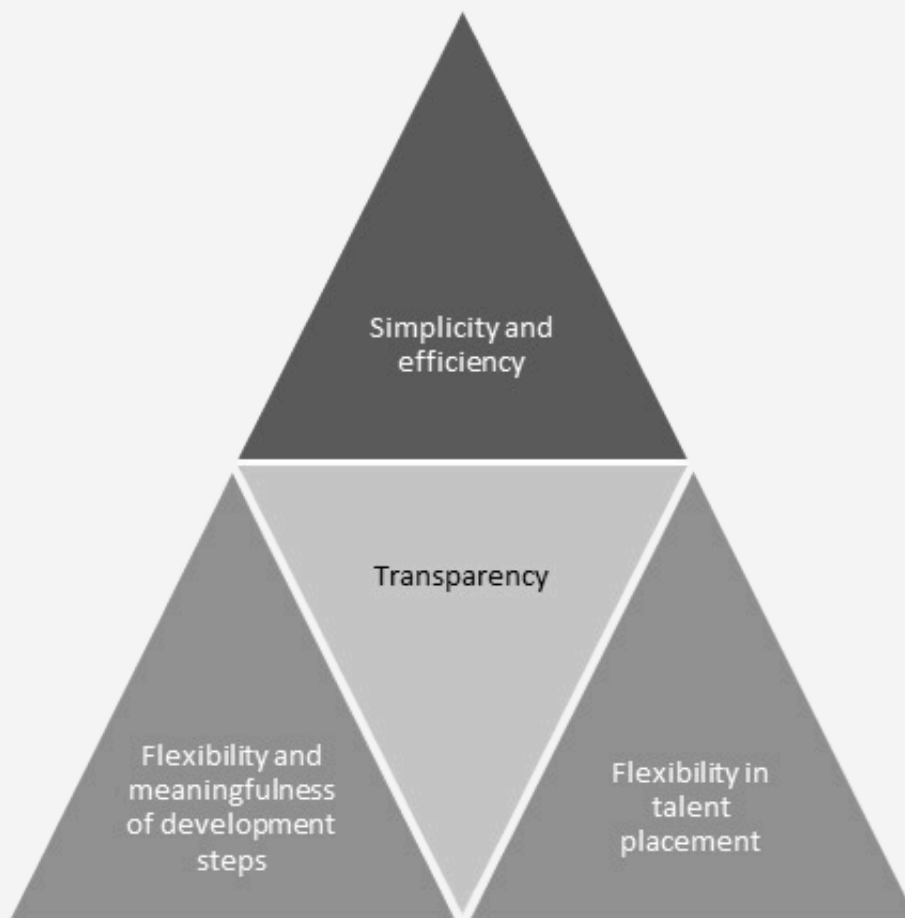
Figure 6: TM trends

3.1. Simplification and Efficiency

TM programs can become very costly, and often require substantial involvement from different actors (employees, line managers, and HR). In response, some more mature organizations have simplified their TM programs to be more efficient. Interviewees from such organizations conclude that the programs were somewhat overengineered and—despite being well designed and owned by HR—were not lived in the field by the line managers. Efforts to simplify TM are also driven by budget cuts. In response to such concerns, the following trends to simplify and improve efficiency are observed:

- **Simplify talent identification** in more mature organizations: The nine-box grid, first developed by McKinsey and formerly in widespread use by organizations, is now being replaced by simpler identification tools such as four-box or even three-box grids. The nine-box grid appeared to overburden some line managers, and the subtle differences between additional boxes were of little use in creating development plans. According to one interviewee from an organization in the financial industry, *"We have become simpler and simpler. Now it's just this three-point grading system: talent, performer, underperformer. Previously, there was a lot of guesswork, what is it now? Actually, the discussion [in the talent conferences] was no longer useful. That's why we've now simplified it so much."*

- **Simplify talent definition**: Some organizations switch to behavioral indicators of potential, rather than focusing on attitudes or personality. These efforts also include linking the assessment of potential more strongly with future development steps and promotions. One interviewee from industrial manufacturing organization describes their approach in these terms:

  > *We also realized that it is a mistake to do this too, psychologically—to handle an assessment of potential with abstract terms, which does not add much value in the discussion with the management teams. We then went about defining probing questions, where you say, for example, "Can you imagine employee X managing a large, complex project, 20 million projects from A to Z, independently as a project manager? How does the person deal with difficulties?" So, you get much better validation indirectly by asking specific questions.*

- **Simplify the TM process and program** in more mature organizations: As one interviewee from an energy-sector organization indicates: *"As simple as possible, as clear as possible, and less is more. So, you shouldn't have the feeling that we have to set up a huge program, that's just what we did before. I don't know how much money was invested in these people [talents] (...). It was just too much from my point of view, and I don't think it's worth it. So, I wouldn't do it again."* Such simplification in the process includes, for example, streamlining discussions on talents: *"Not everyone has to tell the same story, you can simply add where there is something new. That's a bit of discipline overall, so that you can make a good protocol. And what also helps for a good protocol is that they have already defined it in advance and given you the documents. And then with this time control, you can see that you are correct towards everyone"*; or simplified documentation: *"These conversations [regular development discussions with the supervisor] are documented, no matter what form they take. So now you can do it on your mobile phone, on a napkin, we want to keep it simple, as simple as possible."*

- **Simplify with digital tools**: Digital tools are used to track progress and KPIs identified for TM. To address the complexity challenge of individualized approaches to TM, some organizations employ more sophisticated digital support tools, including HR analytics and artificial intelligence (AI). This not only supports decision-making but also contributes to greater involvement by the line managers. Many interview partners see potential here, while also recognizing limitations. As one interview partner from technological organization with a mature TM system indicates:

  > *Well, we're a large corporation, at the moment (...) there's currently a lot of focus on automation, on artificial intelligence, on simplification in all these processes, so this is also coming to us from the Headquarter and that certainly has a lot of good things in it. (...) The challenge is, ultimately, it's still about people, especially in talent program. You don't just automate everything and say, "Hey, do some e-learning and interact with a chatbot to get you some career options." In my view the manager is becoming more and more important to offer the right coaching and that's where we see the future.*

Striving for efficiency and effectiveness in the changing environment requires constant reflection. As one interviewee from public organization indicates, *"I like it when people think about what they're doing. Now I'm looking at effectiveness. Is it the best way to do it? Or efficiency? (…) Why is it like that? Why can't we do it differently? What could be more efficient?"* In many participating organizations, the pressure to cut costs for talent programs is evident: As one interviewee from an organization in financial industry indicates, *"Yes, it has been reduced quite a bit, because the program used to cost a lot, but we wanted to reduce it by half now. Now we're talking about 18 months, actually only 10 and a half days. That sounds incredibly short. But it's still almost one day a month, except of course for the holidays."*

3.2. Flexibility and Meaningfulness of Talent Development Steps

Before talents can be promoted and placed in areas with more responsibility, some development steps are required. These include **who-based strategies** (e.g., coaching, mentoring), **what-based strategies** (e.g., special projects, job rotation), **when-based strategies** (e.g., tasks with time pressures and hardship), where-based strategies (e.g., international assignment), and **why-based strategies** (e.g., development with strategy components) (Bailey et al., 2018). Depending on their level of TM maturity, organizations are focusing on designing and revising their approaches to talent development. In some organizations, the development part of TM did not receive sufficient attention before—and as a result, more efforts are now being invested into designing development steps for talents in a meaningful and flexible way. The identified trends in talent development include:

- Greater **talent involvement in the development steps**. The "push and pull" approach is used, and many organizations expect high levels of personal responsibility from employees identified as talents (e.g., *"We don't already have ready-made development plans. That's something very important, that the people who are affected are involved, that we discuss their strengths and areas of development with them and then decide what kind of development plan we should draw up"*).
- Greater involvement of talents in designing development steps result in standardized programs being gradually changed to **personalized approaches**. Development programs in which all employees in the talent pool undergo the same development steps (e.g., workshops, trips, external lectures) are, in some organizations, being replaced with more tailor-made individualized development steps. One of the factors influencing individualization is the pressure for efficiency. As one interviewee from a large advisory organization indicates:

> *The program was planned differently. I am also transparent here. We have costs on the side where we currently have to look. We can't spend it with open hands. We have therefore scaled back the program somewhat. We have decided to individualize it. To sit down with each person individually and see what is actually needed.*

- Replacing some classroom, off-the-job training with more **organization-specific, real-life challenges**. For example, some organizations replace external training in collaboration with reputable institutions by providing internal training with speakers from the organization instead. Others replace case study workshops with project assignments where talents work on real challenges (e.g., *"We reorganized a bit, because it was also the wish of the participants, that when they work on something, they have an impact or that it doesn't disappear in a drawer somewhere [like the case study]. And the results that they produce today are actually used in the organization"*).

It is important to note that, because HR teams have expertise in the development—as well as a good understanding of possibilities for development outside of the current team or department—HR is involved in discussions on talent development plans for talents. Clarifying preferred individual career paths and strategically upskilling employees is crucial for sustainable TM.

3.3. Flexibility in Talent Placement

Facing multiple challenges and threats in workforce management, organizations increasingly recognize the need to become more dynamic. As one of the interview partners states:

> *We live in fast-paced times, everything is so volatile. Planning is becoming less and less important. You can do succession planning, but in the end everything changes again.*

The results of the interview study indicate increased flexibility along several dimensions, but most profoundly in talent placement. Such flexibility is observed in the following areas:

- Greater efforts to anchor possibilities for **mobility across divisions and locations** (e.g., *"We are now in the process of taking a broader view of international mobility and unifying things [e.g., job grading systems] across the Group"*; *"We were able to change attitude relatively quickly, from "Oh, that's negative when someone goes into another area" to "Hey, cool, and we still have to deal with them, now they're on the other side, it may be marketing, but they understand the issues we have to deal with in production," where otherwise marketing people say they don't understand. That's a huge gain if it's not viewed negatively, perhaps at first, but in the longer term you've raised awareness."*)
- Fostering of **non-conventional moves** (*e.g., "With the whole demographic change—but also, the increasing competition in very many of our countries means that we have to look very differently, that we are now talking much more about non-conventional moves, that we can no longer assume "Yes, we have now perfectly prepared someone" (…) but that we now have many more changes of function, promote much more across national borders, perhaps also take many more risks in terms of years of experience."*)
- Ensuring several **different target positions** for talents with flexibility for changing them (e.g., *"Some people may have a very clear goal or very clear target functions in mind, most people have several, several target functions, and that can also develop and change."*)
- Conscious openness to placement in key positions of employees from **outside of the TM program** (e.g., *"Because you are in a fixed position, it's actually like a TM program on top, (…) there are a lot of people who develop without a program. They might have a two-year stay in America, and then they might go to China for another three years, and then they come back to Switzerland also without a TM program."*)
- **Pool-oriented** succession planning (e.g., *"In the area of succession planning, we started out quite statically, with a strong focus on position-oriented succession planning. And now we have moved more towards pool-orientated succession planning, where we are simply trying to be more flexible, more agile and also generate more opportunities for our people and, of course, increase our chances of being able to fill even more positions, even more key positions from within."*)
- Identifying key positions **beyond leadership roles**, such as expert roles (*e.g., "It is very clear that we are not just concentrating on management positions. That was already a big issue in previous years, where you really do traditional succession planning and design succession planning for individual roles, but that we are now going further down into the organization. We have identified very special profiles [of positions without leadership] where we have difficulties finding people in the external market or developing people there and saying where we can set up a talent pool and help this group to develop further. So that, I think, is the biggest focus that I have set over the last year, to bring talent management down from the management level to other levels in the organization."*). This last trend also reflects the expectations of the new generations who do not find the leadership career paths attractive (e.g., *"I mean, the top management level isn't the cream of the crop either, and quite a lot of people realize that"*).

To address the challenges of talent placement, several organizations are observed to be devoting more effort to succession planning and better integrating both the people approach (identifying and developing talents) and the key position approach (identifying key positions and succession plans for them). For example, according to one interviewee from an international technology organization with mature TM: *"So you actually did the talent program in order to serve the program. And people then said, "Yes, now I've gone through the program and everything, and I still have, well, where is my next career step now?" And that was the reason why we then locally here in Switzerland, we actually want to do this again from the back, so back to the roots from the back and say we're doing succession planning."*

3.4. Transparency

Research indicates that transparency allows for more flexible and inclusive processes that can facilitate both selection (and, thus, efficiency) and learning (Jooss et al., 2023). Accordingly, the interviewees are increasingly recognizing the value of greater TM transparency. Among the reasons for this approach is the potential to lead an open dialogue with various employee groups and to meet their expectations. According to one of the interviewees:

> *First and foremost, we want to be a modern employer. We have dealt very intensively with Generation Z, with the generational issue in general, and we are a multi-generational organization. That's also in our claim. But I think we really want to capture the spirit of the times, therefore transparency is very important to us.*

Furthermore, according to interviewees, TM transparency has many advantages. First, it allows for fairer talent identification and development practices, which reduce the negative effects of selective programs. In pursuit of greater transparency, some organizations are providing opportunities for employee **self-nomination**: One interviewee from the banking and finance industry indicates, *"Employees can nominate themselves by submitting a motivational video, thereby demonstrating important future skills such as communicating their aspirations or showing a creative presentation technique."* Such self-nomination approaches may prove both fruitful and challenging. Specifically, due to the crucial role of supervisors in later TM steps, line managers should already be involved in the early steps of talent nomination. (Otherwise, they may feel less committed to developing talents that they did not spot themselves.)

Transparency also strengthens talent visibility and helps to develop broader networks within the organization, which has a positive impact on talent retention. In addition, transparency enables open conversation and leads to higher engagement of various stakeholders in TM in general. Finally, transparent approaches increase clarity by mapping the growth opportunities for each individual. As one interviewee from an insurance organization indicates: *"There we realized that we need more transparency in the career opportunities we have. Or which roles need which competencies? (…) And that is where we are now working hard to build up career paths. Or simply to make our roles clear and transparent. Exactly, there was a strong need there and we have now mapped everything out and are now working on building it up."* (see more in Chapter 4: Communication and Transparency).

4. Focus Topic: Tensions in Communication and Transparency

Because TM communication is a sensitive and complex topic—albeit one that may help organizations achieve their TM goals—HR professionals place significant importance on their communication approaches. Many organizations choose to avoid full TM transparency, fearing negative employee attitudes and behaviors that may stem from preferential treatment (whether real or perceived) of those identified as talents (Dries & De Gieter, 2014). Instead, such organizations opt for a communication approach characterized by "strategic ambiguity": intentionally maintaining an element of secrecy (Sumelius et al., 2020). However, existing literature in the TM field suggests that transparency is increasingly important in organizational strategic communication, and also that there is a trend toward greater transparency in both TM processes and nominations to the talent pool (Bravery et al., 2017).

4.1. Transparency Paradox

The trend toward greater clarity and openness in TM communication is also evident in our interviews. Several HR professionals express their desire to increase transparency—especially to enhance fairness and traceability, but also to attract younger generations. However, consistent with existing TM literature (De Boeck et al., 2018), this interview study reveals both positive and negative effects of transparency on employees identified and not identified as talents, as well as on the organization itself. HR professionals have reported experiencing tensions and uncertainty in their communication due to the advantages and disadvantages associated with transparency. According to one interviewee who has already gained a lot of TM experience in various organizations:

> *Communication of TM is a double-edged sword. While it is important to communicate with talents to make them feel valued and show that the organization invests in them, it is equally important to avoid aggressive communication with the entire workforce consisting of non-talents. However, transparency also raises high expectations among talents and if they are not promoted in the end, they may see it as a setback and quit. So, communication is a balance act.*

Quotes like this one demonstrate the tensions HR professionals face when communicating TM. Importantly, the findings of the interviews reveal that there is no consensus among the interviewees regarding the term "transparency." HR professionals report varying shades and degrees of clarity and openness in TM communication.

4.2. Mapping Transparency

According to the HR professionals interviewed, transparency can be introduced into various elements of an organization's TM system; for example, there are significant variations in what HR professionals choose to be transparent about, to whom they choose to be transparent, and why they choose to communicate transparently (or not). Figure 7 provides an overview of the various dimensions of transparency.
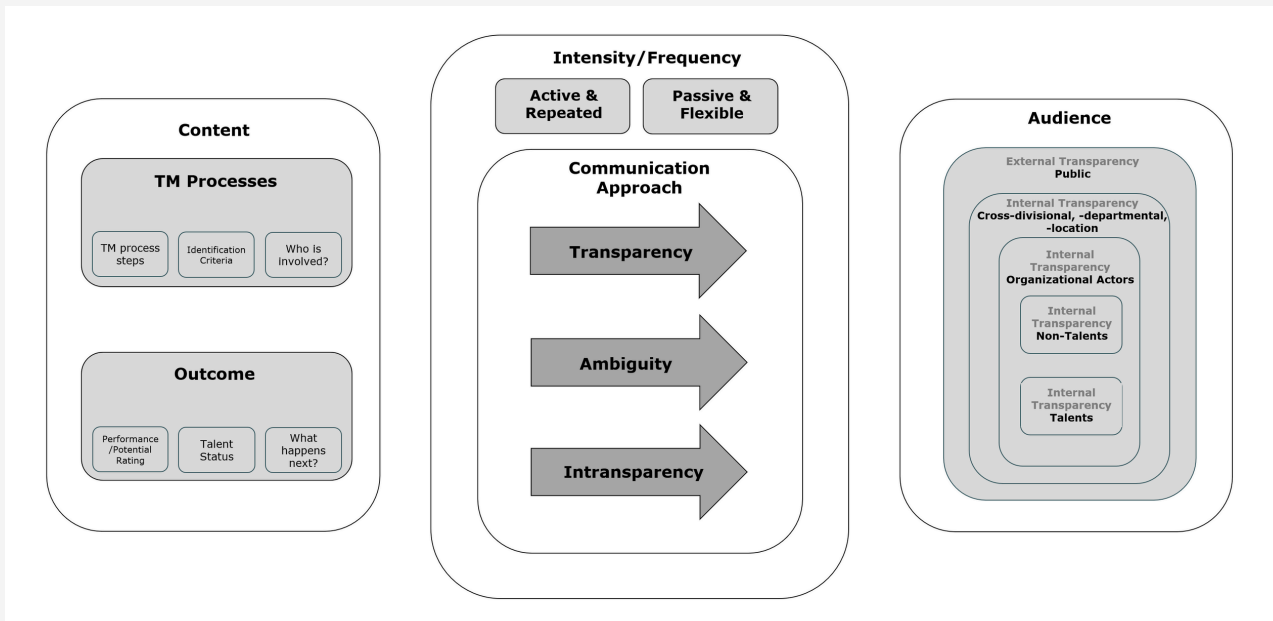
Figure 7: Mapping transparency: Various dimensions of transparency

Transparency Regarding Content

- Some HR professionals report that communication about TM to their employees is often restricted to the **TM processes** (i.e., transparency regarding how the **individual steps in the TM process** look). One interviewee working in the consulting industry describes their communication approach as follows: *"We communicate openly and transparently about TM processes, but we are cautious when it comes to sharing specific information such as who is nominated as a talent."* Disclosing information about TM processes can increase the traceability and fairness of the TM processes, which is particularly important for those employees who are not part of the talent pool.

- Further, some interviewees report they openly disclose the **identification criteria** they use to nominate talents. As one interviewee from the construction industry indicates, *"The blank unfilled criteria sheet used to rate the employees is available online. So, everyone should be familiar with it. There are also explanatory articles on the intranet with further information as well as regular workshops or events on TM for all employees."*

- Additionally, some interview partners indicate that they are transparent about **who is involved** in the TM processes. As one interviewee mentions, employees are told they play a pivotal role in the TM process and are therefore key stakeholders: *"The message that employees who wish to join the TM program can actively influence their nomination via the line is communicated transparently."*

Some interview partners view transparent communication about TM content as effective: *"Transparency about TM processes sends a signal that employees have the opportunity to develop within the organization at different stages of their lives, and that employee development is a high priority."* However, the interviewees also report that transparency regarding TM processes can be challenging, requiring constant clarification of the "rules of the game." This includes regular communication about the meaning of talent or the identification criteria to establish shared interpretations of fairness. As one interviewee from the gastronomy industry mentions, *"With a fluctuation of 50% or even more, I have to communicate almost monthly so that everyone has read it. But if you communicate too often, people stop reading it. That is a challenge."*

- Some interviewees indicate that communication regarding TM is limited to the **outcomes**—that is, an employee may know that they have been nominated as a talent, yet remain unaware of their **performance/potential rating**. One HR professional from the food industry describes a potential reason why an employee's ranking (e.g., in the nine-box-grid) might not be communicated transparently: *"There are only unnecessary discussions about why I am in this field and not in another field. If you focus on where someone is rated in the nine-box-grid, you are no longer discussing what is important, namely the development of employees. We want to avoid that, which is why we don't make it transparent."*

- Further, according to some HR professionals, communication regarding TM with employees is limited to **labelling them as "talent"**. As one interviewee from the finance and banking sector explains, *"Talents know that they are nominated, but we deliberately don't say, for example, which positions they were eligible for."*

- Additionally, talents may know that they are part of the talent pool, yet receive little or no information about **what happens after the nomination**, nor about the implications and consequences of possessing "talent" status in terms of training and development opportunities or workload. Thus, in their view, this approach helps organizations to avoid making unrealistic promises and to manage talents' expectations once they are nominated. As one interviewee indicates, this helps ensure that *"talents are not disappointed when things do not progress so quickly, since sometimes it is simply a longer-term story."* Such ambiguity in communication allows for multiple interpretations, which some organizations believe to be useful in maintaining stronger perceptions of fairness and justice.

Although transparent communication regarding TM outcomes can be beneficial in motivating those employees identified as talents, some HR professionals express concerns that transparency —especially regarding outcomes—may result in negative attitudes and behaviors among those not identified as talent. However, other interviewees believe that openness and clarity in TM communication can enhance organizational justice. One interviewee from the technology industry states:

> *Transparency in communication is certainly an opportunity to make the entire process more visible, standardized, equitable, and fairer.*

This resonates with tournament theory (e.g., Claussen et al., 2014; Rosenbaum, 1979), which posits that although TM is competitive and exclusive, employees may perceive a merit-based system as fair. Both classes of employees (included and not included in talent pools) are more likely to accept less favorable outcomes if they believe that the decision-making process has been fair. Furthermore, those employees who are not part of the talent pool are more inclined to believe in their potential for future talent designation when they view the TM as equitable because transparency shows them where they might improve their skills and competencies. This, in turn, may increase motivation and engagement rather than negative behaviors.

Transparency Regarding Intensity/Frequency

- The interview findings indicate that some HR professionals engage in active and repeated communication, whereas others do so more passively and flexibly. **Active and repeated** communication can promote TM and keep it alive—which many HR professionals consider a success factor. In the words of an interviewee from the banking and finance sector, *"The success of TM is not measured in numbers, but in quality (i.e. TM is successful when it is alive and anchored in the line). It is important that everyone understands the processes and is convinced of their purpose."* Active and repeated communication (e.g., workshops or information events for the organizational actors responsible for TM—or all employees) can help make TM part of the organization's DNA.

- Some interviewees rely on more **passive and flexible** communication, which means that organizations have no communication guidelines or concepts dictating how or what to communicate. Interviewees report that the communication may depend on various factors. For example, it may depend on the supervisor and employee: *"Not all managers communicate in the same way; some communicate more, others communicate less. Or, if the employee asks, then they have the right to know."* Another interviewee from the consulting industry reports that such communication may also vary among different organizational areas and divisions, or depend on the situation: *"At the moment, the degree of transparency in the communication is still very different in the individual departments, but I think this flexibility in communication is fine."*

Transparency Toward Audience

The interviews indicate that HR professionals communicate with different organizational actors using varying degrees of transparency. As one interviewee from the banking sector states:

> *I would say that we communicate transparently. But the question is simply to whom; not communicating something formally doesn't mean that it is secret.*

Their response exemplifies how an organization can be transparent toward different key stakeholders in TM without communicating directly with them.

- Some interviewees report that their organization shares information about its TM program with the **public**. As one interviewee from the construction industry states: *"We communicate very transparently to the outside world about TM to strengthen our employer brand. We do this in a very dominant way. We also use examples to show how you can develop within our company. This naturally attracts people who are interested in working in a company in the long term and pursuing a career. We also communicate important parameters internally and externally, such as how much internal promotion we have."* By publishing TM program information on their websites, organizations can demonstrate their commitment to employee development and highlight the availability of career advancement opportunities—which makes them a more attractive employer. However, HR professionals report that they avoid giving more specific information (such as which employees have been nominated as a talent) because doing so would increase those talents' visibility to competitors on the external market.

- The interview findings reveal the importance of **cross-divisional, cross-departmental, and cross-location** communication. In this study, "cross-divisional transparency" refers to the announcement of talent nominations, within a specific area, to all organizational divisions. Our HR interviewees express varied opinions about transparency across different organizational departments, divisions, and locations. Some support such transparency because it enables employees to enhance their visibility within the organization, establish a wider network, and gain insights into other areas (e.g., through concepts such as job rotation). For example, one interviewee from the public sector indicates that when talents are assigned mentors from other business areas, these mentors can serve as "eye-openers." Furthermore, knowledge can be exchanged across organization boundaries, thereby creating synergies. However, interviewees also report a lack of cooperation between different organizational areas due to a persistent "silo mentality" and the current organizational culture. Managers and supervisors may hesitate to be transparent across divisions because they fear losing their talents to other departments or business areas. As one interviewee indicates, *"If you have employees with high potential in your team, you ask yourself whether you want to nominate them in the talent pool because then you will 'lose' your best individuals and they are no longer in your control."* According to our interview partners, dealing with this tension between cooperation and competition among different divisions and business areas is a major challenge.

Other organizational obstacles or disincentives to cross-divisional transparency include:

- **Limited time or financial resources**: *"There is no longer any cross-divisional transparency since responsibility has been transferred to the individual national companies. The HR-department has been drastically reduced in recent years and we no longer have the time or financial resources for global coordination."*
- **Lack of processes and tools**: *"We lack the processes and tools to create cross-divisional links, allow for dynamics and still maintain an overview. Managing this complexity and heterogeneity is extremely difficult. In order to benefit from these synergies, we first have to adapt our processes and tools."*
- **Insufficient support from managers and supervisors**: *"In my opinion, it is not realistic to move from department to department. Which product and process manager will become Head of Communications? There are almost none. For me, this is 'much about nothing.' It's hyped and everyone thinks it's cool. But in 90% of cases, it doesn't work."*

- Several interviewees emphasize the importance of transparent communication among **organizational actors involved in TM**. In particular, HR and the line must collaborate closely and coordinate their efforts to address the tension between planning and implementation of TM. According to the interviewees, other key stakeholders within the department who may be aware of the employees nominated as talents include: managers, supervisors, division managers, project managers, and top management. Most interviewees emphasize the importance of including different perspectives, especially when nominating a talent, to reduce the likelihood of false nominations and to increase fairness, because some decision-makers may be biased. As one interviewee from the finance sector reports: *"We use methods such as 360-degree feedback and the six-eyes-principle since deciders are often biased."* Open, transparent communication and alignment among different organizational actors is key for successful TM and fosters the selection of the right candidates in the TM program.

- The interviews revealed that HR professionals are often reluctant to disclose information about the members of the talent pool to employees not identified as talents as well as the performance/potential rating of those **employees not identified as talents**. The interviewees express concern that sharing such information could lead to negative feelings, such as disappointment, decreased motivation and engagement, and envy among those not included in the talent pool. As one interview partner from the building and construction industry states:

> *Communication generates frustration. Why is someone a talent and I'm not? We want to avoid pigeonholing and classifying employees.*

Another interviewee states that they avoid transparent communication with employees not included in talent pools because *"we're not culturally ready yet. I think conflicts would really arise as to why someone is nominated. We want to protect both talents and non-talents. Talents should decide for themselves whether they want to reveal themselves or not."* Accordingly, HR professionals report that communications regarding talent status are limited to employees who have actually been identified as talent.

- **Employees identified as talents** are typically aware of their nomination to the talent pool. However, the way in which they are informed varies according to the HR professionals interviewed. Firstly, the person responsible for communicating talent status varies from one organization to another—it could be the CEO, a manager or supervisor, or someone from HR. Secondly, the means of communication may be more or less direct, depending on the organization. Organizational actors may disclose an individual's talent status through direct communication channels (such as an official announcement on the intranet or in a ceremony), as one interviewee from the public sector describes: *"There's an official letter from the CEO that congratulates the talents in person."* Other interviewees report that talent status may be disclosed less formally (but no less directly) during a meeting with the employee. Some organizations use more indirect means of communication, as one interviewee from the public service sector describes: Instead of being told *"You are a talent,"* talent status may be communicated to an employee in less direct terms such as *"We can see your potential and that you could potentially work in more complex functions in the future."*

4.3. Consequences of Transparency

Transparency to Inspire and Motivate Employees

Interviewees report that transparency regarding employees' awareness of their talent status may have positive effects on those identified as talents, including increased commitment and engagement as well as decreased turnover intentions. When employees' talent status is made transparent, they can build a vast network and become more **visible** within the organization. This is necessary for career advancement, as one interview partner from the construction industry affirms: *"To become a CFO or Head HR, it is essential to be well-known within the firm. People need to know who you are and whether they can trust you. Thus, it is crucial to provide them with exposure."* Additionally, post-nomination transparency helps clarify management expectations and shows talents that they are seen, engendering a sense of **recognition and appreciation**. The interviews also highlight that transparency fosters community-building among the nominated employees: *"The talents form a closely connected group, similar to a 'Class of 2023.' They engage in activities together and learn and benefit from each other."*

Employees not identified as talents may also react positively; for example, they may feel inspired by the success stories of their colleagues identified as talents on the intranet, leading to increased **motivation and engagement**. As one interviewee from the healthcare sector reports, *"We publish nominations, great moves and success stories from talents on our common platform. Thereby, talents can act as role models for all the other employees. I believe that this inspires them to emulate the talents."* Another HR professional from the banking sector mentions that their TM includes a so-called "Give-Back Function," which requires that talents *"regularly give something back to those who are not part of the talent pool. For example, if they have attended a workshop on resilience, the talents have to produce a video showing what they learned there. This video is then made available to all employees, so that non-talents can also learn something."*

The significant advantages of transparency in TM communication are counterbalanced by its disadvantages, giving rise to transparency tension. The HR professionals interviewed express concerns that clarity and openness may lead to **negative behaviors among employees**—both those who are part of the talent pool and those who are not. According to HR professionals, talent status can give rise to arrogance, self-satisfaction, and complacency. For instance, one interviewee from the energy and transportation industry reports:

> *From the moment I informed the employee that she had been nominated as a talent and was a potential candidate for the role of Head HR in the future, she behaved as if she were already Head HR today. There was a massive change in the impact of this employee.*

Moreover, the pressure on talents may increase even more after their nomination. In the same vein, some HR professionals wondered how best to communicate when an employee was once identified as a talent—but no longer is. As one interviewee from the construction industry states, *"Transparency can lead to difficult discussions about losing talent labels. You can be a talent today but lose the label next month. But how to communicate that? This is difficult."*

In addition, HR professionals fear that transparency regarding talent status may result in the labeling of employees, which may create feelings of **disappointment, envy, and frustration** among employees who are not identified as talents, potentially leading to increased intentions to quit. One interviewee expresses this fear as follows:

> *I believe that the more openly and transparently you communicate, the greater the frustration of non-talents can be.*

However, it is interesting to note that this apprehension among the HR professionals interviewed is often nothing more than that—a fear—rather than a real threat.

Transparency to Foster an Open Culture

According to the interviewees, TM transparency can contribute to an active feedback culture, create an atmosphere of trust and honesty, and boost morale. In addition, in the absence of transparent communication, employees may naturally turn to more informal communication channels in search of answers to their questions, which contributes to the spread of rumors. As one interviewee working in the technology industry states: *"We have started to communicate the talents on our intranet, because if, for example, the talents are absent for five days for a workshop, the other employees notice that and ask where and why. And that's exactly where rumors start and interpretations are made. This can be avoided if communication is transparent."* Such quotes indicate that information about talent nominations tends to leak to employees anyway, regardless of whether HR professionals have been transparent in their communication.

However, some interviewees reported that transparency can convey a false image, suggesting that only talents are valued within the organization, whereas employees outside the talent pool are not. Additionally, interviewees mention that transparency may not align with the current organizational culture, which places great value on equal treatment and fairness (e.g., *"We are so protective of people. You have to understand, firm X is an organization of fairness and justice. We're an organization of wanting everybody to feel a sense of belonging"*). Furthermore, transparency can overemphasize TM and lead to a culture of envy. As one interviewee from the banking and finance sector reports:

> *Communication is a significant challenge, as it often automatically fosters a culture of envy. Even when the organization do it with the best intentions, it is inevitable that some individuals will feel resentful and disillusioned.*

Transparency to Foster Learning and Improvement

Some degree of transparency is crucial for the success of TM, because the processes must be inclusive and flexible in today's hyper-competitive and increasingly complex marketplace. One interviewee from the consulting sector emphasizes that transparency is essential for continuously adapting and improving processes, establishing clarity and openness in TM communication as the foundation for learning. Transparency allows different actors—such as employees and line managers—to provide input and participate in improving TM processes. Furthermore, to nominate the most talented employees, it is necessary to engage in an open discussion with them, which requires a certain degree of transparency among different organizational actors. As one interviewee states: *"The employees are really discussed and opinions from different stakeholders are taken into account. HR talks to the line, to the division, to the people who have worked with this employee. Finally, the management is also integrated into these discussions."* Additionally, transparency can help to "keep the talents happy" and maintain employee satisfaction, especially among individuals who may be disappointed because they completed a talent program but were not promoted to a new function or role. In such cases, transparency is necessary to justify why the promotion did not work out, which helps to retain those valuable employees.

5. Focus Topic: Tensions Related to Actors and Roles in Talent Management

The process of identifying, developing and retaining talents requires strong involvement and cooperation among different actors (see Figure 8)—namely the top management team, HR professionals, head of departments, line managers, and talents (King, 2015). Interview data shows that the division of roles and tasks in TM processes may differ among organizations, and also that this division is subject to continuous reflection and adjustment (see Figure 9; the darker the field, the bigger the role of the HR function in the TM process). The HR department, for example, may play a supporting (e.g., consulting on demand) or leading role (e.g., designing development activities for nominated talents). Notably, **managing tensions** in TM requires that HR professionals **navigate between different roles** in order to address current TM challenges that their organization is facing.
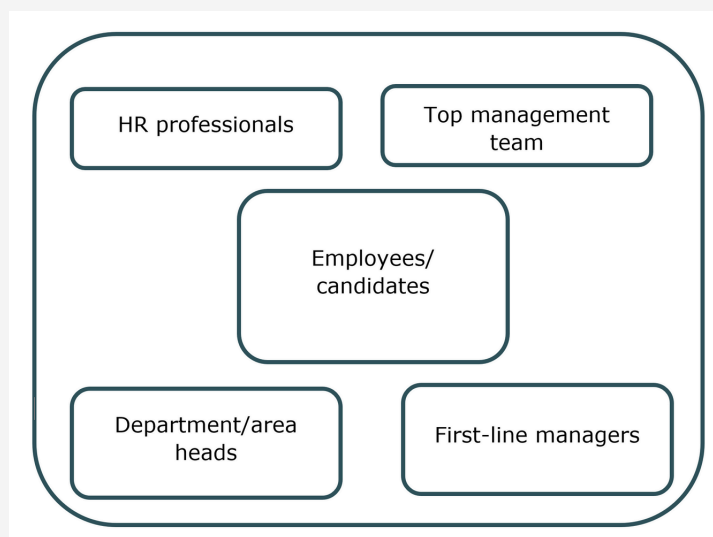

Figure 8: Actors in TM

In many organizations that have developed TM, HR acts as the **process owner** and is involved in designing TM processes, standards for talent identification, and talent development measures.

- HR professionals report feeling responsible for developing what they call **"minimal standards"**, which provide guidance to line managers and talents. These standards include not only processes for identification and development but also the definition of outcomes of TM, such as the number of talents in the talent pool or a percentage of open (leadership) positions that should be filled by internal candidates (target internal development rate, e.g., 50–80%).

- A **close collaboration** with top management team while designing the TM program in line with strategic organizational objectives (e.g., who is talent in our organization?) appears crucial to assure commitment to the agreed-upon rules of the game. However, implementing such close collaboration also may prove challenging. As one of the participants indicates, *"The difficulty was when the CEO went over the list again and started to tweak it. That was the moment when I was no longer included. I did see the list at the end. I could also not stand behind the process of how this list is currently being drawn up."*

Because the process owner's overarching role naturally encompasses the role of **TM developer**, it also includes monitoring progress (e.g., quantifiable goals such as talent pool diversity), discussions with top management about what talent is (and isn't), interacting with the line to assure implementation, and keeping a finger on the pulse of necessary changes to TM processes. Reflection on lessons learned will lead to changes and improvements in discussions with the top management team. For example, as an interviewee from a global machinery construction organization indicates, *"Another topic is the assessment of potential, which I personally would have preferred to integrate into a performance appraisal meeting. And not have extra sessions again (for potential assessment). But that hasn't happened yet. We are on the way. I'm experiencing a great deal of openness, but of course not everywhere in the company."*
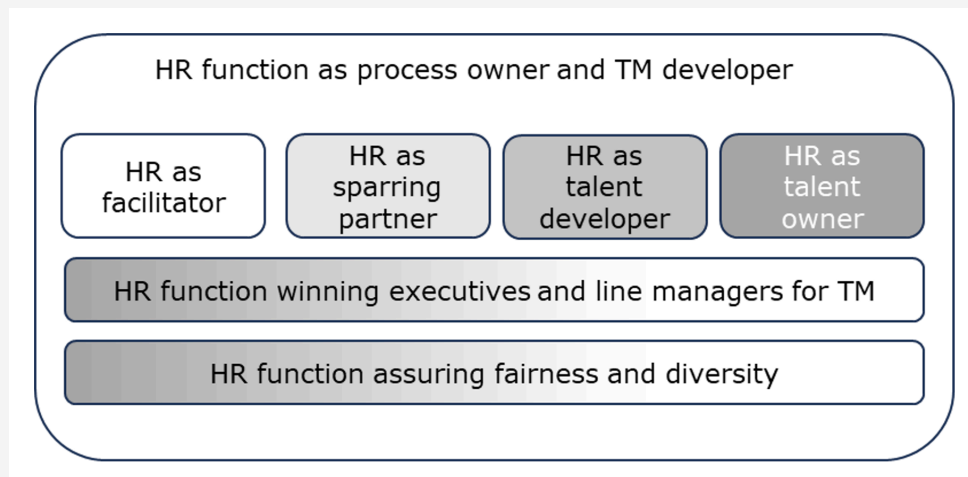

Figure 9: HR function in TM

5.1. HR as Facilitator and Sparring Partner

Depending on the design of TM processes, HR professionals play different roles and influence the outcomes of the process to varying degrees. For example, they may take on the rather subtle role of moderators and facilitators.

- As facilitators, HR professionals tend to understand their role as one of **supportive function**, whereas line managers and employees play the key role in the TM process (e.g., *"So basically, for me, we in HR act as facilitators and the "doing" [of TM] is actually in the line. And we always try to push in this direction"*). In the words of one interview partner from an insurance organization:

> *We assign the observation [of potential indicating behaviors] to the managers. It's your observation, it's your perception. You have to justify it, and it's from your perspective. (…) The development should be primarily through line managers, because they are much closer than we are in HR. I think it's more genuine and closer when a manager accompanies an employee than when we do it.*

- As facilitators, HR professionals orchestrate the process of reviewing proposed talents (so-called **review boards**). They strictly **moderate the discussions** to ensure not only that proposed talents are discussed thoroughly, but also that different perspectives can be integrated (e.g., *"We held classic review board meetings, which I moderated extremely tightly. We had someone who took the minutes. It has actually worked out well that you've really introduced the individual people, from the direct line manager"*).

- In some cases, HR professionals assume the stronger role of **sparring partners** in their exchanges and discussions with top management and line managers. Given that the implementation of TM hinges on the proper identification of talent by the line managers, HR professionals see a place here for themselves in terms of challenging the selection decision. As one interview partner from the banking industry indicates, *"So in my past, there were battles where we fought out who was allowed to join this program and who wasn't. So yes, that would be the goal for me."* According to many interview partners, a TM program will not produce successful results if the HR professionals do not play the role of an active and challenging sparring partner.

5.2. HR as Talent Developer and Talent Owner

Although the line managers are seen as crucial in designing and implementing development plans for talents, in organizations with less mature TM, the role of HR professionals must be strengthened to that of a **talent developer**.

- Because HR professionals are valuable experts in employee development, if they take on the role of talent developer, their **expertise** can be put to good use. Whereas line managers may lack talent development skills, such expertise is readily available among HR professionals.

- HR professionals as talent developers constitute an important link that **connects different departments and locations** and assures that different development opportunities—including those outside the current work area—are considered for development measures. This allows for designing development plans beyond the current area or department.

- Strong involvement in talent development also enables a more **informal way** of developing talent, as one interviewee from banking industry indicates:

> *As the person in charge of HR, it's extremely important for me to listen to people. That I hear what they say about people. This is something that people totally underestimate, but when it comes to promotion to a new role, "top of mind" also plays a role. It matters who comes to mind.*

- However, the role of talent developer may **replace** the "job matching" function in the **natural, bottom-up job matching process**. As one interview partner from an insurance organization indicates, *"The fact that a lot of things run via HR as a channel and a point of contact means that it doesn't take on so much momentum of its own, which is what I would actually hope for. I think we are on the way, an interim success, yes, but still a long way from reaching our goal."*

- Getting involved in developing employees' next career steps can yield significant dividends, as one interviewee from the gastronomy sector indicates: *"What we [HR] also do is that we actively go into the business and work there. To get a feel for the employees, to find out how they are doing. When you realize that someone is fully motivated, that they're having fun, you arrange a bilateral discussion. They may say, 'I'd like to become a manager,' or 'I'd like to work in HR,' or whatever. You can create a connection point there."*

In a few organizations, especially those that have clearly defined talent programs for talent pools, the HR function appears to become that of a **"talent owner"**, at least for the duration of the program. For example, one interview partner from a public organization with a structured TM process describes the strong involvement of HR in the identification process as follows: *"The person is then invited by HR for a so-called admission interview. The aim of the interview is to reassess the person's motivation for the program and to check whether it is feasible in terms of time. The question then arises, can the person really do it?"* In some organizations, the identified talents are "taken over" by HR for the development steps in the TM program, with only a limited role for line managers in the process (e.g., *"Then they come to me in HR development to define the development plan"*).

However, **such a strong role of HR in the process may create tensions** and is critically evaluated by some interviewees. In their view, for a TM program to be effective, line managers must play the key role, with HR in a supporting role only. In the words of an interview partner from an organization in the mechanical, electrical, and metal industry that recently strengthened the role of HR in its TM:

> *What exactly is TM? And I personally am very much of the opinion that I have provided some guidance, I have provided methodologies and so on, but it is still a management task. Perhaps it has been turned into something that it is not [HR role is too strong]. That's why it does not deliver expected results.*

Importantly, stronger HR roles—both in terms of talent identification and talent development (i.e., the "talent owner" role)—are more likely to be observed for talents at higher levels of the organization (e.g., three to four levels below the CEO). Here HR professionals are active in both the identification and development of talents, and carefully track talents' progress over time.

5.3. HR Function Winning Over the Line for TM

HR professionals see their important task in TM as assuring proper implementation and **winning over the line and top management** as to the importance of TM for the business (e.g., *"It's my responsibility to enrich the TM process in such a way that the line thinks: aha, that makes sense"*). Winning over the line is important for any HR professional roles, but it becomes even more crucial if line managers take significant responsibility in TM (e.g., where HR professionals are limited to the role of facilitators). Winning over the line involves communication, permanent adjustments, and relationship management.

- The HR professionals see their role clearly in **anchoring the importance** of TM in the top management team and line managers' mindsets.

- To keep TM alive, HR professionals must continuously **demonstrate its value** for the business. Otherwise, *"at some point you get bogged down because you have other topics and you have the feeling that we've done this twice and it's no longer necessary. I think it's important to emphasize the urgency and importance of the issue."*

- Selling the TM idea to the line requires a well-designed process that **does not overburden the line managers** (e.g., *"You have to proceed step by step. If you try to make the tool too big, you overburden the organization. Then it becomes an HR tool, but it should be a management tool"*).

- Winning over the line can be supported by establishing a **clear link to strategy.**

> *The important thing is simply that it is not seen as an HR process, so that it somehow runs in isolation, but that it is well integrated into the other company processes, so that it actually comes from the business strategy, from HR planning and that is succession planning, that we don't do it for HR, but because it simply hurts extremely financially if you lose these people to competitors.*

- Support and **training for line managers** appears crucial to ensure that line managers implement TM in line with organizational objectives (e.g., *"I think that our superiors were not used to having such (potential) conversations at first. So how do you deal with it? It took a lot of support and it's still an issue, even for new line managers of course, what's the reason behind this process, how do I deal with certain situations and is this really my responsibility and not HR who should be doing it? This is something that needed a lot of training, support."*)

5.4. HR Function Assuring Fairness and Diversity

In exclusive TM programs (i.e., where only limited number of employees are included), HR professionals feel they must play a strong role in assuring **fairness and proper communication**—both toward employees identified and not identified as talents (see also Chapter 4: Communication and Transparency). As one of the interview partners indicates:

> *We want to support everyone. This is the heart of people development.*

The greater the role played by line managers in TM (e.g., where HR acts only as facilitator), the more important it becomes to assure fairness and diversity. Line managers are challenged by difficult situations in teams from which some—but not all—employees have been nominated to the talent pool. Consequently, HR professionals see a role for themselves in designing the right TM and communication processes, so that there is less room for misunderstanding (e.g., talents expecting rapid promotion), less potential for conflict (e.g., within teams), and in some way correcting and streamlining communication with the line managers (e.g., *"We also try to clarify expectations so that people can't expect that when they come out of the program, they will automatically have a management role or be promoted straight away. So they simply shouldn't have this expectation"*).

6. Talent Management and the Role of Context

The study findings confirm that there is no one-size-fits-all approach to TM. The setting and development of TM programs are inevitably influenced by the environment in which organizations operate. This environment can be broadly divided into two factors:

- **External factors** (e.g., *"Many people no longer strive for leadership roles. This is a new reality that doesn't make it so easy for us to fill management positions. Many people say they want an expert career; few say they want a management career. But I still need them."*)

- **Internal factors** (e.g., *"It's no secret that we're not exactly thriving as a company. We've always had cost-cutting measures. That means, of course, that there is also the fear that we don't have the size and capacity to say that we're going to fly all the talent to the USA for a weekend to do a really cool workshop. We will never be able to do that. We would have to do location-specific measures or regional measures and just with this low budget. Then the question is, can we even offer enough to sell it?"*)

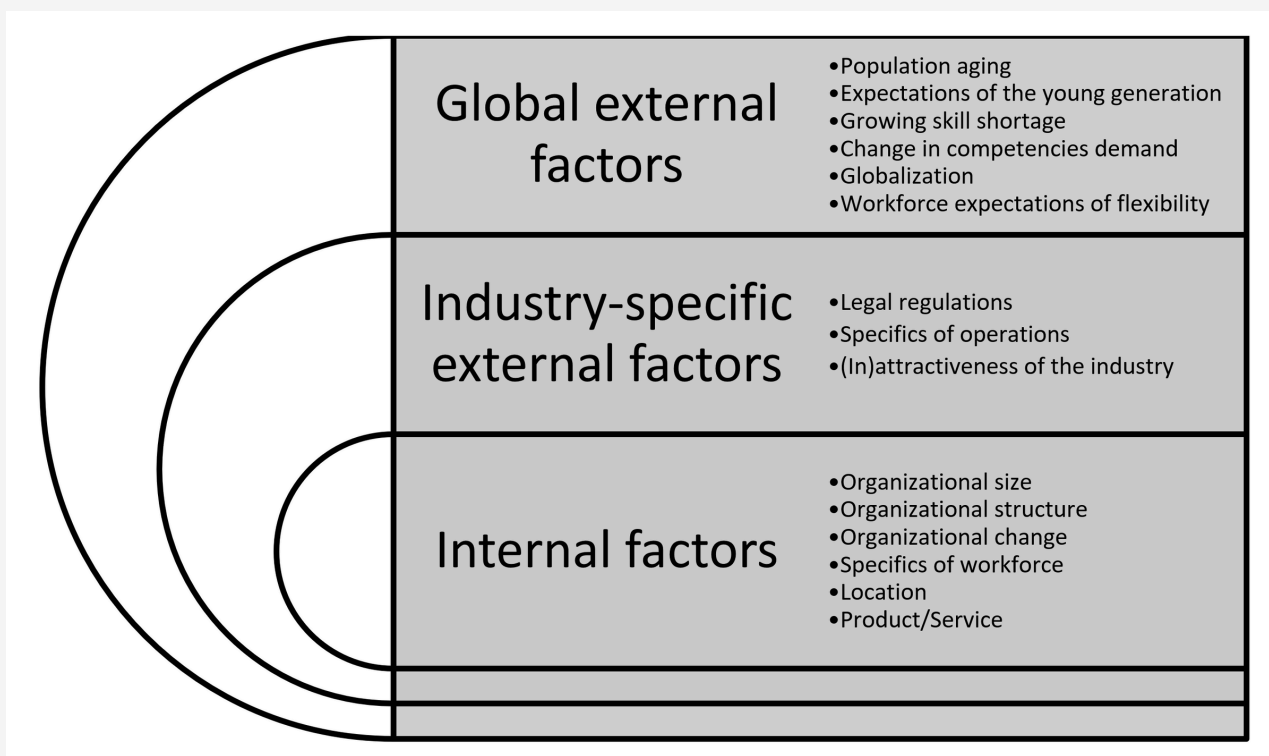Figure 10 presents an overview of contextual factors shaping TM goals.

Figure 10: External and internal factors shaping TM

External factors refer to the market- or industry-specific characteristics that shape organizational approaches to operations in general, and in HR management in particular. As one of the interview partners from the pharmaceutical industry states: *"It's a difficult market that we're in. There's always more competition, and market situations are becoming more difficult overall, it's all becoming more global. It's all the more important to have the right people, to discover talent early, to develop people further, and to get the best out of yourself."*

The interviewees indicate that, depending on the market they operate in, they must address global or industry-specific external contexts (or both). **Global external factors** influence the decision to invest in TM and its design. They are observed in the following areas:

- Experiencing **overall skill shortage** makes talent strongly relevant (e.g., *"Last year was very, very significant for me in terms of retention management. We've lost a lot of people, the job market is dry and I always say, "Hey, it's difficult at the moment and we have to find solutions together.""*)

- Increased concerns about the **aging population** make it important to invest in TM and adjust the design toward younger employees. As one interviewee from a public organization notes (e.g., *"That will be around 26 to 28/29. So we'll experience severe skills shortages, because when the baby boomers leave, it will be the biggest pain. This is not news to me, I have been communicating this to my superiors in the X for seven years. If you don't do anything, you won't be able to find the highly qualified people at level one."*). In a similar vein, one interview partner from a construction industry states, *"We have an aging society and organization. We have, I think, around 35% of employees in the age 50 plus. That means a lot of people will be retiring in the next 10 or 15 years. That is an issue."*

- Adjustments required to meet the expectations of the **younger generation** incentivize organizations to invest in designs that would be attractive to young individuals, such as expert talent career paths (e.g., *"The most difficult thing is leadership roles. In my generation, it was desirable to have a management career. I now learn that I am an outdated model here. Many people no longer see it that way"*).

- Growing expectations for **flexibility** and alternative work arrangements impact the design of key positions (e.g., *"This is no longer 50 years ago. Women are also working. Then come family needs. Then come things like part-time work. The mobility is an issue. In the direction of New Work, Work 4.0, there are many challenges to be met to remain attractive."*)

- Opportunities and threats of **globalization** impact, for example, the design of career paths (e.g., "I think it's precisely in development, in globalization, in increasing efficiency, that we need new thinking, different thinking, people who want to drive things forward, who also value the international. And at the same time there is a certain danger for certain positions in connection with China.")

- **Dynamic changes** in competencies demand accentuate the importance of understanding TM as a practice that is relevant for the whole workforce:

> *We always try to push in the direction, that every employee must continuously develop, because otherwise their skills and abilities will be lost as the market continues to evolve. So right now, for example, in the direction of digitalization, automation, we all know, we ourselves know, there are so many new tools that you have to keep learning.*

IIndustry-specific external factors refer to particular advantages and challenges of operating in a certain business area. Some industries' representatives (e.g., health care, education, public sector) report experiencing additional difficulties in TM due to official **legal regulations** (e.g., *"We'd like to promote internal candidates. But we could never do that without advertising available positions externally and entering external competitions. And then every internal employee knows that I'm in competition. So that's a bit of a disadvantage that we have in the X. Key stakeholders have not yet understood that we actually have a great interest in being able to fill the key functions [i.e., the upper management] with internal people."*).

In addition, as stated by the interviewee from the mechanical, electrical, and metal industry, **highly specified operations** may give TM approaches a stronger focus on retention and talent development: *"We are operating in a relatively complex field, where the onboarding of new people can take good six months or more. That's why it's certainly a key driver for us to retain people, develop them further, and that's why we invest in that."* Furthermore, **industry(in)attractiveness** strongly impacts TM practices, such as talent development approaches and TM communication intensity (e.g., *"Gastronomy is difficult, the wages aren't that great, we don't even need to talk about that. Many of employees only stay here for a year or do it during their studies… With a fluctuation of 50 percent or even more, I have to communicate this almost monthly so that everyone has somehow read it"*).

Internal factors also play a substantial role in shaping approaches to TM. Study participants have identified that such internal contexts may be simultaneously beneficial and limiting, which makes it challenging to navigate them. Among these factors are **organizational size and structure**. For smaller organizations, talent identification process can be *"much easier, because you really see who are the good performers."* Yet talent development and retention become more challenging due to the lack of possibilities to grow both vertically and horizontally. On the other hand, larger organizations—especially international ones—typically have more resources and possibilities for talent development; as such, their processes tend to be *"well established and institutionalized."*

However, **workforce heterogeneity** in larger organizations poses a different challenge, namely finding definitions and approaches that would be approved and supported by diverse management teams, employee groups, and potentially even entire cultures. As one interviewee states, *"One challenge is certainly different cultures, because it is global talent management, which means that different cultures come together. The entire process, from definition to identification to further development, must be coordinated to ensure that it fits in every country. America is different from Asia"*. Accordingly, talent managers must effectively navigate these organization-specific strengths and weaknesses. Further internal factors are indicated in the following areas:

- Attributes of the headquarters **location**. While for some organizations being located in a specific area can be beneficial, other interview partners indicate challenges in talent attraction and retention (e.g., *"We work in region X. We really have to make sure that we can keep people here and develop them further"*; or *"Our company X has 95% of its employees here in city X. We don't have 300 branches around the world where we can offer development steps with 300 of the same functions. Under the motto, you become a leader somewhere: if not in China, then in South Africa. We don't have any of that. It all takes place more or less on this site. Of course, we are quite limited in that respect."*)

- Undergoing or recently occurred **organizational change**. For example, the rapid growth of some industries, such as online retail and IT, has created new paths for the internal development of talents—but at the same time this growth has caused challenges in terms of reshaping TM due to rapid expansion.

> *I believe that we have a lot of potential within the company that we are not taking advantage of. But this is perhaps also because we have grown very quickly and very strongly. We have tripled or quadrupled in size within five years"; or "We are expanding, so we already know what we have for the 26 and we can also motivate people to say, hey, this might be something in the future. But that's also the first problem, that we promote people who aren't quite ready yet.*

- **Specifics of the workforce** in some industries such as health care or IT require customization of talent development approaches (e.g., *"They are not salespeople. They are not marketing people. They are introverted, highly specialized people. And as a result, in leadership you always have to bring them out of their comfort zone. It's incredibly challenging for everyone."*)

- Organizations' particular **product or service features** offerings affect their attractivity as an employer and, in turn, the necessary intensity of TM practices such as onboarding, training, and development (e.g., *"We don't really have a product, we have innovations, we have solutions, so we sell our knowledge. And that's why we have to make sure that our knowledge is really up to date, that we can use it and sell it to our customers accordingly"*; or *"Developing a product X like we do, worldwide, unique, unprecedented, that naturally attracts the most talented people. And it really is the case that the product X is a form of passion that is unique. We feel that again and again."*)

To successfully deal with multiple external and internal contextual factors that impact the structure and the effectiveness of TM programs, some organizations chose to adopt dynamic, flexible approaches for their TM strategy. For example, as one interview partner from a software solutions organization states:

"" *The IT industry is very dynamic, develops very quickly, and that also means rapid development for employees, but it is also precisely employees who demand this. And that's why you have to keep looking at it strategically, adapting it, introducing new programs, eliminating them, but we also try to harmonize it across business units wherever possible.*

8. Project Team

Anna Sender, a senior researcher and lecturer at Lucerne University of Applied Sciences and Arts and University of Lucerne, is the leader of the SNSF-funded "Talent Recipe" project. She represents Switzerland in the CRANET international network, is the board member of the Zurich HR professional association (ZGP), and is a managing partner of the HR ConScience GmbH start-up.

Sarah Kost is a PhD student at the University of Lucerne and a research associate at Lucerne University of Applied Sciences and Arts. She is engaged in the "Talent Recipe" research project, which is funded by the SNSF. Her research interests include talent management communication, organizational transparency, and talent identification.

Marina Pletscher is a PhD candidate and research associate at the University of Lucerne, as well as a research team member at the SNSF-funded "Talent Recipe" project at Lucerne University of Applied Sciences and Arts. Her research focuses on organizational communication and talent management. She also works as a self-employed communications consultant.
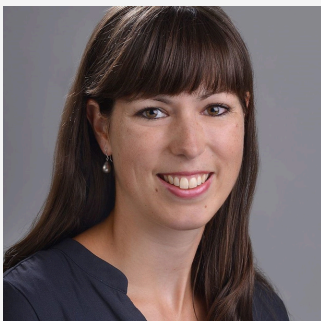
Lea Rutishauser is a lecturer at the University of Lucerne. Her areas of expertise are in the field of talent management, leader–member exchange, cross-cultural management, organizational change, and employee retention. She is a co-founder and managing director of the HR ConScience start-up and works in personnel development for a Swiss retailer.

9. References

Bailey C., Mankin, D., Kelliher, C., & Garavan, T. (2018). *Strategic Human Resource Management*. Oxford University Press: Oxford.

Bhalla, V., Caye, J. M., Lovich, D., & Tollman, P. (2018). *A CEO's guide to Talent Management today. Boston Consulting Group. Retrieved*.

Bravery, K. et al. (2017). Global talent trends study 2017: Empowerment in a disrupted world. Hong Kong: Mercer.

Claussen, J., Grohsjean, T., Luger, J., & Probst, G. (2014). Talent management and career development: What it takes to get promoted. *Journal of World Business*, 49(2), 236-244.

Collings, D. G., Mellahi, K., & Cascio, W. F. (2019). Global talent management and performance in multinational enterprises: A multilevel perspective. *Journal of Management*, 45(2), 540–566.

De Boeck, G., Meyers, M. C., & Dries, N. (2018). Employee reactions to talent management: Assumptions versus evidence. *Journal of Organizational Behavior*, 39(2), 199-213.

Dries, N., & De Gieter, S. (2014). Information asymmetry in high potential programs: A potential risk for psychological contract breach. *Personnel Review*, 43(1), 136-162.

Gallardo-Gallardo, E., Thunnissen, M., & Scullion, H. (2020). Talent management: context matters. *The International Journal of Human Resource Management*, 31(4), 457-473.

Jooss, S., Collings, D. G., McMackin, J., & Dickmann, M. (2024). A skills-matching perspective on talent management: Developing strategic agility. *Human Resource Management*, 63(1), 141-157.

Jooss, S., Lenz, J., & Burbach, R. (2023). Beyond competing for talent: an integrative framework for coopetition in talent management in SMEs. *International Journal of Contemporary Hospitality Management*, 35(8), 2691-2707.

King, K. A. (2015). Global talent management: Introducing a strategic framework and multiple-actors model. *Journal of Global Mobility*, 3(3), 273-288.

Korn Ferry. (2019). Retrieved from https://www.kornferry.com/

Martin, J., & Schmidt, C. (2010). How to Keep Your Top Talent. *Harvard Business Review*, 88(5), 54-61. Retrieved from: https://hbr.org/2010/05/how-to-keep-your-top-talent

PwC. (2022). *Reimagining the outcomes that matter. PwC's 25th Annual Global CEO Survey*. Retrieved from www.ceosurvey.pwc

Rosenbaum, J. E. (1979). Tournament mobility: Career patterns in a corporation. *Administrative science quarterly*, 220-241.

Sumelius, J., Smale, A., & Yamao, S. (2020). Mixed Signals: Employee reactions to talent status communication amidst strategic ambiguity. *The International Journal of Human Resource Management*, 31(4), 511–538.

Vaiman, V., Cascio, W. F., Collings, D. G., & Swider, B. W. (2021). The shifting boundaries of talent management. *Human Resource Management*, 60, 253–257.

Vaiman, V., Collings, D. G., & Scullion, H. (2017). Contextualising talent management. *Journal of Organizational Effectiveness: People and Performance*, 4(4), 294–297.

Whysall, Z., Owtram, M., & Brittain, S. (2019). The new talent management challenges of Industry 4.0. *Journal of Management Development*, 38(2), 118-129.