

How to Fight the War for Talent – Talent Management as a Tool for Creating a Committed Workforce in German Multinational Enterprises

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Declaration

I declare that all the work in this dissertation is entirely my own unless otherwise stated and references with the original source.

A full reference section is included in this dissertation.

No part of this work has previously been submitted for assessment for another degree or qualification at Dublin Business School or any other institution.

Carolin Denner, 14/08/2013

Abstract

Objectives and scope: Today's companies face the War for Talent in different ways. To face the challenge of a global talent shortage a recently topic is the Talent Management. This study aimed to find out in how far Talent Management can be used as a tool to succeed in the Talent War through the creation of commitment to ensure talent is available. Furthermore it purposed to discover how Talent Management needs to be designed to create this commitment. In this context not only talents were considered but also those employees who are not evaluated as such. It was aimed to add practical knowledge to the existing literature of how to create commitment through the Talent Management approach concentrating on German Multinational Enterprises which are located in a market with significantly changing demographics.

Methodology: The study is qualitative using semi-structured interviews within six German Multinational Enterprises. Interviews were held with HR managers in order to discover reasons for design and holistic evaluations of commitment throughout the workforce.

Results: Talent Management has the potential to grow commitment of the workforce. Necessary is the combination with other developmental opportunities and transparency in order to avoid favouritism. Ensuring those requirements Talent Management values talents and gives this population a feeling of being recognised which creates a bond to the employer. Transparency, on the other hand, informs non-talents about their areas of development and is able to create the motivation to become a talent. Developmental opportunities moreover avoid the evolvment of second-class-staff.

1 Introduction

1.1 Background

The problem of a decreasing supply of skilled workers is challenging the companies in the world, which are still negatively influenced by the Global Financial Crisis of 2008/2009. Companies were forced to downsize and restructure while they must guarantee that their products and services stay at a competitive level. This basically forces companies to be more efficient as well as effective in producing their outcome. A source of improvement is a skilled workforce where talent is seen as a competitive advantage. (McDonnall, 2011; Silzer and Church, 2009)

Talent management (TM) as a topic is therefore important to ensure that the given number of employees produce the most valuable outcome and influence the business significant positively. Those influencing workers are talents who need to be identified, managed, and positioned in the right job. (Kehinde, 2012)

TM is defined as an identification and development of talent, while talent is a characteristic, which enables the employee to add special value to the company's outcome. (Armstrong, 2008) TM recognises skills, traits and personality and offers a matching job in order to use the talents of an organisation. (Santhoshkuma and Rajasekar, 2012) Furthermore Iles *et al.* (2010) identify it as a strategic process orientated around common human resource development practices with the difference that it is only recognising a limited pool of employees, the talents.

TM itself is quite an interesting topic. It evolved in the 1990s and researches are still lacking in different angles. Furthermore there is much discussion about the relevance and the best practice in this area. The practice of talent management grew out of a study called *The War for Talent* which was published in 1997 that explored the topic

of how companies have to deal with skill shortages within the available pool of employees and potential employees (Iles *et al.*, 2010). This study still serves as a base for today's articles around the subject (Kehinde, 2012; Santhoshkuma and Rajasekars, 2012; McDonnel, 2011; Iles *et al.*, 2010; Guthridge *et al.*, 2008).

According to Burkus and Osulus (2011) TM is a premise for the success of the organisation. Stephens (2012) agrees with this point of view and even studies it in more detail. Based on a quantitative study with 400 senior executives and HR directors he identified TM as the key strategic priority according to 90 per cent of the respondents. To stay competitive in the War for Talent, executives will have to work closely with the HR team to create a strategic approach for TM and to manage talent with a long-term view. According to the author, this will equip the organisation with the crucial requirements for success.

Through the study of literature it is clear that most of the authors view the War for Talent as something that has to be fought through the approach of Talent Management in order to have the required talent pool to stay competitive.

In this context the term *commitment* plays a key role. Commitment should exist to retain the gained talent and to ensure that the talent pool provides the necessary human resources. Commitment is a way to create an individual's feeling of responsibility for the organisation's outcome and to retain people. This paper aims to find out in how far the existence and the design of a TM system impact the talent's commitment and therefore ensures competitiveness. (Vaiman *et al.*, 2012; Angelis *et al.*, 2010; Mullins, 2010)

1.2 Aim of the Research

1.2.1 Rationale

The aim of the paper is to identify whether or not talent management plays an important role for managers nowadays. The impact of managing talent and how it is managed are going to be considered in order to provide the literature with information to fill specific current gaps that are going to be identified within the following *literature review*.

The topic is unique in its analysis of the problem within the German labour market. The main objective of this study is to question the relationship between TM and commitment especially in the German economy, through a qualitative approach targeting the subject of TM. Within this research the paper focuses on the needs and predictions of the in the German industry of Multinational Enterprises (MNEs). It addresses those people who are involved in creating the TM system, such as HR managers, of the company as well as executives in investigating the importance of this tool.

1.2.2 Research approach

The research is put into practice within a qualitative research. The qualitative research approach is chosen based on own preferences. Interviews with managers in HR level of leading German MNEs were held in order to gain a highly reliable insight in the phenomenon *commitment* and how choosing certain kinds of TM systems can influence it.

The research may be limited due to the fact that within qualitative analyses a very limited amount of respondents is considered. The outcome is dependent on their assessment of the situation. Taking other respondents into account another outcome might consequently occur.

1.2.3 Research questions

The chosen approach serves to answer the following research questions in order to add information and conclusions to the literature which do not, or not to that extent, exist so far.

1. How do German MNEs design the TM process?

Recognising that TM has a main impact on the available talents within the company this study objects to find out how the examined companies put this process into practice in order to compare and contrast which methods and practises are used and if TM plays a key role for the company.

2. In how far does the designed TM influence the commitment of the workforce?

This question serves as a summarising question to identify the interpreted relationship between the TM policies and practises used in the studied company and the commitment of the employees identified as talents. Its purpose is to find out in how far the interviewees see the influence of TM and how it is designed on commitment as an outcome.

3. *How do German companies face the challenge of a talent shortage in terms of TM?*

This question aims to find out how the companies in Germany use TM to face the talent shortage, which was identified in the literature review. It aims to discover if the analysed companies see TM as a tool for creating and sustaining their talent pool.

1.3 Background of the researcher related to the topic

The researcher of the dissertation is suited to this specific topic throughout an explicit education in human resource management, which is connected to the topics of talent management, commitment and other influencing issues and therefore makes her capable of interpreting a holistic picture. This education takes place within a current master program. The researcher is an inhabitant of Germany which facilitates an access to relevant data within the field of research.

Furthermore, the researcher was working in a technology-based medium-sized company in Germany where she faced the challenge of attracting and retaining talents, which made her significantly interested in the topic. Talents were a necessary resource to guarantee the research and development, which was necessary to ensure the goals of the non-profit organisation were accomplished.

1.4 Organisation of the dissertation

The dissertation is going to study relevant *literature* and present a variety of commonly accepted viewpoints from current articles and books. This measure aims

to illustrate what has been reported so far and identify what may be lacking from the body of literature.

The *methodology* part addresses the reader to understand rationales for the choice of the instruments used within the research. It describes how necessary data was collected and analysed in order to discover the research topic.

Following the methodology section, the *findings* part will serve to present the opinions of the participants in the qualitative study regarding to the interviews held. By comparing and contrasting, the research topic is assessed to lead over to a detailed *discussion* about the relevance and the validity of the outcomes.

Concluding, the part *conclusions and recommendations* helps to answer the research questions as a result of the following paper.

2 Literature Review

2.1 Talent Management

2.1.1 The definition of talents within the company

After introducing the importance of the exposure of TM, and defining the process, the topic is now going to be analysed through the study of relevant literature around it.

How a company chooses the appropriate approach for designing its TM system is dependent on how talent is defined within the company. In other words: who is taking part in the practice of TM. (Armstrong, 2012; Iles *et al.*, 2010; Pilbeam and Corbridge, 2010)

The CIPD (2007) generally defines talents as individuals that make a difference to an organisation's performance. This definition is supported by Armstrong (2008, p. 168). Additionally, Iles *et al.* (2010) characterise those individuals as individuals that own knowledge and/or skills that add value to a company's outcome.

To go beyond this definition several authors developed categories for the identification of talent within a company in order to design the TM process. Iles *et al.* (2010) distinguish between the *inclusive* and *exclusive approach* of TM. The inclusive approach recognises every employee as a potential or recent talent, while the exclusive approach just values those staff which actually hold characteristics of a talent as defined above. This approach is supported by both Pilbeam and Corbridge (2010), and Silzer and Church (2009), which share the same definition. Armstrong (2012) uses this classification and distinguishes the exclusive approach further. He divides this into three different approaches: *exclusive people*, *exclusive position* and *inclusive people*. The exclusive people approach includes those employees in the TM

program who are critical to the company's performance. The exclusive position approach focuses on setting the right people into positions that are strategically critical. To see everyone as an actual or potential talent is the content of the inclusive people approach.

Pilbeam and Corbridge (2010, p. 103) assessed the exclusive and inclusive approach critically. Consequently, the main advantages of an inclusive view are; increased employee commitment and engagement and the succession planning for all key roles. At the same time, the competition for progression increases and investment in skills that are core to the business might be understated. On the other hand, the exclusive view decreases the potential for commitment and engagement and raises a turnover for those employees that are not categorised as talents. Consequently, this approach increases the opportunities for individual development programmes and identifies strategic resources for succession planning.

As a result of the study of the different approaches it can be suggested that the chosen approach of TM is dependent on the company's definition of talent. With the help of the research the author evaluates which approaches are put into practice and how well the chosen ones work in the commercial environment. To the author's best knowledge there is still a lack in the literature that concerns the practical importance and relevance of each approach in detail.

2.1.2 The design

The first authors to discover the theory of TM were Chambers *et al.* (1998) whom are still cited and commonly used in academic researches such as Iles *et al.* (2010) and Guthridge *et al.* (2008). Chambers *et al.*'s study was based on the finding that

TM should focus exclusively on talent at a senior level. This theory includes a four-step program. Firstly, people need to be put in the *right jobs* before they expect it, so that they are forced to develop and stay motivated. Second, a good *feedback* system such as a 360-degree-feedback system should be implemented. Third, *retention problems* in the company must be recognised and the reasons must be discovered in order to reduce turnovers. At last, *poor performers* in executive roles need to be treated with consequences because they have a negative impact on the workforce they are managing and talents within.

As already alluded to, the research of Chambers *et al.* (1998) was commonly adapted through the literature but there was critique on the inclusive approach side of the pool of authors. In contrast, assumedly influenced by the actualisation through Guthridge *et al.* (2008), authors like Kehinde (2012), Santhoshkuma and Rajasekars (2012), McDonnel (2011) and Armstrong (2009) stress the importance of including employees at all stages into the TM program. Other authors too indicate a development from a strict exclusive approach to a more inclusive one. Talents are still identified as those individuals that add significant value to a company's outcome but instead of recognising only those who are the current best performers at executive level it includes the assumption that potential talents -which are those that are good instead of top-performers- should be included as well. Talent pools should evolve in every worker section of the company in order to create a collection of talent segments that create or apply knowledge that is necessary for the company's success.

Looking at the various studies of the definition of talent, Ross (2013) summarises the problem as an often-lacking clarity in the definition of the term talent. He also suggests that it is not always the most talented people that bring all the success.

Therefore he assumes that a company should enable every individual to understand the core abilities and strengths that lead to success and motivate them to put them into output. This can be interpreted as one kind of an inclusive approach.

Within the review of the literature in his particular field of TM, a contradiction within the articles is discovered. There is no common accepted approach to identify the talents that are taking part in a TM system. Therefore the literature calls for more detailed research within this field in order to design a TM system successfully.

Armstrong (2008, pp. 170-173) identifies *resourcing strategy, talent audit, talent relationship management, performance management, learning and development and career management* as vital parts of the process. TM is built on *identifying talent, identifying key roles and managing talents*.

In contrast, McDonnall (2011) defines TM as a combination of *identification, development, appraisal, deployment and retention*.

Another point of view is the one of Santhoshkuma and Rajasekar (2012) who mainly based their research around the measurement of talents. Within their research they found the following essential parts of TM: *attraction, retention, motivation, engagement, development and succession planning*.

Williamson (2011) on the other hand divides the TM into four critical key components, which he sees as necessary in order to guarantee effectiveness: *differentiation, assessment and ranking, performance management and transparency*. Instead of focusing on the different components of TM he sees these components as necessary to hinder gaps within the system. His *differentiation* is built on an exclusive approach, based on the following matrix (*fig. 1*).

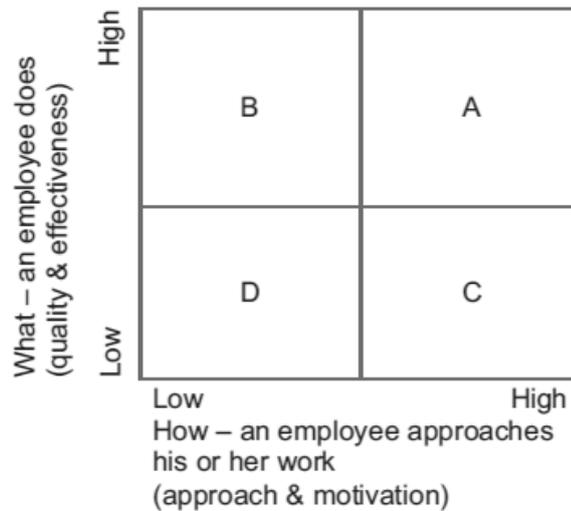


Figure 1: Talent Matrix (Williamson, 2011)

His exclusive approach is built on an A-B-C-D-system where *A* are the most valuable employees which should be offered the highest levels of development and feedback – the so-called talents. *B* are also talents but in the sense of technical experts, which need a development of interpersonal skills and need to be encouraged to share knowledge within a team. *C* are the team players that need hard goals and should be monitored carefully to guarantee they do not become *D* employees, those who lack most of the needed skills. A separation should take place. The *assessment and ranking* of the individuals should be based then on serious assessments to assign the talent matrix. Behavioural competencies should be observed and *early talent identification* should be implemented. Result based predictive indicators are used to do so. A *360-degree feedback* is advised to get a holistic view about the employees. As a third step, *performance management* and *improvement* methods should be adapted. The last important component within TM is *transparency*, which concerns the question if talents should know that they are rated as talents or not. Williamson (2011) advises a clear transparency because perception of employees should be

suggested as motivating. Furthermore, non-transparency can lead to the feeling of favouritism and a misunderstanding of the intended system. Williamson's method is completely supported by Couch (2012).

Generally, authors support the opinion that transparency is needed while there is a danger in creating a bad feeling for those employees not rated as top talents. But the authors stress that, on the one hand, talents want to know that they are valued and recognized yet, on the other hand, non-talents need to know about their strengths and weaknesses. A willingness to help them developing, which must be shown, is necessary. Doing this, all employees can be motivated to improve through TM. (Farrell, 2012; Berggren and Bernshteyn, 2007)

There are overlaps in the different theories discussing the design of TM but it is noticeable that there is no commonly accepted classification. Summing up, TM definitely uses existing policies and practices out of the human resource management while literature is lacking a best practice approach of how to manage talent best. Through the study of practice, a piece of practical knowledge is going to be added.

2.1.3 Why Talent Management is implemented

The common opinion throughout the study of literature is that TM has a positive influence on a company's outcome and performance due to the fact that talent is the primary driver of success. (Kehinde, 2012; Burkus and Osula, 2011; Chambers *et al.*, 1998) But different authors stress the fact that TM can only have this effect if it aligns the company's strategy and it therefore becomes a strategic instrument. According to Fegley (2006) TM is an implementation of different strategies and systems within HR that serves the company with the required skills and aptitudes

concerning current as well as future needs. This argument is supported by Kehinde (2012). He identifies TM as a primary driver of a successful company. According to McDonnell (2011), TM should be influenced by the predictions and plans of the HR department in order to serve the company with the needed supply of talents to align with the business strategy.

Next to the common opinion that TM has a positive influence on the company's outcome there are authors that criticise the role of the TM. A study published by Culson-Thomas in 2013 considers the understanding of TM as problematic. The study is based on a survey where three thirds of practitioners find that TM is not delivering. His solution for the problem is a so-called TM 2.0 concept. This concept stops from engaging with the War for Talent and rather takes people as they are. It changes from focusing on people to focusing on jobs and identifying *critical success factors*. Once those success factors are identified through the required roles and tasks and resulting from that the steps in the processes that have the greatest impact, the development of those factors within the existing workforce can be started. So rather than attracting talent or raising wages and salary costs, TM 2.0 aims to develop the companies' talents in house and moreover develop them to individuals who motivate others to perform as well.

On the other hand a study of Ernst & Young (2013a) sees the engagement with the War for Talent as important as the competition around talented people exists and therefore has to be fought. It challenges the design of the TM in five points. The workforce becomes more global, companies lack to invest TM, the measurement of the effectiveness of the TM is complicated, required competencies and skills of leaders are changing and there is a lack of robust succession plans, which is necessary to understand to find the next generation of leaders. The study of Ernst &

Young (2013b) found that those problems have to be recognised and fixed. Companies have to decentralise and create career paths that give managers and executives the possibility to expose different markets and cultures. Moreover, investments have to be done and retention plans need to be tied to the company's strategy. The study recognises TM as a costly management method but evaluates it as necessary in order to attract and retain talents.

Having the opinions about the War for Talent and the response through the TM in mind, Church (2013) holds the viewpoint that the War for Talent proves that something has to be done differently than before. He questions the necessity of TM as well as Organisational Development. While Organisational Development is the more traditional approach based on performance feedback, TM is Organisational Development on talented groups and focuses on succession planning. Can Organisational Development be therefore replaced through TM? Church's answer to that question is *no*. He argues that TM is definitely necessary in order to attract and commit talent, but for those employees who are not as highly rated, Organisational Development should be considered in order to maximise their potential.

Furthermore, Strange (2012) argues that the most important things in designing a TM are the delegation and empowerment of staff, and the provision of a broad direction while some do navigate their own route.

In conclusion, the studies of opportunities and risks of the implementation of TM spread into very different directions. This study pays a contribution to this fact and is going to analyse a practical viewpoint on that.

2.2 Commitment

According to the literature, commitment is an individual's bond to the employer, which makes full engagement with the organisation necessary. (Buchnan and Huczynski, 2010; Mullins, 2010) This commitment was early identified as an outcome of job security. In the recent years, as a result of the Global Financial Crisis and increased downsizing, job security is no longer a factor companies can offer. Instead, in order to keep their most talented people, organisations are seeking new strategies to achieve commitment. More attention to compensation, flexible working conditions and others are no substitution. The actual concepts aim to offer employees the possibility to increase their *employability* through activities such as learning and development, which makes them more attractive to the market and therefore more employable. (Vaiman *et al.*, 2012; Mullins, 2010)

Taking the concept of *employability* Nilsson *et al.* (2011) as well as De Cuyper (2011) predicts an impact of employability on commitment. The shared opinion is that employability can lead to increased commitment but does not necessarily have to. If the internal labour market is more attractive than the external, this assumption can be confirmed. If offers from outside are more attractive than from inside, commitment is not given. Therefore a company needs to make internal opportunities more attractive. Possible tools are training or job enrichment.

Through the actual study, the impact of TM in terms of employability on commitment will be analysed.

Next to the generation of employability there are other strategies to create commitment. (Mackay, 2006; Leopold *et al.*, 2004) On the one hand there are three necessary requirements to create the willingness to commitment. First of all, a sense

of *belonging to the company*, which is created by informing, involving and sharing of success. Another way is giving the employee a sense of *excitement in their job*. The employer needs to ensure pride, trust and accountability for results. The last requirement is a *confidence in management leadership* empowered through a management that is paying attention to authority, dedication and competence. If these three requirements are given the workforce can be committed to the company. (Mackay, 2006) In contrast, Beardwell and Claydon (2010) state that commitment is only dependent on the extent of control. High commitment can then be reached through a low direct control and a high indirect control. It is the employer's responsibility to encourage a close relationship and to involve employees psychologically or emotionally and to make clear that employment is aimed in the long-term, for example through a high extent of development opportunities. A low commitment in this theory is the result of a high direct control expressed through "hire and fire" principles where employment is planned in an operational way and workers are allocated to tasks for which little training is needed. Terminated employments are commonplace.

According to TM's long-term view, those approaches assume that Mackay's three components should be fulfilled and a high commitment strategy according to Leopold *et al.* should be aimed to be implemented. Through the study it will be assessed how this is put into practice.

To understand the concept of commitment, this term is broken down in three components: *affective*, *continuance* and *normative commitment*. Affective commitment describes the remaining of the employees because of their willingness and conviction, continuance is built on the lack of alternatives and normative on obligation. (Kuo *et al.*, 2012; Torrington and Hall, 2011; Angelis *et al.*, 2010)

According to Kuo *et al.* (2012) normative commitment is the most important pattern regarding to an organisation while Angelis *et al.* (2012) stresses affective commitment as most important. Combining those assumptions Torrington and Hall (2011) argue that normative as well as affective commitment should be present in order to retain people in a long-term view. Beardwell and Claydon (2010) argue as well that employees should be convinced about the company. They therefore need normative as well as affective commitment. According to these authors it is necessary to retain skills, knowledge and experience within the company in order to fulfil long-term goals. This opinion goes hand in hand with the aims of TM.

Studying the global literature on commitment, the literature agrees in the point that commitment should be present in companies in order to increase performance and to reach business goals on a strategic base. (Kuo, 2012; Torrington, 2011).

Recognising that commitment is important for a company's long-term success, TM does have an influence on that concept through impacting employability positively. (McDonnel, 2011; Sheenan, 2011; Atkinson *et al.*, 2010) Furthermore, commitment is seen as to be crucial in talent-intense firms. (Kuo, 2012)

Parallels to the TM can be recognised in Armstrong's findings (2009, p. 351) that commitment evolves, amongst others, from well-implemented learning and development or career planning practices. Those practices are part of TM. Furthermore, Buchanan and Huczynski (2010, p. 27) see a connection to TM in the release of talent that also leads to increased commitment.

Taking a more complex view on that topic Deery (2008) developed a model of influences on commitment and other outcomes of HR practices (*fig. 2*).



Figure 2: The influence of organisational and industry attributes on outcome (Deery, 2008, p. 803)

Connections to TM can be seen in activities like resourcing, learning and development, career planning etc. which are also parts of TM. (Deery, 2008)

The influence of TM is actually highly dependent on the decision if talents are going to be informed about the fact that they are talents or not. MCDonnall (2011) and Sharma (2009) question the influence of that information as it might create commitment on the talent side but decrease commitment of those employees who are not categorised as talents. They agree on the fact that TM, up on others, aims to commit talented employees. Additionally, Atkinson (2009) discovered that organisations' commitment to strategy is directly related to attraction, retention, and development of talent.

As already discussed, commitment is crucial to a company's success and can be underpinned by a well-implemented TM. The aim of the study is to find out, in how far TM in the chosen companies does influence employees' commitment to the

company in order to retain those employees who are most valued through a TM system – the talents.

2.3 Talent Management in MNEs

Before understanding the different approaches in TM in MNEs the term MNE as it is used in this dissertation must be defined. An MNE is, simplified, a company that has operations in other countries than in the country of its headquarters. (Wall *et al.*, 2010). More complex, there are differences in the extent of these operations (Briscoe *et al.*, 2009):

- Global enterprises: refers to companies that operate all over the world using the same policies and practices
- Transnational enterprises: operate on a global scale but with decentralised, local policies and practices
- International/ multinational enterprises: are moving their levels to international scopes

For the purpose of this study, multinational serves as a term for all of the above categories and simplifies the term into organisations that conduct operations in countries other than the country of origin.

Kehinde (2012) did a quantitative study about the impact of TM on MNEs and small and medium sized enterprises (SMEs). He found that the system is first of all implemented in the different extents depending on the company size. Second, where implemented, TM has a bigger impact on MNEs than on SMEs. The author suggests that TM should specially be recognised in MNEs through all stages of staff in a strategically and result orientated way.

A supporting study of this opinion discovered that the majority of MNEs' executives see a global talent shortage. MNEs are employing to achieve successful growth on a global scale but the biggest challenge is to find talent locally, in every subsidiary. This implies that the War for Talent exists on a local scale. The majority of MNEs' executives see difficulties in attracting and retaining talents in a non-home market. As a solution the study assesses benefits as the key to win the talent battle. (Spears, 2012)

Another study which comes up and looks at the global difficulties within the War for Talent and furthermore plays a role in understanding the importance of the talent management is Paikert's (2013) study. He agrees with the point of view that recruiting and hiring skilled workers became very difficult in the recent time. Talents become expensive which makes it much more difficult for mid-market companies to hire those people. Regarding to MNEs he argues that the bigger and well known a company is the easier it is for it to fight The War for Talent. In sum, he argues that MNEs are in a good position to attract talents but once they hired talent they have to design good programs to make jobs attractive and to commit people to a company.

A new evolving concept is the one of *Global TM* which plays an impact on MNEs. Collings *et al.* (2010) is one example of discussing this concept. This is basically underlining Kehinde's (2012) point of view. It describes Global TM as TM simply on a larger scale or as the strategic international integration of policies and practises concerning TM to identify, develop and retain talents. Through the identification of the key managerial positions in the context of business needs he emphasises the exclusive people and exclusive position approach which were identified earlier in this paper.

Underlining these arguments Dewhurst (2012), Ogrea and Herciu (2012) and Newhall (2012) argue that MNEs, as huge actors in a global scene, are facing a higher competition for talent than locals which makes it pricier and scarcer. This makes the effective TM more important to them. At the same time MNEs have a strong position at the current market because they seem attractive thanks to reward sharing, opportunities of working abroad and global development opportunities which they offer to their staff.

In contrast Atkinson *et al.* (2010) move away from the point of view that Global TM is simply TM on a larger scale. They stress the fact that motivation and needs of the talents differ depending on the location thanks to cultural differences. The theory of a so called *sophisticated TM* creates the ability of a company to move talents globally, to understand and coordinate international talent resources and to implement flexible work strategies.

Studies of Stahl (2007) and Evans *et al.* (2002) support these arguments. TM processes should be linked to the culture and needs international stability, complementarity and the reinforcement of practices.

To go beyond this, authors like Ellehuus (2011) or Linje and Xing (2010) try to treat the topic and its possible solutions more specific.

Ellehuus (2011) sees the global downturn as a reason for difficulties of MNEs to gain or retain a talent leadership as this downturn strengthened local companies. He therefore suggests, first of all, to demonstrate the benefits of a career in the company, in other words to create a strong employer brand. Second, recruits should be talked though different options of development to create a long-term commitment from the beginning on. Third, the employer brand should be as well a brand that is committed

to operating and investing in the local market place plus with the existence of an emphasis on employee development. Overseas opportunities should be used as an advantage. The last suggestion within Ellehuus' study is the smart payment. Money is, in contrary to Spear's (2012) opinion, not the only factor to gain and retain talents. Depending on the culture and needs of the host company strategies like e.g. health insurances, retirement and development opportunities should be used.

Another, partly overlapping, strategy is the strategy of *talent localisation*. According to this strategy MNEs need to be aware of the culture of the host country in order to gain and retain talent. Business concepts should be designed to engage with different cultures through the sharing of values and the elimination of the sense of national superiority. Furthermore, investments are necessary to attract and retain local talents. Examples are the investment in research, the transport of personnel overseas for training and generous pay and benefits. The last component of this strategy is the creation of an international image, which demonstrates long-term goals other than profit, but the importance of the protection of the environment in the host country and other overall interests to create a win-win situation. According to the localisation strategy of talent those premises need to be ensured in order to attract and retain local talents. (Linje and Xing, 2010)

Summing up, there is inconsistency through the literature. While authors on the one hand state that TM on a global basis is similar to TM on a local basis other authors see differences. Beyond this there are several opinions about how to attract and retain talents. In how far this can be put into practice, in terms of TM with the aim of creating commitment, needs to be discovered. The qualitative study on MNEs is going to examine this topic practically to understand the point of view of experienced experts, comparing to the three identified approaches (*fig. 3*).

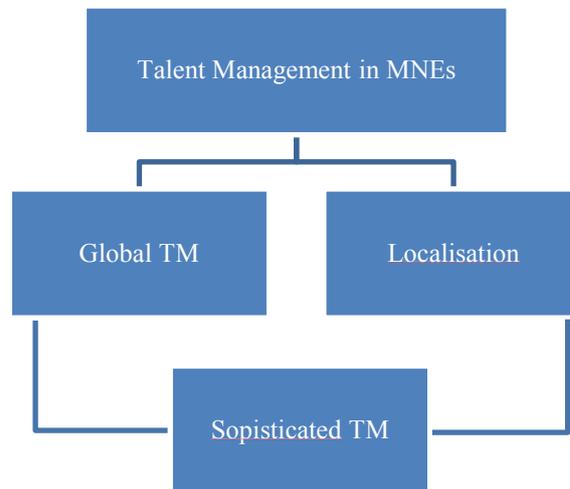


Figure 3: Talent Management in MNEs

2.4 The German labour market and its demands

The recent topic about the Global Financial Crisis in 2008/2009 did not leave the German labour market untouched. The economic activity was at the deepest showdown since the Second World War. GDP declined over 5%. The beginning of the crisis was the insolvency of the Lehmann Brothers Inc. in the USA. The crisis stopped the booming labour market of 2008 in Germany and increased unemployment. But still the German labour market proved itself as relatively stable and robust in terms of recovery in relation to other countries of the OECD¹ and previous recessions. Jobs were secured mainly through the reduction of working time. (Dietz *et al.*, 2012; OECD Economic Surveys, 2012; Walwei, 2010)

An OECD economic survey (2012) states that the crisis demonstrated the strength of past labour market reforms in Germany such as raised work incentives, improved job matching or increased working hour flexibility as well as short-time working

¹ OECD is the Organisation for Economic Co-operation and Development to promote policies that will improve the economic and social well-being of people including 34 member countries in the world from North and South America to Europe and the Asia-Pacific region (more information at <http://www.oecd.org/about/membersandpartners/>)

schemes. Those reforms reduced structural unemployment which led to the fact that employment was preserved to a higher extent than in other countries. Among the OECD countries the unemployment rate of Germany went through the lowest increase (0.2 percentage points from 2008 to 2009). The research still sees new challenges existing after overcoming the crisis. As comparatively many women in Germany work and they illustrate potential talent, there should be more supportive framework conditions that support women with children such as childcare facilities or more flexible working times as one fifth of the employed women work less than 20 hours per week. A further challenge is the aging workforce in the German labour market. As it is proven that there are less young employees available the length of the working life should be extended through retirement. This needs programs that make older employees more employable. Evidence for the necessity can be found in the fact that the percentage of between 55 and 64 year old employees raised the employment rate from 38 to 58 per cent, which is more than in any other group. There might be a natural reluctance by employees as older employees maintain higher labour costs, as they often earn seniority wages, and training is less attractive because the lower time of remaining compared to younger workers. But still education should be seen as valuable and training should be fostered, as older employees are the biggest available source of skills and knowledge in the German market. Another option to face the War for Talents on an international scale is the migration. So far it is rated as too low what makes it difficult for companies to attract migrants as potential talents. At the same time the emigration-rate for high-skilled workers is at a relative high level compared to other OECD nations.

Dietz *et al.* (2012) adds a different viewpoint in terms of job security as one identified condition for commitment. In his opinion there is an existing job security

in Germany other than in the literature about the common situation of the world's labour market. He states that the German labour market is built on a long tradition of a social partnership and workers participation, which goes hand in hand with an increasing level of employment security. The employment legislation is the third strictest within the OECD nations for protection of permanent employees against dismissals. This employment protection implies the existence of stable employment relationships for core workers. This security was maintained during the crisis but primarily through the reduction of working time through short-time working schemes and others. The crisis brought furthermore the willingness of potential personnel to accept less attractive jobs and conditions that decreased the turnover. Nevertheless, the security was guaranteed to core workers, which lowered on the one hand the possibilities for new hires, which pulled down labour market dynamics and on the other hand worsened the situation for less competitive workers.

Summing up, the German labour market is identified by different authors as a relative stable one which enables companies to offer a high range of job security partly through former market reforms and a strong legislation. Still, challenges are remaining to use its full potential regarding an aging workforce and a high potential in the full-time employment of women. However, as the German labour market is rated as stable and as able to offer and suggest job security the assumption that the retention of talents should be relatively easy for German companies comes up. If this is combined with programs to raise employability, like TM in this paper, German MNEs should be in a perfect position to fight the War for Talent.

Recent studies on the talent shortage and its influence draw another picture. In relation to the global talent shortage the labour market and the pool of talented

workers in Germany draw an equal picture according to current findings in this particular market compared to the global economy:

According to Bundesvereinigung der Deutschen Arbeitgeberverbände (2010) the recent shortages of talents are different in relation to the regions in the country but in general 70% of the German firms admit difficulties in the recruitment of suitable workers on 20% of their vacant positions. Furthermore, they predict a reduction of available workers (population between 20 and 65 years) from 50 Mio. in 2010 to 42 Mio. in 2030. These assumptions are based on forecasts built on the current trend of the demographic development.

Recent research of Prognos (2011) within the German labour market supports this prediction. The study assesses the current demand and supply of talents and identifies a gap of 5.2 Mio. people – people that will not be available to fill current vacant positions by 2030. Prognos (2011) also states a critical current lack of talents, which makes companies in Germany compete in terms of gaining and retaining talent.

Due to the fact that there is a lack of studies about TM for the specific geographical area, while skill shortages play a major role in German companies' daily work, this area can be identified as a research gap. So far it stays a significant issue to find out how German companies face the challenge of the Talent War. Limitations of the findings of the mentioned research institutes may be that these are only prognoses. But as there is a current vacancy of talents and a trend in the demographic development shortage will stay an issue for companies in Germany.

3 Methodology

This chapter describes how the author designs her research methodology in order to examine the research questions formulated before. To explain the components, Saunders *et al.*'s (2009, p. 108) *research onion* is used (fig. 4).

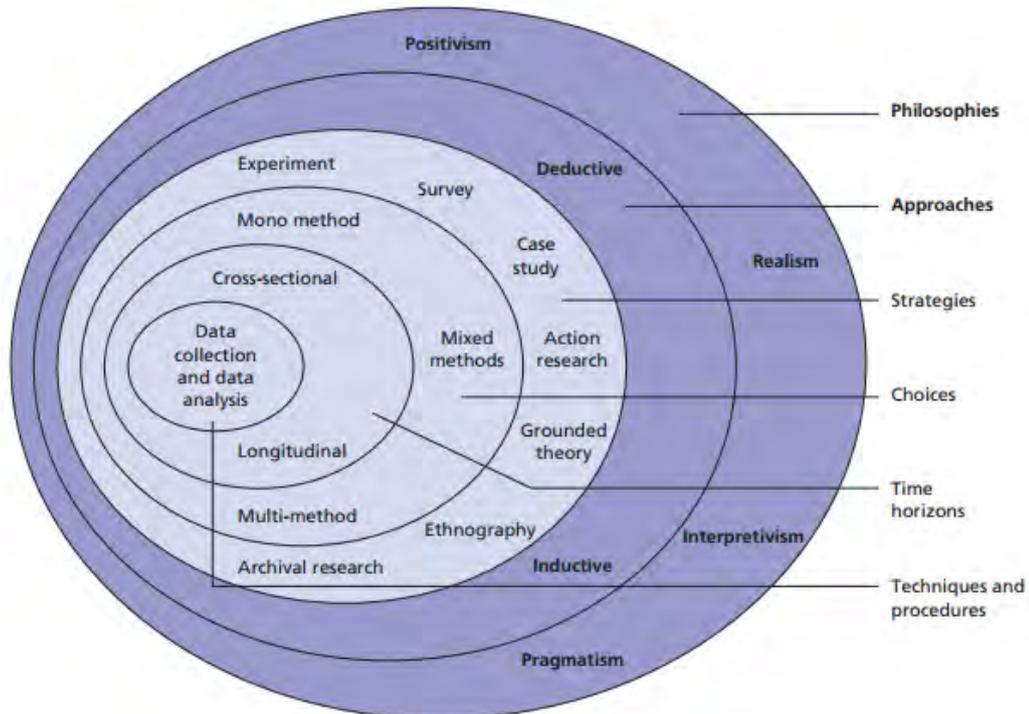


Figure 4: The research onion (Saunders *et al.*, 2009, p. 108)

3.1 Research philosophy

The research philosophy aims to develop knowledge and is about the nature of this knowledge. The choice of the philosophy reflects the author's view of the world. Main influence therefore is the particular view of the relationships between knowledge and how it is developed. (Saunders *et al.*, 2009, p. 109)

There are two ways of thinking about philosophy: ontology and epistemology. *Epistemology* categorises in *resources* or *feelings* researcher. As the author sees the

development of knowledge based in feelings and attitudes she can be identified as a *feelings researcher*. In this context phenomena cannot be measured. (Saunders *et al.*, 2009, pp. 112-113; Brymann and Bell, 2007, pp. 22-23) This means, that the research questions are not answered through methods of measurement but through personal assessments of the participants' statements. The ontology is *subjectivism* as the conclusions are built on the perceptions and actions of the interviewer and the interviewee. (Saunders, 2009, p. 110; Brymann and Bell, 2007, pp. 16-17).

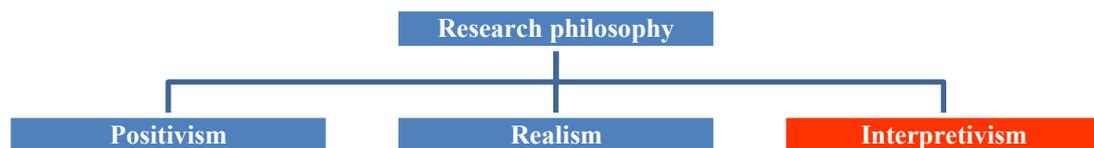


Figure 5: Research philosophy

Drawing back, the personal assessments and statements are going to be interpreted which makes the researcher an *interpretivist*. To understand the manager's point of view of commitment through their behaviour of designing a TM system, ideas are observed that may find out what leads to commitment. *Positivism* can be excluded, as the nature of the researcher lies not in believing in a fixed, directly measurable reality (Rubin and Rubin, 2012). Reality is not seen as something stable that can be observed and described from an objective viewpoint, observations not as repeatable. (Alvermann and Mallozzi, 2011) The researcher steps back from an opinion that organisational phenomena, like commitment, can only be observed by quantitative measures (Hatch and Cunliffe, 2006). As *realist* researchers take a combination of both, positivist and interpretivist, it is also eliminated. The researcher sees herself as

a pure interpretivist aiming to draw a reality about the studied phenomenon by interpreting (Alvermann and Mallozzi, 2011) in order to understand the viewpoint and interpret experiences in the context while being aware of the fact that someone else would come to different conclusions (Hatch and Cunliffe, 2006). To be an interpretivist results in the decision of discovering phenomena in a qualitative way. (Richards, 2009, p. 74)

3.2 Research approach

There are two research approaches existing: *deductive* research approach, which is about testing a theory, and the *inductive* approach, which is about building a theory. Based on empirical evidence, the study is about collect qualitative data, analyse it and formulate a theory and therefore following the inductive research approach (Saunders *et al.*, 2009, pp. 125-127):

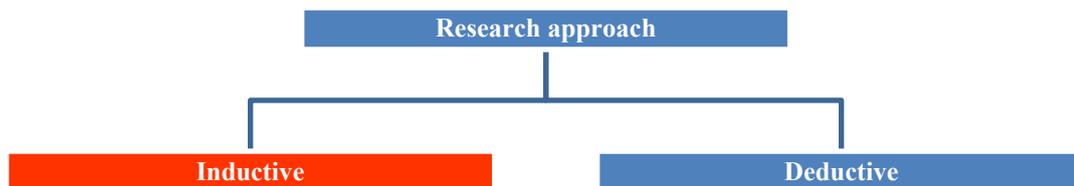


Figure 6: Research approach

The findings are not generalised. In the *inductive* approach the researcher is part of the process what leads to an understanding of meanings that humans attach to events. In this case the inductive approach is used to identify how managers interpret and justify the evolvement of commitment and the influences the designed TM strategy and processes have on this phenomenon. It is based on one's own point of view and

therefore not suitable to deduction. Taking commonly accepted literature and opinions and observing opinions in particular cases is therefore the rationale for choosing an inductive instead of a deductive research approach. (*fig. 6*)

3.3 Research strategy

To turn research studies into a research project the first step is to develop a suitable research strategy. (Robson, 2010) The design is a general plan of how to answer the research questions in order to gain empirical evidence to understand the context. As an *exploratory* study the research examines the research questions through asking questions and gain insights to understand the problem. Within this purpose a *case study* strategy is chosen as the best suitable. Experiment, survey, action research, grounded theory, ethnography and archival research are barred. The case study strategy allows an *empirical* investigation of a phenomenon (commitment) and underpins the exploration and understanding of the context. (Kunjar, R., 2011, pp. 126-127; Saunders *et al.*, 2009, pp. 145-146). The case study is a *multiple case study* in six companies with one *interview* in each one. The interviews are held with HR managers (*fig. 7*). The reason for that is that, through the overall view and the knowledge about TM systems, HR managers can best describe which approach is used why and which influence it has on employees' commitment. Through the work with managers a feeling about the reasons of commitment related to TM can be discovered. The strategy is *holistic* with a unit of analysis of six.

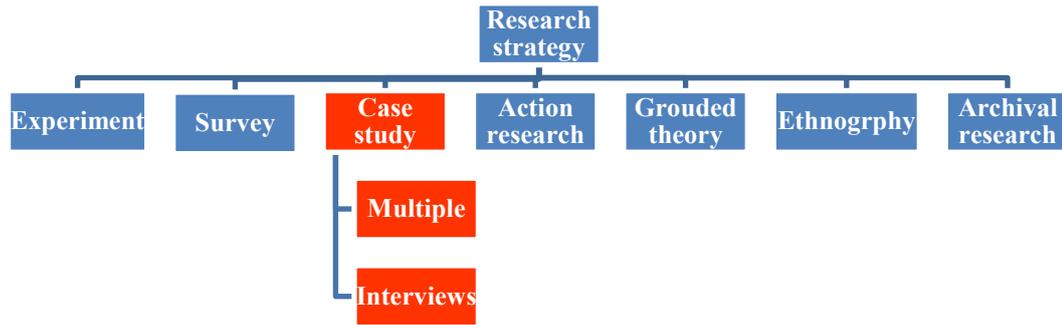


Figure 7: Research strategy

A survey was barred because it aims to collect quantitative data and is therefore not suitable. An experiment would be suitable testing e.g. how the introduction of a TM changes behaviour and commitment but is not workable within the given time frame. Furthermore, companies would have to be found that are currently thinking of an implementation. Getting that information could be complicated. Ethnography is not seen as appropriate as it is observing a social group. According to the rationale for the topic this would not fit into the time frame either. Grounded theory is a general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate an inductive theory about a substantive area (Glaser, 1992). This dissertation does not aim to build a new theory rather than comparing practice and theory that already exists. Archival research is based on the study of original sources found in archives (Lewis-Beck, Bryman and Liao 2004). Analysing the topic TM will not make an access to documents in archives, as it is a recent topic. Moreover, this study aims to assess opinions and evaluation based on individuals' impressions.

3.4 Choices

The second step in developing a project is the choice between mono, mixed or multi methods (Saunders *et al.*, 2009, pp. 151-155)

As interviews within the case study ask for the personal view of managers about the research topic, which cannot be measured, the research is designed as a *qualitative* study to discover opinions and reasons for actions without using numerical data (Saunders *et al.*, 2009, pp. 151-152). Furthermore, as interviews are used for data collection, the process is built on a *mono-method* approach. (*fig. 8.*)

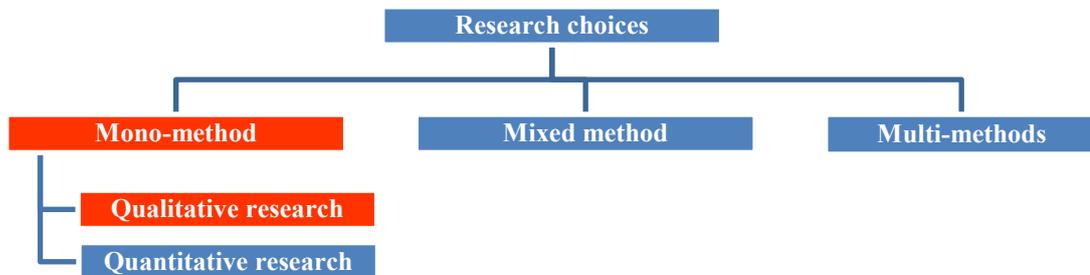


Figure 8: Research choices

Quantitative data had already been excluded which automatically excludes the mix- and multi-method approaches as well.

3.5 Time horizon

The last step in developing a project plan that needs to be considered is the possible time horizon (Saunders *et al.*, 2009, p. 155). Due to limitations within the time frame given by the master studies the project is going to analyse the phenomenon of the

influence of TM on commitment in a particular time. (see *App 1*) A *snapshot* is taken thanks to the fact that there is one interview at a time, which studies the current situation *cross-sectional*. As *longitudinal* studies observe changes and developments they are not suitable within the actual research project. (Saunders *et al.*, 2009, p. 155) Due to time-limitations there could be a comparison between snapshots that are likely to draw a similar picture because of the short distances in between. (*fig. 9*)

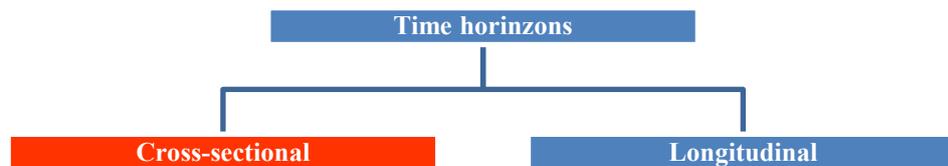


Figure 9: Time horizons

3.6 Data collection

The data collection is built on the gathering of primary data of the assessed companies. Through the interviews *primary* data is collected. *Secondary* data is collected in order to research the topics TM, commitment and literature framing the context. Secondary data needs to be analysed in order to build an understanding of the topic and the units of analysis.

Interviews are tools of qualitative studies and exist in the form of structured, semi-structured and unstructured or in-depth interviews. (Kunjar, R., 2011, pp. 145; Sanders, 2009, pp. 320-321) The interviews lasted 1 up to 1 and a half hour in order to allow a deep enough questioning as well as not too long to deter possible respondents.

In order to generate appointments for interviews companies were contacted via e-mail. (*App. 2*) Interview questions were sent beforehand to guarantee confidence

about the context and optimise the outcome through possible preparation of participants

Accomplishing interviews makes thought, feelings or intentions based on the interviewee's viewpoint observable. The author assumes that the perspectives of individuals are meaningful and can be made explicit. (Patton, 2002)

The chosen approach is the *semi-structured interview*. The most important reason for choosing this approach is the possibility of going beyond the answers through varying the existing and asking additional questions. *Audio-recording* and *note-taking* (see *App. 3*) are used to adhere the course of the interview.

Unstructured, or in-depth, interviews were excluded as a comparison between the respondents' answers would have been too difficult and common themes are hard to identify. On the opposite the structured interview was barred out because it leaves no space of adoption to the interview flow. New evolving themes and ideas can only be discovered in detail, if necessary, if there is a certain scope in which questions can be changed, erased or added. Therefore the semi-structured interview was chosen. (*fig. 10*)

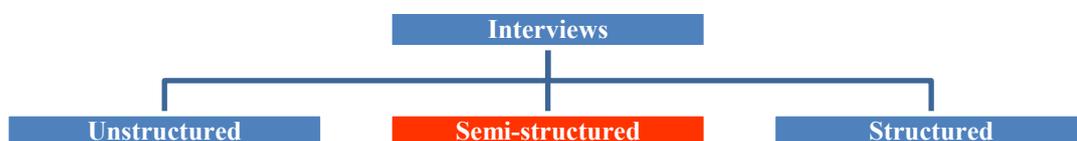


Figure 10: Qualitative data collection within the research context

(The held interviews are summarised within appendices 6 to 11 and a comparison is drawn in appendix 12.)

3.7 Data analysis

After collecting the necessary data for answering the research questions, data needs to be analysed to be understood and usable. The choice and the strategy to analyse data is based on own preferences, access and what is needed. The last point is discovered through the study of literature. The analysis aims to understand the meaning behind the statements of the interviews. (Saunders *et al.*, 2009, p. 485)

In addition to the analysis of secondary data, primary data needs to be analysed. The preparation for the data analysis is the *transcribing* of the interview based on the taken *notes*, the *de-briefing* of the interview (see *App. 4*) and the *audio-recording* of data. An *inductive* approach partly influenced by the *deductive* approach is used. Research questions are identified by the study of literature and the discovering of the important and questioned points. This part of the analysis is related to the deductive approach. The data collection and its exploration are inductive. (Saunders *et al.*, 2009, pp. 488-489)

The interpretivist approach of the researcher aims to gain insight into the human phenomenon of commitment and leads to an illuminating description of the phenomenon, while does not generate theory. This type of research includes the examination of the transcript for topics. The chosen questions served to find suitable headings and segments of those themes for analysis. (Phelps *et al.*, 2007) After having identified themes the author uses the coding approach, as it is a commonly used. It involves dividing the material, the transcripts, into chunks or units, excluding parts that are not useful for the research. Afterwards codes are allocated to the themes. The codes remained open to modification and change so that the analysis

became of an evolving nature as the research progressed and the understanding improved. (Fisher *et al.*, 2007) Coding in this context is a key process to organise notes, transcripts and documents that were collected. (Bryman and Burgess, 1994)

The coding is furthermore used to do a *thematic analysis*. It is a tool for organising and transcribing the data set in detail and goes further than this as it allows to interpret aspects of the research topic e.g. how the design of a TM can influence employees' commitment. (Braun and Clarke, 2006) Grounded theory was not aimed as the research aimed more to fulfil gaps in theories and concepts than to create new approaches.

3.8 Population and sampling

In order to discover the answers of the research question, sampling is used. The population is the whole sampling frame. In this case it includes German MNEs. Out of this sampling frame six representatives are chosen to reduce the amount of data that need to be collected. Those representatives are the sample. (Saunders, 2009, p. 211; Thietart *et al.*, 2001, pp. 151-152) The researcher was unable to ascertain the exact number of German MNEs but chose a sample of 6 as it included companies where a good practice was assumed.

Sampling itself is the process of identification, choice and access to relevant data sources to generate data. (Mason, 2002, p. 120)

The method of sampling used is the *non-probability sample* (fig. 11). The probability of the case is not known and statistical inferences are not allowed. (Kunjar, R., 2011, pp. 207; Saunders, 2009, p. 213) It is not seen as suitable for the research to ascertain every member of the sample frame but the possibility to select samples

based on the researchers personal judgment (discussed further in introducing the sample).

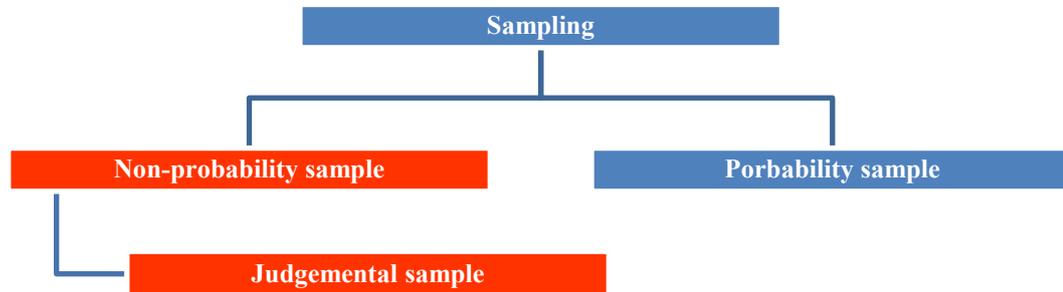


Figure 11: Sampling

Furthermore the method is planned as a *judgemental sample*. (Saunders, 2009, pp. 237-238) The author is selecting cases within the MNEs in Germany that she judges as being able to answer the research questions. Other sampling methods are excluded because the study of the participants beforehand is essential with a population of 6 to ensure the collected data is representative, means the chosen MNEs are MNEs who can make statements assessing the TM, its design and influence on commitment.

As the companies and respondents wish to stay confidential they are here described anonymous.

Company A in this context was chosen because it is, first of all, a German MNE using the approach of TM. Doing yearly analyses with the employees made them able to judge the current commitment. Company A is a company in the transport sector having subsidiaries in in more than 130 countries. The number of employees results in more than 300,000. Having implemented a TM in 2011 it is one of the leading companies in Germany. Therefore it was chosen to be suitable. (Company

A's homepage, 2013) Respondent 1 is the Head of HR Development Policies, employed since May 2011. HR staff in a leading position was chosen because an overall view was assumed as well as the knowledge of *why* TM was implemented *how*.

Company B is located in the technology sector. Employing 17,000 people company B is located in 42 countries worldwide. (Company B's homepage, 2013) TM was implemented approximately 15 years ago which makes this company being representative especially because TM was expected to be assessed and evaluated several times. The interview was hold with the Director HR who was employed 11 years. Respondent 2 therefore guarantees an overview over TM and its measures as well as an insight in the phenomenon commitment.

Company C is located in 6 countries around the world, belonging to a mother company with subsidiaries in 47 countries. Company C itself has around 200 employees. The company has no TM implemented. (Company C's homepage, 2013) The company was chosen to analyse the viewpoint of a company, which has not yet implemented TM, about the necessity of such a measure as well as the assessment of the possibilities of creating commitment of talented employees apart from TM. Respondent 3 holds the position of Head of personnel and sales marketing and is employed since 1.5 years. Being the head of personnel in a medium-sized company serves as good knowledge for employees and the ability to judge the general tone within.

Company D is located in 35 countries all over the world employing 68,000 individuals. The company is an outsourcing service provider. (Company D's homepage, 2013) TM was implemented in a holistic way 5 years ago and can therefore be evaluated as an integrated process. Interviews were held with respondent

4.1, a Sourcing Specialist employed since 1 month, and respondent 4.2, Head of Management and Development employed since almost 2 years. The decision to interview 2 persons was made to ensure an overall view of the phenomenon commitment related to TM. The respondents agreed that this would be the best method of answering the questions sent beforehand.

Company E is a company in the primary and reinsurance sector with 45,000 employees in over 40 nations. TM was implemented worldwide 5 years ago. (Company E's homepage, 2013) Respondent 5 is a Consultant Management Development, working within this position since 2 years. This company was chosen because it seemed a good representative looking at a very special segment that needs special skills, and therefore talents. The respondent is suitable as he/she is working within HR, has an overall view and is influencing the decisions made within TM.

Company F is an insurance and financial service company that has locations in 70 countries. 144,000 employees work in company F. (Company F's homepage, 2013) The Head of Talent Development, employed since 2 years, was employed as he/she has a direct insight in the design of TM and can describe interrelations in a suitable way.

Summing up, the sample is consisting of different sectors but addressing people working within HR in order to analyse a differentiated picture while keeping the same ability of the respondents to answer the questions needed to collect data.

3.9 Practical efforts

While creating a project plan, necessary practical efforts to obtain and access primary data should be considered, these are:

- Developing an interview guide, content form, confidentiality agreement etc.
- Analysing the sample frame, decision which companies would suit
- Contact the companies via phone and e-mail, providing documents
- Preparation for the interview
- Interview
- De-briefing, Transcribing, Analysis etc.

For further information see Appendix 1.

3.10 Research bias

The interviewer herself is influenced by so called interviewer bias. She might influence the participants in *how* the questions are asked. (Saunders *et al.*, 2009, p. 596)

Interviews leave room for interpretation. If the researcher does not consider that she might have a pre-constructed opinion that she is likely to apply, her findings to her study may not be correct. (Saunders *et al.*, 2009, p. 326) The results of the study still stay subjective and cannot logically be evidenced.

Due to the fact that the study is just a snapshot of the current situation, answers that could change over time cause more bias. (Saunders *et al.*, 2009, p. 155)

3.11 Ethical issues

Ethical issues can influence the research and its findings. Therefore the researcher has to be aware of those kinds of issues.

First of all, the interviewer should try to hinder harm of participants. This harm is trying to be minimised. One tool for minimising potential harm is the confidentiality agreement. (see *App. 5*) The aim is not to ask the participant to answer anything that goes behind the agreed scope. (Bryman and Bell, 2007, pp. 133-135) Ensuring confidentiality of the answers, the researcher tried to create a safe environment without fear of asking critical questions. Furthermore the interviews were held in the companies face to face which aims to give further confidentiality.

To avoid a lack of informed consent the researcher tries to create an informed consent. Therefore it is planned to give as much information as needed to inform to avoid invasion of privacy. (Saunders, 2009, pp. 190-192) Respect for values should never be abandoned. (Bryman and Bell, 2007, pp. 139-140)

The last typical ethical issue that should be recognised is involved deception. This happens if the research is represented as something different than it is. This issue is going to be avoided through the explanation of conclusions to the participant and the allowance of consulting. (Bryman and Bell, 2007, p. 141)

Further ethical issues that should be considered are data protection, conflicts of interests and others. (Bryman and Bell, 2007, pp. 142- 146)

4 Findings

4.1 Talent Management

4.1.1 Definition

This section summarises the statements given by respondent 1 to 6. Interviews can be found in appendices 6 to 11 as well as a comparison in appendix 12 which supports this section as a graphical summary.

The general definition discovered throughout all interviews is that talent holds two main dimensions: First of all talent is a current well *performer* and secondly talent is someone with the *potential* to grow further.

Potential can be expressed through a specialist or an executive career. Company F defines this potential through the “ability to grow into significantly bigger and more complex roles” while this ability is measured on one’s learning agility to adapt to changes.

The companies may agree in terms of the definition of talent within the TM systems but there is one outstanding. The Head of Talent Development of Company F is currently trying to change the approach as everyone has a certain type of talent at various degrees. He sees talented people also as those employees who can sustain their performance on their current job over time as the usual job increases, every year about 10 to 15 per cent in complexity, which also calls for the ability to adapt to changes. A special point of view is furthermore given by Company F which is also assessing *how* aims are reached instead of just what aims are reached to ensure that “no dead bodies” are left behind.

Company C furthermore explains a talent as a crucial factor to a company's success. Besides, Company A explains a talent as someone being in the right position which is crucial for the future success of the company. Company E and Company C share this opinion.

4.1.2 Amount

The amount of talents is questioned to evaluate the consequence in the judgement of talents.

Only Company F and Company B was able to give a number of talents in general which was in both cases 5 to 10 per cent.

Company E, Company A and Company D were able to only rate the percentage at an executive stage. The amount was 3, 20 and 10 to 15 per cent.

Company C could not give any statements.

4.1.3 Transparency

The common opinion about letting employees know who is a talent and who is not a talent is that employees should know about their ratings in order to keep transparency.

Transparency is given mainly through feedback conversations happening within a performance management system.

Company D admits that those conversations are confidential and therefore no examination is possible. Still, those feedbacks should address current achievements and further objectives.

Company F sees transparency as a must which is also hard to examine on a global scale but is definitely aimed, comparable to Company D.

While the talents are not necessarily labelled as *talents* they know at least that they are holders of special potential which is going to be developed in a certain framework.

4.1.4 Levels

The common understanding of a TM is that employees in every level should be part of the program.

For Company A the starting point was at an executive level where it is now looking at every stage.

Company D recognises talents on the centralised approach only within graduates, young professionals, middle and top management level whereas it is the task of the subsidiaries to develop potential on a lower level decentralised.

Company E stresses the fact that there have to be perspectives for every employee within the TM, even the secretary can be part of it. At the same time it has to meet the company's interests.

Company B and Company C add that programs may vary regarding to the stage the talent is going to enter.

4.1.5 Age

The interviewees agree on the fact that employees in every age should have the opportunity to develop within a TM.

Company C, Company D and Company E add the opinion to that statement that the duration of the program plays a key role in the decision if someone is developed or not. Is the person unable to finish a program or to work in the desired position afterwards this person is not likely to be recognised within the certain program of TM.

4.1.6 Components

4.1.6.1 Identification

After defining the term *talent* and the clearance about which employees are recognised, the identification of those employees is handled in different ways. There is one common tool used to identify talents: the *performance appraisal* including *feedback*.

The process of *identification* is different in every company. While some appraise employees by their supervisors others take more points of view into account.

The first step is generally a yearly *feedback conversation* between employee and supervisor to assess the achievement of targets and the settlement of new targets. This evaluates the current performance and enables to identify potential.

At Company C this stays the only step within identification. The same procedure is taking place at Company D. But after the feedback a management panel discusses the performance and potential of the employees together with HR staff.

Company E adds different managers who are in contact with the employees while HR staff appears as consultants in the process. Current performance is discussed in a so called *Performance Panel* and potential within a *Talent Session*. A *Development Centre* is hold to identify gaps that need to be fulfilled in order to reach the next level. The final decision of entering a talent pool is reliant on a diagnostic measure of the candidate by supervisors and HR.

At Company F the following step to the feedback is a *Career Development Discussion* where not peers are questioned about performance and potential but a management team around the employees and the CEO of the subsidiary to ensure employees' targets meet business needs. The chosen candidates have to go through a *Development Centre* in which strengths and needs are discovered, similar to the Development Centre of Company E.

In contrast, the next step at Company A is the evaluation through peers and there is an opportunity of *unsolicited applications* to identify "hidden champions". Employees go through an *Orientation Centre* built on self-reflections to identify one's potential more effectively and to identify if a specialist or an executive career is aimed and possible. The last step is again a *Development Centre* where the employee has to proof that he/she is an actual talent.

A similar process is happening at Company B where employees are chosen, based on the *feedback* and data analysed within a *computer program* (employee/ employer self-service program), go through a *Development Centre* which identifies those

employees who are definitely seen as talents. Candidates are here as well chosen through a *conference* of supervisors and people surrounding the talent.

Summing up, in general companies hold a feedback conversation based on the performance assessment of an employee through one or more managers, peers and HR managers. The majority is holding a Development Centre – some for eliminating candidates and some for identifying strengths and opportunities further.

4.1.6.2 Process

–TM in general is the collection of HR measures in an organisation to ensure the filling of a vacant crucial post. It is focused on important target groups for the company's success. It tries to match the interest of employee and company.” (Company A, 2012) But how is that put into practice?

The programs and the extent to which they are happening in the company vary.

At Company C for example TM is not labelled as such as the company is relatively small and executives know every employee in the location. Here *key roles* for success are identified and a *matrix* with requirements is developed. Within this matrix employees and their competencies are compared to requirements and the best fitting candidate is developed to fill this key role.

Company D developed the process one step further. Through their more diverse identification process talents are chosen on a structured foundation. Based on the *feedback panel* broad programs are offered to develop the personality as well as know-how needed for the specific function which is aimed. A *coaching* or *mentoring* is subsequently possible to place the employee right.

An even more differentiated process is implemented at Company A existing of a *three-pronged-academy* orientated on the job family the candidate is in. The first prong is the *Development Centre* consisting of 15 candidates. After a successful *Development Centre* the talent goes through a *Talent Development Program* where standardised measures are used to develop the candidate as well as necessary individual measures. The last step is the *Transition* in which the talent is placed in the new job or task and is likely to enter the cycle again after three years in the *Transition*.

Company F, Company E and Company B mentioned the differentiation within different talent pools to implement TM successful.

At Company F this has the consequence that there are *pools* on expert and specialist levels existing. The pools are furthermore divided based on seniority. TM goes through every stage of the HR value chain such as recruitment, development, evaluation, promotion, succession planning and so on. TM follows for this reason a bottom-up cascade. That means that, through HR planning, requirements of the company's population are identified. Based on the identified criteria personnel is evaluated. The mentioned *Career Development Discussion* leads to the *Career Development Conference* at different levels (local, regional, functional and group level) including the CFO to ensure a strategic alignment.

Company E offers at the specialist side the so called *Emerge Pool*. For executives they divide into the *Management Pool* (designed for regional executives), the *Executive Pool* (designed for executives acting in a global context) and the *Senior Executive Pool* (preparing for the management of bigger business units through individual programs). People within these pools are part of a *Development Centre* for three and possible two extra years. During this time they are prepared best for the

aimed position. Being in such a pool is still no guarantee for the offer of a suitable vacancy and the elimination is possible. Talents are continuously assessed and need to perform to stay within a talent pool.

At Company B there is a somehow similar categorisation of talents: *Early Career Talents* (who do not have any employees and mainly aim for job enrichment), *Senior Career Talents* (who act as supervisors and therefore need a 360 degree feedback) and *Executive Career Talents* (who get a complete individual treatment). Employees are sorted into a pool based on the feedback as a result of the *employee self-service*, which is the usage of software to document one's data and objectives, and the similar *employer self-service*. Results are, as mentioned, discussed and talents are labelled within a conference which results in a *Development Centre* of 3 days for the final decision. Successful employees are categorised and individual measures are implemented in order to fill discovered gaps. A regular update of the talent pool happens here as well.

Concluding, the practise of TM and the extent to which it is done vary significantly. (To get a better overview see appendix 12) There is a trend to the categorisation into *specialist* and *executive pools* or in further sub pools in order to create standardised programs for each target group. The individual treatment of each talent still plays a key role, no matter if there is a differentiation or not.

4.1.7 Changes

TM was described throughout the interviews as an evolving process which is not fixed. Adaption to a changing environment needs to be done, according to the interviewees, while some of the systems are relatively young.

An example of a young TM is the one of Company A which was implemented in 2011. With putting a label on the special treatment of talents the *Development Centre* was implemented as well as *Talent Days* to attract talents. Company A sees the employment of internal *Talent Managers* as necessary in the future who only concentrate on the identification and the management of talents and can be seen as internal head hunters.

Company B implemented the software to provide the employee and employer self-service mentioned before to lower administration effort and to increase transparency. TM was implemented 15 years ago and therefore went through natural changes and increased professionalism but there were no fundamental changes.

At Company D the TM is now reaching into more levels of the organisation and therefore became more holistic five years ago. International exchanges are now possible and different target groups became involved. The changes were made mainly due to the fact of the needs of the new generations – Generation Y and the evolving Generation Z. At the same time this opens new possibilities of group work, communication and learning.

The global adaptability also plays a role at Company E. This TM became more global two years ago. Now it is more consistent and less subjective than it was at its implementation 8 years ago. Furthermore the TM was diagnostic driven in the beginning where a matrix was the base for evaluation. This starting point changed into a balanced driven approach focusing on the *how* within achievements to ensure the engagement of managers.

Company E is no exception looking at the evolvement into a global context. This happened five years ago as the company grew more global. In the beginning TM was

only practiced at the head quarter's location. Furthermore it is now more differentiated as development programs are clearer. Permanent talents are no longer possible as the members of a pool are assessed over three or five years. This was necessary to increase the quality of HR work and its acceptance.

4.2 Commitment

4.2.1 Influence on non-talents

According to the literature TM does not just has an influence on talents but also on those individuals who are not rated as such.

Company A and Company C are convinced that there is no influence on non-talents by the existence of a TM. They explain this point of view with the fact that there are broad development opportunities for everybody. Company A admits that those are less standardised and intense but more individual. As a consequence everyone is valued but those recognised as talents get a special treatment which has no consequence on those who are not.

In contrast Company E and Company F see a risk regarding the influence on non-talents. Company F describes that risk as something that is dependent on communication of managers and how they transport the results in the feedback conversation. If there is no maturity within the workforce an *I am a talent culture* is likely to develop which can make non-talents feel less valued. However, they do not see this risk endangering their system currently. Company E describes the risk as a danger of frustration which should be minimised by developmental opportunities for every employee. They also see a reliance on the ability of managerial staff to

communicate the results of the TM. Transparency and knowledge of what is necessary to reach the status *talent* can then serve as a motivator.

Company D and Company B do also see the chance of motivation for non-talents to become talents. Company D reasons that in the aim of creating an own perspective which is dependent on the fact that everyone is developed. On the other hand Company B sees motivation guaranteed through feedback and a resulting targeting development for everyone. Thanks to transparency the responsibility of each employee's own career is drawn.

4.2.3 Influence on talents

Looking at the whole workforce and its commitment, consequently the influence on talents was asked as well.

The majority (5) of the interviewees see an influence in the existence of a TM on the commitment of talents described as positive.

Company B describes this influence based on the knowledge of their actual stance and the clarification of perspectives.

Company C shares this viewpoint as it shows possibilities of development. Monetary rewards bond to that system are as well seen as a motivator of commitment. Transparency and the analysis of potential communicate the value of the talent for the company.

Company A broads this understanding as they see TM as a possibility of giving and enabling for self-responsibility and personal mastery which supports and develops talents while their objectives are matched with the company's ones .

Company D describes this positive influence through the creation of an attractive working environment in which TM builds a financial frame for development. A very strong increase develops out of the fact that managers get an opportunity to get to know their employees better and to improve communication. Talents are indirectly motivated by the transfer of knowledge and know-how which builds the base for networking and to catch up with specialists from other business units and departments. It is an important instrument to express recognition and to offer benefits. All these aspects are fundamentally for commitment

Finally, Company F describes commitment as the result of the feeling of being valued through supervisors and executives. Results are based on an engagement survey. Communication and transparency are here, as well, the key drivers to visualise that TM is a possibility to assume any career path people want to aspire to. The access to different development opportunities also creates motivation and therefore commitment.

Company E also sees an influence of TM but only as a supporting factor. They see the development of every employee as the key factor throughout any managerial stage. TM is a tool but not a stand-alone cause for commitment. Positive is the high development offers on different levels and within a global frame.

According to all respondents, TM does have a positive influence on the commitment of talents, according to the held interviews, but should not be seen as the only cause for commitment.

4.2.4 Drivers on commitment

Throughout the interviews some common themes regarding commitment were identified.

One of the themes is security. Described by Company A this is offered through reliance, pension schemes and a flexible work design. Company F sees the financial crisis, out of which they came stable even though they had to fire some employees as, an indicator. Company C, at the same time, did not fire any employees but used short-time models. A feeling of security can be also offered by Company D while not be ensured. Pension schemes, health care and others support the feeling of security. Security is offered by Company B if an employee is an actual talent, as his/her opportunities to move into another job when it comes to restructuring are higher.

Developmental opportunities are seen as crucial by Company A, C and D. Company B describes these as development within succession planning. Company F stresses the importance of geographical development.

Personal networks are described by Company D as well as Company E while Company D speaks about a raised value on the market of talents. Company B also admires the better chance of talents in changing employers and so does Company F, speaking of a raised marketability. Those can be summed up under the term *employability*.

Themes of commitment can therefore be security, developmental opportunities and a raised employability offered by an attractive employer.

4.2.5 Nature of commitment

Throughout the literature different types of commitment were identified, but the question which one plays the most important role within practice remains.

Company A describes the commitment as a strong bond mainly to the product and secondly to the company. This opinion is based on employee surveys.

Company B also sees commitment grounded in the bond to the organisation and the convincement of the employer as suitable.

Like Company A Company C sees a strong bond to the product especially because of its niche position.

Company D reasons commitment through a strong bond to a region and to Company D as an attractive player within. Loyalty is discovered due to a bond to the organisation itself as well.

Company F sees commitment caused by a bond to the strong brand and through the social responsibility it takes over so that pride is raised.

Another viewpoint is the one of Company E where partly a lack of alternatives may play a role as the service is highly specialised. But loyalty plays a higher role as employees show pride of the employer and the opportunity it delivers.

Summing up, a bond to organisation and product and a partly lack of alternatives are described.

4.2.6 Turnover

To proof if commitment is existing the turnover indicates how willing employees are to leave the company.

All companies agreed on not having a problem in terms of turn-over in their mother country Germany. Turnover rates are for example in sum, at Company A at 2.7 and at Company F at 2 per cent. Parallel, problems are identified in locations such as Asia, according to Company A, Company F and Company E. Company D also sees a problem in the retention of Generation Y.

4.2.7 Reasons for turnover

Asking for possible reasons of the loss of employees and especially talents most of the interviewees quote the problem of a lack of vacancies to fulfil expectations. Company B, Company C, Company D, Company E and Company F agree on the fact that if vacancies and perspectives are not offered, that are worked on within development programs within or without a TM, people are likely to leave for a competitor with better perspectives.

Further reasons are seen by Company D in the nature of younger generations with a lower regional bond and loyalty due to mobility and a better education especially in languages. Private reasons may also occur naturally. Another endangering topic is headhunting which evolved in the last decades.

Company A sees an employer change mainly due to better conditions at a competitor's like a better payment. They also see younger generations coming along with low loyalty and flexibility which makes the work on commitment harder.

Company F sees a main factor for non-commitment in the lack of work-life-balance through their more traditional role which does not match with the requirements of all generations.

Company E sees a reason in a more suitable task elsewhere.

Concluding, it can be recognised that the main cause mentioned for leaves are the lack of vacant positions for developed talents and the evolving new generations with different needs.

4.3 Talent Management in MNEs

4.3.1 The chosen Talent Management approach

The topic of a global TM arises with the internationality of MNEs. But the way of how this is put into practice differs.

Mainly, there are three approaches identified within this study:

1. A holistic and global TM,
2. A TM based on subsidiaries design or
3. A mixture.

Company A follows the first approach where they design TM centralised and it is then put into practice in the subsidiaries. International programs within the company-owned academy are happening and the Development Centre is currently tested as an international one.

Company F's TM is holistic as well. It was designed on a global scale and is put into practice in every subsidiary in the same way.

The same procedure can be found in Company B. A *Management Cycle* standardises dates and measures that have to be fulfilled within the TM. TM is implemented consequent and follows the same rules on a global scale.

In contrast Company C's TM follows the second approach where every location designs its own measures.

Putting both approaches into practice Company E is using a mixed TM. TM is happening on a global scale with a global understanding and a common frame but it is locally adaptable to needs.

At Company D some institutions are the same on the global stage like the company-owned universities but TM is adapted to different cultures, services and maturity of the subsidiary. Therefore the third approach is the used one.

4.3.2 Strategic alignment

Throughout the interviews the topic of *strategic alignment* of the TM evolved and is now going to be summarised.

Company A mentioned that TM has to follow strategic aims of the company in order to increase the total utility. It tries to match interests of company and employee.

Company B also mentioned the strategic necessity. Strategic planning happens parallel to the held conference to identify the needs of the certain business units in order to achieve overall objectives. TM is then matched across local boundaries.

Company D only starts programs if they are bringing value in the big context and Company E also tries to meet potential with the company's interest. The talent pool is created to fulfil vacant key positions fast and to lower costs of recruitment.

At Company F, lastly, the *Career Development Discussion* aims to align the aspiration of the employee and the company's targets

Looking at those statements it can be summarised, that the strategic alignment of the TM is a must.

4.3.3 Reasons for implementation

Why is TM so important for the observed MNEs? The question why TM was implemented gives some evidence.

Company A for example implemented a TM to make assessments of talents more systematically instead of individually. Furthermore there was not enough knowledge of the talents of the company so that requirements could not be filled in the best possible way. TM enabled to identify talents early and to calculate the medium-term potential. A business-wide exchange of talents is now possible to ensure key positions are filled with the right person.

At Company C a similar reason is explained. As they still find the talents for key positions and an implementation would support this process it was, so far, not necessary to be implemented.

Another reason that comes along is succession planning, Company F's reason for implementation. The filling of future vacant key positions is ensured and therefore strategic drivers play a role in implementation as well. Identifying needed

capabilities prepares the company for future success through ensuring the existence of those. Conversation is another point that is supporting the decision of implementation.

Company E sees TM also as a tool to ensure success and therefore also finds the strategic aspect as a cause. The assurance of the existence of employees with a high expertise is aimed.

Company D sees TM as an essential tool of attraction and retention of talents in a high-competition market while Company B simply sees TM as a necessity in human resources like in every other resource.

Summing up, main reason, amongst others, is the aim to ensure a company may have the right resources at the right time in the right places looking at the process as supportively for the company's strategy.

4.3.4 Consequences of implementation

Raised satisfaction (Company A), motivation (Company B, Company C and Company D) and commitment as well as transparency and fairness (Company A and Company B) were named as possible consequences of the implementation of a TM. This is explained through better development and therefore promotion opportunities (Company E and Company C).

Company B adds the consequence of having more controlling and coordination in the hands of HR. A better knowledge of the workforce is prepared. Furthermore the interaction across business units and levels improves the learning process and

increases perspectives. According to Company F it furthermore opens opportunities on a global scale.

Next to those positive influences of TM on workers Company F sees a risk in the impossibility of the non-fulfilment of everyone's expectations and therefore a possibility of demotivation. Company D sees also a risk of demotivation but caused for those people who are not rated as talents.

The majority of the companies answered the specific question for the consequences of TM (see Appendix 12) with listing advantages. Only a minority sees a problem of demotivation caused by the implementation of TM.

4.4 The German labour market and its demands

4.4.1 Competition

Company A describes the attraction of talented people as difficult. Main problem there is finding new talented apprentices or trainees.

Company F takes the same stance: very high competition but especially in finding graduates due to changing demographics.

Company E also describes the competition as very high in the area of graduates. According to this company competition is mainly driven by large MNEs.

This opinion can also be found at Company D, where competition is again seen as very high and governed by well-known MNEs.

A slightly other stance takes Company C describing the competition also as high but balanced at the same time. Problems are seen in hiring specialists or executives.

Finally, Company B describes the competition as differentiated saying that the expression “War for Talent” is not generally applicable. A lot of graduates are available in the human disciplines but there is a lack of graduates in natural sciences.

Summing up, the companies taking part in the study do see a high competition in the German market. This is mainly reasoned by having too less applicants of younger generations.

4.4.2 Competition of the company in the market

Regarding to the fact that companies see a high competition at the German market the actual position was questioned.

Company A still describes it as difficult while companies like Company F and Company E pretend to have still enough applicants. Company E especially sees their strength in attracting young talents. However, both companies see the competition as a growing topic which needs to be taken seriously.

Company D also sees a need of focusing on the attraction of graduates as for them as a B2B concern it is hard to get into first contact with applicants. They also see arising problems in filling vacant senior positions.

Company C describes the need for head hunters to fulfil vacant key position as the competition is too high for conventional measures.

Company B has a completely different stance. Attracting applicants to fill vacant positions appears as easy.

Depending on the company the influence on the high competition market is different. Most of the companies see an increasing problem in employing key positions but not an endangering one.

4.4.3 Comparison global situation

While the competition on the German market was generally described as high some companies mentioned differences in the global market.

There is a general tone through the answers of participants that main problems of commitment are discovered in the Asian market.

Company A e.g. has the highest fluctuation rates in China while the US market is described as a stable one with a low fluctuation and many potential talents.

Company F describes fluctuation rates as highest as well in China where a prominent role is missing and at the same time equal local players evolved which were not existent a couple of years ago. High fluctuation is mainly due to a culture of ever-changing employers and a low loyalty. Dynamics are described as the change of employers 5 to 6 times within 2 or 3 years.

Company E describes the Asian market in general as one with a low commitment. This low commitment can only be found in the UK again. In countries like Germany or Canada loyalty and commitment are significantly higher.

Summing up, participants see main problems in commitment at the Asian and UK market whereas markets like UK, US and Canada are seen as stable.

4.5 Personal assessment of advantages and disadvantages regarding commitment

Finally the participants were asked about advantages and disadvantages of the existence of a TM in relation of attracting and retaining talent.

Company A sees a risk in a possible conflict of interests. While a supervisor might want to keep his talents this is not always the interest of the company. Also, if the talent does not want to move his interest would not match with the company's aims either. Another risk is the evolvment of *second class*-employees if a TM is built on subjectivity and a lack of transparency. However, risks are seen as leveraged out by the advantages like the raising importance of HR, as it pays a contribution to the overall success, and the lowering of costs through minimising the time used to fill a vacant position properly.

Company F defines a risk similar to the *second class*-employees names the *I am a talent*-culture that would lead to dividing the workforce into classes. To avoid this maturity is essential. In general, TM is seen as a tool with positive influence on the commitment and therefore the retention of talents.

Company E sees a risk in creating a highly employable population, which can easily transfer to other employers, but sees TM also as a must in order to stay competitive.

Company D sees the existence of a TM also as a must in order to sustain. According to respondent 4.2 it makes the employer more attractive, helps filling vacancies and improves progression planning. Regarding to commitment it does have an increasing influence.

Company C sees a disadvantage if not all expectations can be met and talented people might change to competitors who can offer better perspectives. This would

lower commitment. An advantage is seen if a TM is highly structured which would lead to increased commitment.

Company B sees a similar problem: If expectations cannot be met in the long-term commitment is lowered as well as retention. At the same time, TM is seen as a necessity as it is an argument in the recruiting process which raises the attraction of talents. It furthermore can raise commitment and therefore the retention of talents.

All in all, TM is seen as something positive looking at the influence it has on commitment and therefore on the attraction and retention of talents. This necessity is not coming without risks that need to be recognised to avoid possible negative aspects.

5 Discussion

5.1 Talent Management in practice in German MNEs

This part serves to pay a contribution to the discovered lacks and gaps in the literature as well as a result of findings made while comparing the respondents' answers.

The first contrary was discovered in the theoretical definition of *talent* as the authors did not find an agreement. Looking back at the respondents the definition in practice of German MNEs can be interpreted as an exclusive approach taking a limited amount of employees as talents into account. Concluding, those talents combine two essential dimensions: *performance and potential*.

One company added a dimension. Next to *what is reached* it looks at *how is it reached*. This measure follows Williamson's (2011) Talent Matrix (mentioned in 2.1). According to these finding it is necessary to look at *how* objectives are fulfilled. This can be reasoned in the fact that it is also important for an organisation how the culture develops in order to keep a motivated and well-performing work force.

Summing up, Williamson's model seems to lack one dimension: the potential dimension (*fig. 12*)

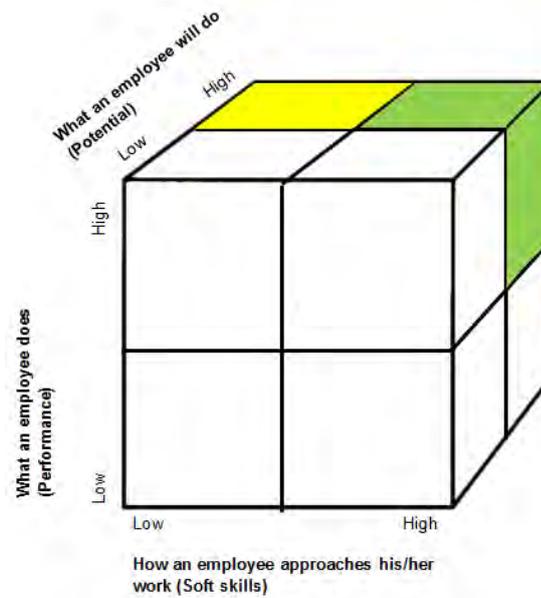


Figure 12: The Talent Dice [based on the Talent Matrix (Williamson, 2011)]

According to this model Company F is looking for those employees with high performance, high potential and high soft skills. Talents would be employees in the green quarter of the dice.

William's talent matrix therefore does not fit to the practice in German MNEs but after adding a third dimension it can be used to illustrate the talent pool within the workforce. This extension leads to a general validity for all companies. Companies that are not looking at the *how* (Companies A-F) would find their talents in the yellow quarter. Yellow illustrates high performance and high potential.

Based on the exclusive people approach chosen by the participants and the contribution to the Talent Dice, TM is designed in different ways described in the findings. This concludes in a talent pool consisting of 10 to 20 per cent of the employee population in German MNEs. This indicates a very narrow understanding of talent and leads to the assumption that only those employees are recognised which are above average. The exclusive approach in this context might be so narrow that

those who perform *only good* are not included. In contrast to the commonly used approach Company C uses the exclusive position approach by identifying key roles and matching employee profiles to them. It follows therefore the TM 2.0 approach of Culson-Thomas (2013) that recommends a focusing on roles.

Throughout the interviews the concept of TM 2.0 could not generally be found. While Company C is looking at critical success factors, as advised, to ensure the filling of crucial positions they are still missing the measure that every development should be made in house and should only concentrate on motivate to motivate others. Concluding, TM 2.0 is not put into practice within the respondents companies.

This does not necessarily mean that the TM 2.0 is not working in practice. Looking at other companies within the sample frame the approach might be successfully implemented. Caused by the nature of qualitative studies a different outcome is possible as the answers are highly dependent on just a few opinions. Asking 6 other companies the outcome here, and in general, could be differ significantly.

Another contrary identified in the literature was the conflict of which levels should be included in TM. While authors like Iles *et al.* (2010) and Chambers *et al.* (1998) fight for the opinion that TM should be only accessible to senior levels, Guthridge *et al.* (2008) and Kehinde (2012) called for the implementation of all stages into TM. Looking at the practical relevance in Germany it can be concluded that employees in all stages are recognised and while TM systems are assessed as well-working this seems to be the best-practice approach. Therefore it can be assumed that TM is necessary in every level within the organisation in order to design a well-working TM.

Nonetheless, the participants as well as the literature (e.g. Church, 2013) call for general Organisational Development. This means that there must be developmental opportunities for those who are not identified as talents.

Looking at the design of the TM, which was identified as a gap in the literature, one common point was identified within the interviews: the assurance of transparency through the combination of the TM with the performance appraisal. The way the companies assess their employees to measure performance and potential is part of their performance management system and therefore different in every company. After identification the real TM starts. This is as well a very varying process. In general there is a *Development Centre* after the appraisal. This centre is used differently: whether as identifying training needs or as a selection method for the next stage: the development of talents. Company B, Company E and Company F, as mentioned before, start with a categorisation into pools to fix the route one is taking while Company A and Company D design individual programs. Those companies still follow a structured measure in development while Company C is not following any structure. This could be reasoned in their size. Company C is the only mid-sized company within the interviewed company which makes it less necessary to have a specialised plan as every employee is known by supervisors and higher leaders.

Summing up, there is still no single answer in how to design a TM best, as all of the companies see their TMs as successful. TM remains a large pool of different policies within HR which can be used. (McDonnall, 2011; Santhoshkuma and Rajaseka, 2011; Armstrong, 2008) The differences can be reasoned in different cultures, products, maturities etc. One point remains similar: the strategic alignment. The participants agreed in the point that TM should match company's and employee's interests in order to be effective. Therefore it can be fixed, that TM serves as a tool to

align the actions within the company with the strategy. This view meets authors like Fegley (2006).

Another important point, going hand in hand with the strategic alignment and the match of interest, is transparency. Authors like Williamson (2011) advise it as needed in order to avoid favouritism and to use TM as a motivator. Drawing back on this point of view and the interviews held, it can be summarised, that TM can only work effectively if transparency is given. Transparency leads to a high acceptance and the image of fairness according to the non-monetary reward of development and/or succession. The respondents as well as the considered literature agree in this point which leads to the assumption that transparency is a necessity in TM.

5.2 The War for Talent for German MNEs

According to the findings made in the literature the German market did not stay untouched by the Global Financial Crisis but came out very stable compared to others thanks to measures like short-time or flexible working. (OECD, 2012; Prognos, 2011; Bundesvereinigung der Deutschen Arbeitgeberverbände, 2010) This can be underpinned by the statements of the participating interviewees. Companies used measures like the mentioned to avoid shortages throughout their workforce. The only company who lost significant parts of their staff was Company B due to a downturn of a sector in the German market which hit the company on a part of their core businesses. Nevertheless, it is still positioned as a leader in the market. Therefore the common opinion is underlined, that the German labour market is a stable one.

Furthermore, the respondents compared the German market to the Global one depending on their subsidiaries' locations. The result is a common tone about a high competition and low commitment market in the Asian area while Germany, Canada and USA are ones with a stable labour situation. Reasoned is this in the different cultures. Cultures like the Chinese one are convinced, that employers need to be changed as often as possible, according to the respondents. This leads to a difficulty of committing those cultures.

Another specific characteristic described by the studied authors is that the German labour market is, different to many others, one which can offer job security as a base of commitment. This implies that policies like TM are not necessary, in order to create employability. Reasons for that are a strong legislation and employment protection (Dietz, 2012). However, a remaining and arising problem in Germany is its demographic which causes an aging workforce (OECD, 2012). Investments therefore are recommended to be done in the young as well as old population of the company. The respondents identified this fact as a challenge, too. They agree in the fact that not just the youngest employees should be seen as valuable, but that (according to the duration of the program and the future operational areas and its term) older employees should be part of developmental opportunities such as TM, if qualified. Summing up, the German labour market definitely faces a talent shortage looking at its prognoses. Talents in a higher age are going to leave the market and young employees are not of the same amount to cover the companies' demands. Therefore it is necessary to concentrate on global opportunities. Literature and participants agree on a future lack of available workers. TM is, as much as in any other market, needed to face the challenges of the current and future decades.

To face the challenge of global competition for the companies, which have their headquarters in Germany, three different approaches were identified throughout the Literature Review: Global TM, Localisation and Sophisticated TM. The authors did not agree on a best practice. Looking at the participants Global TM can be identified at Company A, Company B and Company F, while Localisation is practiced at Company C and the sophisticated approach at Company D and Company E.

As in the literature no common opinion can be identified while the trend goes to a global or sophisticated approach. This can be reasoned in evolving opportunities like a global exchange and global strategic alignment and the knowledge sharing. The localisation hinders a communication and coordination on a global scale. This approach seems legit taking the size of Company C into account again. The small size of the company and the different businesses of the subsidiaries lead to a more loose structure and a local leadership. Therefore the TM results in one's one responsibility.

5.3 Talent Management and commitment

Taking the opinion of Pilbeam and Corbridge (2010) or Ross (2013) into account there is a conflict compared to the findings. These authors state that an exclusive approach leads to the lowering of commitment of non-talents and therefore has a negative impact on the organisation.

In contrast, the respondents indicate a different practical importance of TM reporting about in general raised satisfaction, motivation and therefore commitment caused through better developmental opportunities for talents and the transparency and

fairness for non-talents to reach the status of a talent. At the same time the respondents see a risk if expectation cannot be fulfilled.

On the contrary the findings point at a development other than the feared one throughout literature. As HR managers rate their staff as committed and do not pay a negative influence to TM it could be assumed that TM does not have a negative influence on commitment. Not on the talents as well not on the non-talents. This finding should consider the statements about Organisational Design (made within point 5.1) which is seen as a necessity in keeping the workforce motivated and committed through the creation of a feeling of fairness.

As determined in the study of relevant literature commitment needs a bond to the company, according to authors like Buchan and Huczynski, 2010; Mullins, 2010. The majority of the participants describe their commitment as such a bond to the company and additionally, in some cases, to the product. Deductively, the bond to the organisation itself seems to play a key role.

A widespread topic is job security. Offered before the crisis in 2008/2009 companies cannot offer any security today, according to the common literature. Job security as a necessity for commitment is therefore tried to substituted by employability which is built on development and training attractive for one's own interests. As interesting, in this context, could be rated that half of the respondents stated that they cannot offer any security. This supports the above mentioned opinion but is a contrast to literature which is pretending a high security in German companies (e.g. Dietz 2012). As the other half of the respondents is pretending a security no single answer can be found. But looking at indicators such as turnover, the companies stated a low turnover in Germany. This fact shows that there is a certain stance of security or at

least stability. Concluding, security can be offered by a German MNE but is not guaranteed.

The focus for the respondents in creating commitment lays definitely, as drawn in the findings part, in development opportunities including succession planning and personal networks. Comparing these points to the literature the study is getting closer to employability as a main driver on commitment. This point of view goes hand in hand with assumptions of Vaiman *et al.* (2012), Mullins (2010) and others. Furthermore, Nilsson *et al.* (2011) as well as DeCuyper (2011) state that the internationalisation of development opportunities plays a key role in today's commitment. This may refer back to the assumption that HR policies, as mentioned in the findings, need to be designed to meet the needs of Generation Y.

It can be assumed that TM creates or supports commitment through concentrating on the improvement of the employability of the workforce. This is interpreted from the literature as well as the studied interviews.

Covering the broad area of commitment the literature generally divides into normative, affective and continuance commitment. Analysing the companies' answers the nature of commitment can be identified. The majority describes the commitment of the workforce as a bond to the company and/or product. This kind of commitment can be based on the convincement about the company as being a valuable employee or the fact that the employees stay out of obligation. This commitment would then be identified as affective and/or normative. The motivators for commitment can hardly be differentiated as a single person in the company gave a general statement of everybody. Moreover, Company E admit a partly lack of alternatives being the reason for commitment. Generally, it will be hard to give an answer about the whole workforce. Everybody's nature and needs are different

which means that everybody may have, if existing, another kind of commitment. Still, the mainly indicated normative and/or affective commitment covers Torrington and Hall's (2011) suggestion of seeking for both. Commitment that is only normative was aimed by authors like Kuo *et al.* (2012) while affective is seen as essential by Angelis *et al.* (2010) and others. Even though there cannot be a single answer to which commitment exists the majority is whether based on normative and/or affective commitment. This is, however, advised by one or the other author. Moreover, all authors agree in the fact that continuance commitment would not be valuable. All in all, the assumptions that the respondents work within companies with a commitment which is long-term orientated and therefore supporting the strategies is shaped.

Mckay's (2006) theory of commitment is not confirmed. While the belonging to the company is seen as a major cause of commitment topics like excitement about the job and confidence in leadership were not mentioned. This implies the assumption that those components may not play a key role in creating commitment. Another possible interpretation is that, asking about TM, respondents did not consider those options but would, if asked, also rate them as necessary.

Having the opinions of the participants is one side but to get a holistic picture an indicator for commitment was asked in order to use this non-qualitative instrument to support the arguments of the interviewees. All participants are working in an environment of low *turnover* which confirms their statements. Still, there remain critical points. Mainly, a lack of commitment is identified in Asia as well as within Generation Y.

Having analysed commitment in the companies there is still no true indicator for TM as being a factor influencing commitment. Literature gives evidence that measures

within TM do have an influence on commitment. There is no common opinion about how good or bad the influence of an existing of TM is on commitment. Taking MC Donnall (2011) as an example, the knowledge of who is a talent, as given in the analysed companies, raises the commitment of talents but decreases commitment of non-talents. Company A, Company E and Company F agree with this danger but by asking for their general opinion about the influence on commitment through TM they agree on a high commitment throughout their workforce. Consequently, the demotivation can be seen as a risk but not as a current problem. Company C sees no influence on the publicity of the talent population to the non-talents but sees a generally raising commitment. This statement is an assumption as the company has no implemented TM. Company B and Company D take a completely new stance in the discussion identifying TM as motivating for non-talents within the companies calling for reaching the status of being a *talent*. The respondents agree with Church's (2013) theory that TM is a necessary tool which needs to be combined with Organisational Development in order to train and develop the whole workforce.

Literature and respondents agree on the fact that TM has only a positive influence on talents as long as companies can offer opportunities for those identified individuals to grow (as discussed before).

Summing up, TM is seen as an influencing factor on commitment relying on the implementation and transparency given. It is an instrument which has the ability to influence commitment of talents and non-talents in a positive way. TM therefore is considered as being a must in today's company life. Implemented wisely it will help the company to ensure a valuable workforce which is motivated to raise the performance and outcome.

6 Conclusions and Recommendations

This final part serves to understand what the study discovered through the answering of the research questions asked in the beginning of the study.

1. *How do German MNEs design the TM process?*

Although the participating companies are acting in different markets and sectors they do not differ significantly in their point of view of the design of a well-working TM. Having substantial literature in mind and taking the findings into account TM is a system available to an exclusive population within the company which characteristics are drawn together in figure 13.



Figure 13: The characteristics of a TM within German MNEs

TM needs to address all levels within the company concentrating on an exclusive understanding of Talent. It is based on transparency which means that employees

need to be informed whether they are in a talent pool or not. Moreover, they need to be aware of the *why*. If this requirement is given, a demotivation is avoided as a feeling of favouritism is prevented. Additionally, TM should be based on the appraisal, identifying talents with reference to 3 dimensions:

- a) Top performance
- b) Potential of development
- c) Soft skills (*how?*)

These dimensions were summarised in the Talent Dice (topic 5.1) based on Williamson's Talent Matrix (2011). The next step, in practice, after the identification of talents is a so called *Development Centre*. Depending on the respondent those centres aim to whether select who is going to take part in the TM or to specify further what is needed to develop the talent best. The last step is the implementation of developmental programs which meet the talents needs as well as the company's objectives (strategic alignment).

These characteristics are seen as approved and should be used as a guide while designing a TM. It is assessed as legit throughout practice in German MNEs. While there is no generalizable approach to every policy within TM there is still a trend about the main focus points in designing a TM. How TM is designed in detail is reliant on several aspects making a company unique.

2. *In how far does the designed TM influence the commitment of the workforce?*

Looking at the study of literature and practice it can be stated that TM definitely has an influence on the commitment of the workforce. This influence is evaluated as positive on the talent as well as on the non-talent side of the workforce.

While TM is not the only cause for commitment the creation of the phenomenon is reliant on *how* TM is communicated and designed. Transparency is the necessity, as mentioned above, to avoid favouritism. Moreover, transparency motivates talents as they feel valued and therefore creates a bond to the organisation. But on the non-talent side it is assessed as a primary motivating element showing what needs to be done to become a part of the TM system.

To ensure this motivating factor Organisational Development should not be leaved out. It is important that all employees within the company are recognised or developed. This is especially important for those individuals, who do not have the perspective to become a talent. If those individuals do not feel valued, especially compared to the talents, they lose their bond to the employer and therefore their commitment. Developing every individual is seen as motivating on a way of creating a committed workforce.

Consequently, the influence of TM on non-talents' commitment is reliant on the component if there are broad opportunities of development for them as well as communication and transparency. Depending on how it is into practice a motivating or demotivating influence is evolving. However, two companies do not see any influence based on opportunities for everyone. Commitment in companies with TM is affective and/or normative which proofs that those are having a good practice throughout their policies which made them reliable participants.

3. *How do German companies face the challenge of a talent shortage in terms of TM?*

The result of the study is the discovery of the talent shortage in practice. As predicted in the literature review Germany is facing a talent shortage mainly through the demographical development to an aging workforce. One necessity therefore is that TM addresses every age group as long as the program leads to increased value during employment.

Another upcoming topic was the changing needs of a new generation, called Generation Y. According to the respondents this generation needs special attention in the future as their commitment is generally assessed as lower. To ensure the attraction of the young talents in a highly competitive labour market TM tries to address their need for non-monetary rewards like succession and development.

Generally the market Germany is, like USA or Canada, a market with a relatively high commitment while Asian or English markets lack that commitment and experience a high turnover. Still, the turnover in the companies was very low.

Summing up, TM is used as one tool, next to others, to make the company an attractive employer addressing the needs of younger generations on the one hand and using *aging* potential on the other hand.

As Generation Y was an upcoming topic throughout the participants' statements further studies should address how TM should be best designed to address the new generation but also the following generations.

All in all, TM should be recognised as a tool which needs to be implemented to guarantee systematic assessment in order to identify mid-term potential and the attraction as well as retention of talents. It leads to professional communication and

the support of the company's strategy supported through succession planning. As a result it raises satisfaction and motivation through promotion and succession which improves the commitment of the workforce in the last instance.

Because of different aspects the reliability of the outcome might be limited to a certain extent. Due to the fact that the non-probability sample is dependent on the researcher's choice the qualitative study is limited in its reliability. The reason for that is that choosing other respondents may had led to another outcome.

Furthermore the study serves as a snapshot. The outcome of similar interviews held at another day, month or year could vary significantly dependent on recent developments etc.

A further ethical issue is the generalizability or the external validity. Because of the small size of the sample within the sample frame findings are not equally applicable to other research settings, they do not produce a theory that is generalizable. Therefore a quantitative study within the German market which uses the discovered assumptions could help to prove validity and reliability.

All in all, the study gives evidence for the assumption that TM is a tool to create a committed workforce within the War for Talent, relying on German MNEs, and should therefore be a topic which is discovered further while new practical knowledge, gained within this study, may help to discover further aspects.

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Appendices

Appendix 1: Time allocation

The time allocation is limited due to the fact that the research is taking place in a particular time (between January 2013 and August 2013), regarding to the Master's study. The study observes a particular phenomenon, the commitment and its relation to TM, within a narrow timeframe. Therefore a snapshot will be drawn which makes the study cross-sectional. (Saunders *et al.*, 2009, p. 155)

Activity	Start Date	Finish Date
Searching for secondary data	01/02/2013	15/06/2013
Reading secondary data	01/02/2013	20/06/2013
Creating data collection instruments	01/06/2013	10/06/2013
Administrating data collection instruments	10/06/2013	30/06/2013
Analysing primary data	30/06/2013	15/07/2013
Writing the early drafts	01/07/2013	20/07/2013
Analysing comments on drafts by supervisor	20/07/2013	01/08/2013
Revisions of drafts	01/08/2013	11/08/2013
Printing and binding	12/08/2013	14/08/2013

Appendix 2: Draft of the Cover Letter

This Cover Letter served as a tool to contact companies that were rated as valuable for the study via e-mail. Some of them were contacted further. It was sent in German and is translated in this context. Potential interviewees were, if possible, identified beforehand and contacted directly.

In a later stage, interview questions were sent to the participants

Dear Sir X/ Madam Y,

I am a current master student at Dublin Business School, Ireland who is taking part in the program Human Resource Management. My upcoming dissertation is concerning the following topic:

"How to Fight the War for Talent - Talent Management as a Tool for
Creating a Committed Workforce in German Multinational Enterprises"

In this context. I would like to ask you for an interview in your company.

The opportunity to write this topic with company XY would be of great value to support the validity of my work. [*personalised part regarding company details*]
Therefore, I would like to interview an HR employee of company XY to explore the proper implementation of Talent Management in practice.

The above mentioned topic is going to be investigated in German companies, as there are no specific qualitative studies on the relationship between Talent Management and commitment so far. The study purposes to fill gaps discovered in the literature. Therefore, the interview should be conducted in a total of 6 German,

international companies. The survey of several companies is common in courses at Irish universities.

The interviewee should be able to explain the development of talent management and then give his personal opinion on the topic employee commitment. The interview is scheduled for this reason in HR level. The questions used for this purpose may be sent in advance. The final version of the statements can be anonymous, if requested.

The preferred scheduled interview period is June. The submission due date is set in August. The results of the work arising from the comparison of the interviews conducted in German companies as well as by comparison with the literature, I would of course then make available to give you a new perspective on the studied topic.

I would be very grateful for the possibility of holding an interview in your company.

Do not hesitate to contact me if there are any questions upcoming.

Thank you!

Best regards from Dublin,

Carolin Denner

Appendix 3: Note-taking form

Interview Number: X/Y

Name of Study: How to fight the War for Talent – Talent Management as Tool
for Creating a Committed Workforce in German Multinational
Enterprises

Date: DD/MM/YYYY

Interviewer: Carolin Denner

Start-time: hh:mm

Finish-time: hh:mm

Interviewee(s): Respondent X

Questions	Responses	Observations

Appendix 4: Interview de-briefing form

Interview Number: X/Y

Name of Study: How to fight the War for Talent – Talent Management as Tool
for Creating a Committed Workforce in German Multinational
Enterprises

Date: DD/MM/YYYY

Interviewer: Carolin Denner

Interviewee(s): Respondent X

- (1) What are the main themes that emerged from the interview?
- (2) Did any information contradict what you learned in previous interviews?
- (3) What did participants say that was unclear or confusing to you?
- (4) What did you observe that would not be evident from reading a transcript of the discussion (e.g. conversation dynamic, observations, body language etc.)?
- (5) What problems did you encounter (e.g., logistical, behaviours of respondent(s), questions that were confusing, etc.)?
- (6) What issues will you follow up?
- (7) Did the respondent(s) have any suggestions in relation to the interview itself?

Appendix 5: Confidentially agreement

Dublin Business School

Company Security Clearance and Confidentiality

Name: Carolin Denner

Dissertation Title: How to fight the War for Talent – Talent Management as Tool
for Creating a Committed Workforce in German Multinational
Enterprises

Company Security Clearance

Please initial as appropriate

1. We agree that the student(s) may undertake a dissertation of the nature indicated above and that he/she/they will be given access to appropriate information sources within our Organisation
2. We agree that copies of the finished project will be made available for assessment by staff of Dublin Business School, Liverpool John Moores University and External examiners.
3. We request that the completed dissertation be treated as confidential and not used for any other purposes other than assessment

Company Name: _____

Signed: _____

Position: _____

Date: _____

Appendix 6: Interview in Company A

This transcript serves as a summary of the held interview in company A.

Respondent 1:

The interview was held on the 19th of June 2013 with the Head of HR Development Policies, employed since May 2011. The duration of the interview was approximately 1 hour.

Findings:

1. *How would you define “talent” within your Talent Management?*

Talents are executives or other employees with middle-term potential of growing into new roles whether through an executive or a specialist career.

Talents are, first of all, the holders of potential and secondly, in the right position or aimed to be placed in those valuable positions.

Within our company all employees are developed but those who are recognised as talents get a special treatment.

2. *How would you describe the competition around the attraction of talents in the German labour market?*

I would in general describe the attraction of talented people as difficult, especially looking for new talented apprentices or trainees.

3. *How easy is it for your company to attract talents?*

This is dependent on the location and the competition at this location. Although our new personnel marketing strategy increased the application rate over 40% it is more difficult to find the right people.

4. *Which employees are recognised as “talents” within your Talent Management?*

When we started with implementing a Talent Management it was designed only for executives. Nowadays, it is looking on employees at every career stage.

Therefore it is related to the level you want to enter on how it is designed.

5. How do you identify talents within your Talent Management?

Talents are identified through their supervisors. This is validated by a peer assessment. Performance and potential are analysed in this process.

To identify the “hidden champions” all vacancies are available throughout the company. Moreover, there is a contingent for the so called Development Centres in which one fifth is filled with those unsolicited applications so that everyone gets the chance of succession.

Anyhow, potential is in general identified through an Orientation Centre built on self-reflections. This procedure aims to identify what the candidate wants. If he/she prefers a development in his special field or in an executive field.

Those centres are held annually. Supervisors’ and colleagues’ opinions about the candidate are considered to evaluate the self-reflection process.

6. Roundabout, how many per cent of your workforce are seen as talents?

I can only give you an unofficial number for executives. That would be, roundabout, 20 per cent.

7. Do identified talents know that they are recognised as talents?

Yes. Through a feedback they are informed that they are rated as a “holder of potential”.

8. Which consequence does this information have on the commitment of your non-talents?

None, as they get other developmental opportunities. Those are less standardised and less intense but more individual.

9. How is your Talent Management designed?

Talent Management in general is the collection of HR measures in an organisation to ensure the filling of a vacant crucial post. It is focused on important target groups for the company’s success. It tries to match the interest of employee and company.

Our Talent Management is based on a three-pronged-academy for middle management and specialist functions which is orientated on the job-family the candidate is in (e.g. HR). Through the annually identification of talents 15 of them are sent to a so called Development Centre (15 Candidates) where those are chosen who are able to step higher in the medium term. Are those talents identified to develop they become part of a Talent Development Program and also experience individual measures.

Was this procedure successful the talent goes into the Transition which is basically the on-boarding into the new job.

After three years of “excellence”, measured through annual potential and performance assessment, the candidate can be chosen for the next Development Centre to reach the next level.

10. How is Talent Management put into practice within your company?

A framework for our Talent Management is designed centralised and put into practice in the subsidiaries. We are currently having a pilot test on an international Development Centre plus we are already having international programs within the company-owned academy.

We are developing employees in every age and stage so there is no limitation in this scale

The Talent Management follows strategic aims of the business to increase the total utility for the company.

11. Why did you choose to implement a Talent Management?

We implemented a Talent Management to fight two deficits:

First of all, our assessments were too less systematically.

Second, looking at the requirements of the company we knew our talents not enough.

Talent Management therefore enabled us to identify talents quite early and to know our medium-term potential. We implemented procedures that ensure a business unit wide exchange of talents where they are needed. More transparency is offered and furthermore, for the recruitment and selection process it helped us to identify the right person for a crucial role.

12. Which consequences do you see in implementing a Talent Management on your employees in general?

The talents are recognised, valued and supported through the Talent Management which increases satisfaction and commitment.

Talent Management ensures transparency which supports different business units to work together.

13. Do you see a relationship between the existence of a Talent Management and the commitment of your talents to the organisation? If yes, where do you see the causes for that?

Yes, built on one's own responsibility and personal mastery. Talents are supported and therefore can develop. It matches the company's interests with those interests of the supervisors and the talents and therefore increases commitment.

14. Did your Talent Management change since its implementation and which changes were made?

The label "Talent Management" was implemented 2011. With this labelling measures like the Development Centre, Talent Days where talents meet decision-making employees evolved.

In the future so called "Talent Managers" will be raised in order to be employed just to identify talents and control the internal recruitment and selection, comparable to an internal head hunter.

15. What were the reasons for these changes?

Looking on the implementation in 2011 there have been no changes but it is an evolving process.

16. Did many of your talents leave the company recently?

No. Especially if employees are for a certain term in the company they stay in general. Turnover rate is higher at the entry-level as those employees are not fully implemented into the identification process. Furthermore in regions, where competition is high, we also lose more talents. In sum, turnover rate is at 2.7 per cent.

We can recognise the main difficulties in the Chinese market where fluctuation rates are way higher while the US market is a very good market where you find to many good potential employees.

17. Where do you see the reasons for your talents to leave the company?

The main reason is that competitors are able to offer more attractive conditions like a better payment.

Main reason is the changing generation which has a lower loyalty and looks for flexibility. At the moment we are able to basically hold our employees but we see it as a growing topic which need to be recognised.

18. Why do you think are the long-term employed talents committed to your company?

Based on our employee surveys I can tell that it is emotional closeness to the product we offer less than to the company itself that commits employees. We offer security, reliance and diverse developmental opportunities as well as pension schemes or flexible work design.

19. How would you describe this commitment?

I would describe it as a strong bond to the product more than a lack of alternatives or something comparable. Our employees identify with the product and the company.

20. Summing up, how would you describe the advantages and disadvantages of the existence of a Talent Management in relation to attracting and retaining talented employees in your company?

I don't see any disadvantages in the existence of a Talent Management while there are still some risks remaining.

One risk is the conflict of interests. While the company wants to deploy a talent wherever it is needed and whatever develops it more broadly the supervisor may want to keep the talent. The talent itself often aims to stay in his area of comfort and develop within this. Consequently, the task of a Talent Management is to match those interests through minimising risks and through a marketing of the company's interests. A supporting culture as well as the minimisation of risks, on each side, are required.

A second risk is the generation of second class employees on the non-talent side. This risk should be minimised through personal development for every member of the staff.

However, these risks are leveraged through the advantages of a Talent Management such as a higher degree of importance of HR, a contribution to the company's success or the decrease of costs evolving through not filled vacant positions and through external recruitment.

Appendix 7: Interview in Company B

This transcript serves as a summary of the held interview in Company B.

Respondent 2:

The interview was held on the 20th of June 2013 with the Director HR, employed from 2004 till 2013. The duration of the interview was approximately 1 hour.

Findings:

1. *How would you define “talent” within your Talent Management?*

A talent is a holder of potential. His actual performance has to be at the upper half and the potential of further development in new higher or broader positions.

The talent can aim a specialist or executive career.

2. *How would you describe the competition around the attraction of talents in the German labour market?*

Differentiated. The expression War for Talent is not generally applicable at the German labour market. While we have a lot of graduates in the humane disciplines we have a lack of graduates in natural sciences. Furthermore it is dependent on the location. E.g. our head quarter is located in a city with universities which raises popularity and offers a range of marketing possibilities.

Employees are recognised at every age.

3. *How easy is it for your company to attract talents?*

It is not really hard for us to attract applicants to fill vacant positions based on a good image, benefits and other conditions but we often struggle to fill those vacancies with the right people.

4. *Which employees are recognised as “talents” within your Talent Management?*

Employees at every level are recognised within our Talent Management. Being a talent is dependent on actual performance and the potential to increase.

5. How do you identify talents within your Talent Management?

Based on a software tool which enables employees to submit their career plans and the annual feedback of his/her supervisor. Potential employees go then through a Development Centre where those are selected which are going to be part of the Talent Management.

6. Roundabout, how many per cent of your workforce are seen as talents?

Dependent on the location I would say 5 to 10 per cent. We are carefull with this categorisation as we do not want our employees to fail the Development Centre and to disappoint their expectations.

7. Do identified talents know that they are recognised as talents?

Yes, based on the feedback they receive.

8. Which consequence does this information have on the commitment of your non-talents?

It serves as a motivator for our non-talents guaranteed through feedback and targeting development for everyone. Opportunities need to be drawn and thanks to transparency the employee can engage in his/her own career.

9. How is your Talent Management designed?

Within the performance management we implemented an employee self-service where the employee can use software to document his/her data and objectives. An employer self-service serves a platform to document the assessment of each employee after fixed criteria. An annually feedback conversation is held to assess the data between employee and manager.

Within a conference talents are labelled and sent to an Development Centre of a duration of 3 days. Employees are observed and through typical recruitment measures it is assessed if the employee has to be part of the talent pool. Succeeds the employee individual programs are agreed to fulfil the gaps existing to grow into a new position.

The conference is held annually by supervisors and people surrounding the talent. At the same time the strategic planning is happening to identify the needs of the certain business unit. Key functions are identified in order to ensure the achievement of objectives. Based on this the succession planning is updated which should be matched with the Talent Management across boundaries of units or locations.

Development Centres happen in three stages: Early Career Talents (who do not have any employees and mainly aim for job enrichment), Senior Career Talents (who act as supervisors and therefore need a 360 degree feedback) and Executive Career Talents (who get a complete individual treatment).

10. *How is Talent Management put into practice within your company?*

The regular update of the talent pool is necessary to ensure that developed people deserve and want that treatment.

Acceptance is raised through examples of managers within conferences who were part in the Talent Management Cycle and are now acting as executives there. Our Talent Management is therefore and for further reasons very well established.

Are identified talents performing not well we prove if there is any reason which can be eliminated to cause a good performance, such as a change in position. If not, the candidate leaves the pool.

On a global scale we have a so called Management Cycle which standardises dates and measures at that dates. Talent Management is implemented consequent and following the same routine everywhere. An international exchange is possible out of the talent pools. Internal candidates are preferred before external.

Talent Management influences recruitment and selection.

11. *How would you judge the components of your system looking at the influence it has on commitment?*

That is dependent on the perspectives we can offer. If there are many positions vacant or evolving the perspectives raise and so does the commitment.

In 2008 and 2009 the perspectives decreased as there was a downturn in the solar industry which was one of our main blocks. Due to restructuring and downsizing perspectives decreased as well as the security. A decrease of commitment follows such a period.

12. *Why did you choose to implement a Talent Management?*

A Talent Management is a necessary tool. It is an investment in human resources and as important as the investment in any other resource. On a professional level it is a must and increases performance and motivation.

13. Which consequences do you see in implementing a Talent Management on your employees in general?

Controlling and coordination of HR in general is possible and therefore a better knowledge of the workforce can be prepared. The interaction between different levels and business units improve the learning process and increases the perspectives.

It ensures transparency and guarantees therefore a fairness which may motivate to engage in the process.

14. Do you see a relationship between the existence of a Talent Management and the commitment of your talents to the organisation? If yes, where do you see the causes for that?

Yes, because employees know their actual stance through the feedback and see possible perspectives.

15. Did your Talent Management change since its implementation and which changes were made?

A relatively new aspect is the usage of software.

Since its implementation, 15 years ago, the Talent Management is permanently evaluated and assessed to increase professionalism. It is an evolutionary process but there were no fundamental changes.

16. What were the reasons for these changes?

The software was implemented to the administration effort and to create transparency.

17. Did many of your talents leave the company recently?

No, employees are more or less engaged with the company.

18. Why do you think are the long-term employed talents committed to your company?

Talent Management is one of the tools to create commitment plus it is supporting the succession planning.

Main reason for losing talents is a lack of opportunities. Talent Management aims to offer those opportunities,

Security is offered to a certain extent and raised if an employee is an actual talent. If it comes to downsizing those employees still have a better chance of changing the workplace within the company.

19. How would you describe this commitment?

The employees are bound to the organisation and convinced of it.

20. Summing up, how would you describe the advantages and disadvantages of the existence of a Talent Management in relation to attracting and retaining talented employees in your company?

I see almost no disadvantages. Still, they can occur If there are not enough vacancies to fulfil expectations. Furthermore a high degree of subjectivity would be a big problem. Therefore it is necessary to keep transparency and consequence within the system.

Talent Management is definitely a good argument in the recruitment process and has an increasing meaning.

Appendix 8: Interview in Company C

This transcript serves as a summary of the held interview in Company C.

Respondent 3:

The interview was held on the 21st of June 2013 with the Head of personnel and sales marketing, employed since October 2011. The duration of the interview was approximately 1 hour.

Findings:

1. *How would you define “talent” within your Talent Management?*

A talent is someone with above-average abilities which others do not have and which are raising the company’s success.

Furthermore a talent has the potential for development.

2. *How would you describe the competition around the attraction of talents in the German labour market?*

As difficult but balanced at the same time. It is more difficult to get new specialists or executives so that head hunters have to be employed.

3. *How easy is it for your company to attract talents?*

As we are in a niche market we need to use additional methods like headhunting to fill vacant positions. But still we have an increasing number of personnel through employment of graduates or buying from competitors.

4. *Which employees are recognised as “talents” within your Talent Management?*

Staff in every level is recognised although the programs may vary.

We see talents in every age group depending on the duration of the specific program.

5. *How do you identify talents within your Talent Management?*

The identification is built on knowledge of human nature by the manager who is rating his/her employees within a matrix.

We identify key roles and decide how they have to be filled then we look for the right person.

The assessment of the employees takes place on an everyday base as well as on a annually appraisal involving the supervisor and the employee. A bonus payment of 5 to 20 per cent is given to well-performing employees who have a developmental potential.

6. Roundabout, how many per cent of your workforce are seen as talents?

I cannot give a statement.

7. Do identified talents know that they are recognised as talents?

Yes, based on the feedback conversation and the resulting new tasks and projects.

8. Which consequence does this information have on the commitment of your non-talents?

There are no consequences on non-talents as everybody has the chance of development.

Of course there is a risk of envy but also a chance of motivation.

9. How is your Talent Management designed?

We do not have implemented a management tool which is called "Talent Management" but we identify key positions and develop a matrix for these positions which are kept for each employee of a department. Does anyone fill the requirements of a key role best gaps are analysed and filled through training and development. Is there no intern potential we hire externally.

In sum, we have in-house and external trainings, deployment abroad and payment increases to value our talents.

10. How is Talent Management put into practice within your company?

The treatment and measures for our talents are locally designed. An exchange of talents is possible.

11. How would you judge the components of your system looking at the influence it has on commitment?

I would say it has a supporting influence as it shows possibilities of development at least once a year. The monetary reward system may also occur as a motivator of commitment. Transparency and the analysis of potential communicate the value of the talent for the company. A long-term commitment is aimed through stability and long-term contracts as well as a long-term development planning.

12. Why did you choose to implement a Talent Management?

As we still find the right talents for key positions in the company we have not seen the implementation of a structured Talent Management as necessary, so far. This is mainly based on our company size where we know our employees personally. In the long-term I see a necessity

13. Which consequences do you see in implementing a Talent Management on your employees in general?

For the talents it serves as a motivator to hold the current level and to grow further. It offers broad development opportunities.

14. Do you see a relationship between the existence of a Talent Management and the commitment of your talents to the organisation? If yes, where do you see the causes for that?

Development opportunities an individual support aims to raise commitment. So I would say, yes.

15. Did your Talent Management change since its implementation and which changes were made?

No changes were made.

16. Did many of your talents leave the company recently?

No, we did not lose any talent recently.

17. Where do you see the reasons for your talents to leave the company?

If we cannot offer key roles and the talent sees no room for succession he/she might feel not valued and leaves the company for better perspectives.

18. Why do you think are the long-term employed talents committed to your company?

I think our employees hold a fascination for our product. We offer furthermore security as we sign long-term contracts. Within the crisis we did not let employees go because of short-time models.

19. How would you describe this commitment?

I see a strong bond to the product and to the company built on fascination. Regional preferences may also play a role. I would not say a lack of alternatives is a reason as our employees would easily get a job elsewhere.

20. Summing up, how would you describe the advantages and disadvantages of the existence of a Talent Management in relation to attracting and retaining talented employees in your company?

A disadvantage occurs if potential is not identified or developed which may lead to demotivation which lowers performance and commitment.

Subjectivity is a big problem which may be avoided by the assessment of the managers' evaluation.

The support and development based on older evaluations which may lead to a standardly "good" recent evaluation has to be avoided as well.

A big advantage would be the improvement of the identification process and the structure it brings to raise commitment.

Appendix 9: Interview in Company D

This transcript serves as a summary of the interviews held at Company D.

Respondents 4.1 and 4.2:

The interview was held on the 25th of June 2013 with a Sourcing Specialist (4.1), employed for one month/since May 2013, and the Head of Management and Development (4.2), employed for 1 year and 9 month. The duration of the interviews was approximately 1 hour per interviewee.

Findings:

1. How would you define “talent” within your Talent Management?

Talents are people that fulfil the following three characteristics:

- a) the ability to learn
- b) the existence of an inner drive which motivates to act result-orientated and the willingness of adapting to changes
- c) the existence of special knowledge and abilities

These three dimensions do not necessarily need to exist to the same extent but the employee should hold potential to fulfil these characteristics.

A talent adds special value to the company and is self-confident about this special value. The employees are able to grow and outgrow themselves through a demanding attitude and curiosity.

Summing up, a talented employee means a current value for the company with the potential to grow.

2. How would you describe the competition around the attraction of talents in the German labour market?

The competition around talents in the German labour market is very strong as a lot of successful and well-known companies have a powerful position to attract them. As company X is settled down in a B2B market potential employees do not identify with a certain product, like a car etc. Furthermore as Company D is located in the very well-developed German service market it is fighting in an intense competition to ensure the necessary quality of their services through their employees' abilities. Furthermore the competition grows a lot more into an international context.

3. How easy is it for your company to attract talents?

The main problem for Company D is to be recognised as an employer. Each person has approximately 8 contacts per day with the company without knowing it. Company D's parent company is much better known amongst consumers, which is also benefitting the name recognition of Company D..

After getting into first contact with potential employees Company D can be rated as an attractive employer which has the ability to recruit and retain talents.

Through programs focusing on graduates, such as the networking event, which is taking place once a year to enable students to get into contact with the senior management, or assessment centres which are intended to generate applications, as well as HR marketing at universities, improves the company's position to attract members of Generation Y. However, it is harder to fill vacant positions at senior levels if external recruitment is needed.

4. Which employees are recognised as "talents" within your Talent Management?

Employees are rated according to/in accordance with the existence of a particular skill set, which is sought-after, based on their CV and work experience. If the applicants do currently not match the required skill set, i. e. they are too junior/senior etc., but look promising in general, they are kept in one of the talent pools, e.g. HR Talent Pool, Marketing Talent Pool.

Based on the centralised Talent Management employees are classified as graduates, young professionals, middle and top management level.

Specialists within specific fields cannot be recognised within the centralised system as the personal knowledge by the employer of the subsidiaries plays a key role. Therefore those employees are treated within a local Talent Management context.

Anyway, employees have the ability to be recognised at every age through special programmes such as Senior Management Programmes. While the duration of the programme plays a key role in identifying the sense of starting such.

5. How do you identify talents within your Talent Management?

The first step of identification is a scoring of the characteristics of the employee once a year. Those characteristics are observed permanently and discussed within a management panel which exists of the supervisor and HR staff. Further development opportunities are discussed in that panel.

A yearly discussion with the employee is held to ensure that the development opportunities match employees' expectations. It is the aim of this conversation to discuss if previously set aims have been achieved, the discovered deficits have been eliminated and to set new targets.

6. Roundabout, how many per cent of your workforce are seen as talents?

Out of the 65,000 employees worldwide I would count 3,000 of them as management staff. About 10 to 15 per cent who belong to this pool are seen as talents.

7. Do identified talents know that they are recognised as talents?

Yes. Transparency should be given through the management-employee feedback conversation where further developmental opportunities and perspectives are illustrated.

As those conversations are confidential there is no control about the information given within.

Depending on the way a person enters the workforce, it can be more or less clear for the individual whether he/she is seen as a "talent". If talents get in through a talent assessment the new employee knows that she/he is rated as a talent.

8. Which consequence does this information have on the commitment of your non-talents?

I see it as motivating to aim the creation of an own perspective. This is only possible as they are seen as valuable, too.

9. How is your Talent Management designed?

The Talent Management begins with the identification of talents by testing if the criteria mentioned in 1. are fulfilled. This identification process takes place during the recruitment and selection, as a prediction of the further development, as well as during the employment. Those who are identified as talents are therefore sent to a specific department which fits the skills and abilities and is predicted as suitable. Developmental needs are discovered within this department.

Is one identified as a talent, broad programs are offered to develop individual skills and competencies in order to reach specific goals of development. On the one hand those programs aim to develop personality characteristics as well as on the other hand know-how needed for specific functions and last in general one year. Subsequently, a coaching or mentoring for 12 to 18 month is possible.

10. How is Talent Management put into practice within your company?

The designed Talent Management is not consistent looking at a global context thanks to different cultures, services or maturity degrees of the subsidiary.

However, some institutions like a company-owned university or external educational institutes are accessible to every talent.

Looking at the recruitment process the attraction of talents is happening on a more global scale due to different international job boards as well as international events aiming to connect talents with the right people.

11. How would you judge the components of your system looking at the influence it has on commitment?

The components of our Talent Management assist the indirect motivation of our talents and transfers knowledge and know-how to those people. It is the base for networking and to catch up with specialists from other business units and departments. It is furthermore an important instrument to express a high degree of recognition. Those who are not seen as talents are driven to try to achieve the status “talent” to experience these benefits.

Summing up, these components help to create commitment throughout the workforce.

12. Why did you choose to implement a Talent Management?

Talent Management is an essential tool to ensure the attraction and retention of talents in a highly competitive market especially because Company D itself is not very well-known. For this reason Talent Management helps to apply for candidates rather than waiting for them to apply for the company.

13. Which consequences do you see in implementing a Talent Management on your employees in general?

There is no question “if” there is an influence; the question is “how much”. This influence is seen as very high and positive. It is motivating for the talents although it is hard to say if it is more of a motivation or demotivation for non-talents depending on their own personality.

14. Do you see a relationship between the existence of a Talent Management and the commitment of your talents to the organisation? If yes, where do you see the causes for that?

Yes. Talent Management creates an attractive working environment. It builds up financial frames for development. There is a very strong increase as it helps to get to know the own company and its people and communicates a friendly culture.

It mainly commits the so called Generation Y as it is built up to cater towards their specific needs.

15. Did your Talent Management change since its implementation and which changes were made?

Our Talent Management is now more reaching into different areas of the organisation and became more holistic than it was before, 5 years ago. International opportunities were implemented and different target groups were recognised.

Due to the fact that it mainly addresses Generation Y needs it is helping to develop people's own personality through methods like coaching and mentoring and furthermore enables strong international networks.

16. What were the reasons for these changes?

HR has to change in every sense, mainly due to the existence of Generation Y and the evolvement of Generation Z. At the same time this opens new possibilities of group work, communication and learning.

Talent Management on the one hand faces the new challenges as well as uses new opportunities.

17. Did many of your talents leave the company recently?

In general, we have a high concentration of talents and the turnover is on an average rate. At the same time we recognise a slightly higher and raising turnover within the younger generations.

18. Where do you see the reasons for your talents to leave the company?

The higher turnover in younger generations is due to the fact that they are not as tied to the region or the company as previous generations were. They have a better education especially in languages and are more mobile. They focus on interesting tasks and development opportunities. If there is no position vacant to provide those opportunities people might leave the company for better opportunities, but this, however, is just a small amount. The main reasons can be found in private reasons or in the traditional headhunting of other companies.

19. Why do you think are the long-term employed talents committed to your company?

A permanent commitment cannot be recognised. Long-term employees at the same time may stay because of an attractive task and job. Through their training and development employees become more valuable for the market. A feeling of security can be interfered while not be ensured. Pension schemes, sport, health care and others create an attractive package to market the company.

20. How would you describe this commitment?

Many of our employees are committed to the region itself and find in company E an attractive employer within this region.

Loyalty can be recognised to a limited extent and therefore bounds to the organisation can be discovered.

21. Summing up, how would you describe the advantages and disadvantages of the existence of a Talent Management in relation to attracting and retaining talented employees in your company?

Talent Management is a must in an organisation in order to sustain.

On the one hand Talent Management makes the organisation a more attractive employer which helps to attract and retain talents. It creates commitment and ensures the existence of suitable candidates in house for future vacancies. Especially in terms of progression planning it is a helpful tool.

On the other hand Talent Management in our organisation does not recognise every group of employees. As the importance of this tool is growing it should be developed further. Especially the design after the needs of its target groups should be improved.

All in all, it is a motivating tool which helps to ensure a big talent pool within the organisation.

Appendix 10: Interview in Company E

This transcript serves as a summary of the held interview in Company E.

Respondent 5:

The interview was held on the 27th of June 2013 with a Consultant Management Development, employed since 2011. The duration of the interview was approximately 1 hour.

Findings:

1. *How would you define “talent” within your Talent Management?*

Talents are high-performers with the potential of growing above their current task. This potential can be horizontal, in term of going broader e.g. in another country but the same position, or vertical in terms of specialist or executive careers.

Talents are identified mainly through their job fit as well as their company fit.

2. *How would you describe the competition around the attraction of talents in the German labour market?*

I would describe it as high. Especially the attraction of graduates calls for corporations with universities or articles in magazines. Competition is mainly governed by MNEs who can market their brand through products such as cars and less by service companies like Company E.

3. *How easy is it for your company to attract talents?*

Recently, we have many applicants. In general it is not difficult looking at young employees through opportunities like a part-time study or a trial apprenticeship. However, special profiles are sometimes hard to get.

Furthermore, it is dependent on the market we are talking about.

Looking at Asia we are talking about a fast-changing market with a high fluctuation. In the UK we have a similar picture whereas in the Canada the commitment of employees is higher.

4. Which employees are recognised as “talents” within your Talent Management?

That is divers. Talents over 50 are taking place in our programs. Every level is analysed, even the secretary can be a talent. While at the same time the talents and their potential has to meet the company’s interest. The talent pool is created for potential vacant positions and programs increase in intensity as the strived level goes higher.

5. How do you identify talents within your Talent Management?

Talents are identified within our Performance Management System. Annually the employees of a business unit are assessed through criteria like reaching objectives, competences and the willingness to raise performance whether horizontal or vertical. The assessment takes place through the supervisors around the employee. HR appears as a consultant.

6. Roundabout, how many per cent of your workforce are seen as talents?

Looking at executives worldwide we have a range of talents of 3 per cent. I am not able to furnish particulars for the staff in general but it is definitely higher.

7. Do identified talents know that they are recognised as talents?

Yes, because it is documented through the performance management. The agreement of development aims and the need of active engagement in the process lead to this knowledge.

8. Which consequence does this information have on the commitment of your non-talents?

There is definitely a danger of frustration but that should be minimised by developing every employee. Furthermore this is reliant on the ability of the managerial staff to communicate.

Transparency and the knowledge of what has to be done can at the same time be a motivator.

9. How is your Talent Management designed?

After the assessment a Performance Panel is hold to discuss the identified talents which is moderated by HR and happens with the supervisors.

Through a diagnostic measure the decision if the employee should enter the talent pool is finally made.

Within a Talent Session managerial potential is evaluated. Executives of the particular department predict if the employee is able to reach a certain aim in a time frame of 3 years. Within this 3 years the employee takes part in a so called Development Centre.

Being in the pool is no assurance of ending up in the aimed position but the employees are developed best to be able to progress. Talents are assessed over 3 years and can have additional 2 years to develop if the supervisors are not satisfied with performance

10. How is Talent Management put into practice within your company?

We have different pools and measures for executive and specialist talents. Within the executive part we divide further into Management Pool, Executive Pool and Senior Executive Pool. Specialists are categorised in the Emerge Pool.

The Emerge Pool is designed for employees with medium-term potential. The possibility of taking e.g. a project management role is given within.

The Management Pool is the right place for regional executives whereas the Executive Pool enables for an executive role on an international context. It is a standardised program with local changing measures. The Senior Executive Pool is preparing for the management of bigger business units and is designed with individual programs.

Talent Management is happening on a global scale but locally adaptable. We have a global understanding of management and a common frame is created. The management of methods and programs are controlled centralised dependent on the special demands.

11. How would you judge the components of your system looking at the influence it has on commitment?

I would rate them as very good as they create a high offer on different levels. On a global frame the labelling as a talent is creating commitment as it is seen as an award. Unfortunately we cannot offer as many vacant positions as needed which can lead to a decreased commitment over time. In general it is getting harder in markets like Asia where the culture is a low-commitment and the fast change of the employer is seen as valuable.

12. Why did you choose to implement a Talent Management?

Talent Management was implemented with the establishment of the company. It is a necessary tool because Company E is located in the service market where employees

and their knowledge are responsible for success. We need employees with an high expertise and have a high amount of academics.

13. Which consequences do you see in implementing a Talent Management on your employees in general?

Development and specific promotion which at the same time creates value and is strategically orientated, Manager and executives are identified and developed to create a best possible management style to ensure creativity, innovations and the freedom to do so.

14. Do you see a relationship between the existence of a Talent Management and the commitment of your talents to the organisation? If yes, where do you see the causes for that?

Talent Management is not the main cause for commitment. The development of every employee should be recognised as important throughout any managerial stage. Talent Management is a tool to increase commitment through recognition but it is definitely not a stand-alone cause.

15. Did your Talent Management change since its implementation and which changes were made?

5 years ago our Talent Management became global, in the beginning we only had it in our head quarter.

It is now more differentiated as development programs are clearer.

Permanent talents are not possible as they are rated within 3 and additional 2 years but eliminated from the pool if they not perform.

16. What were the reasons for these changes?

The company grew more global and therefore called for an international Talent Management.

The assessment of talents and the possible elimination increased the quality of HR work.

17. Did many of your talents leave the company recently?

We lose very view of our employees while the turn-over is higher in Asia.

18. Where do you see the reasons for your talents to leave the company?

Some people may look for another task which our company may not offer or in Asia a low commitment indeed.

19. Why do you think are the long-term employed talents committed to your company?

Personal networks with highly professional and international personalities as well as a challenging task may bond the talents to the company. A high level of networks is given and security is high in Germany, international it is lower but we still raise their employability.

20. How would you describe this commitment?

Partly it is a lack of alternatives, as we offer a very special service. But loyalty and commitment play a higher role as employees are proud of the company, they like their opportunities given as well as monetary rewards..

21. Summing up, how would you describe the advantages and disadvantages of the existence of a Talent Management in relation to attracting and retaining talented employees in your company?

A risk of Talent Management is the creation of people who can leave easily. Therefore a permanent actualisation and assessment of the designed Talent Management is necessary. In the future the creation of development will stay an important topic.

Appendix 11: Interview in Company F

This transcript serves as a summary of the held interview in company F.

Respondent 6:

The interview was held on the 27th of June 2013 with the Head of Talent Development, employed since 2011. The duration of the interview was approximately 1 hour.

Findings:

1. *How would you define “talent” within your Talent Management?*

At the moment our definition of talent is narrow but the aim is to change that narrow definition as everyone has a certain type of talent at various degrees. A talent has the ability to grow into significantly bigger and complex roles. But the vast majority will stay successful in what is currently done. As jobs are increasingly more complex (every year 10 – 15 per cent) the ability to adapt to changes is crucial. Therefore everyone should get the same opportunities to develop which is currently not the case.

However, a talent is measured on actual performance and his/her learning agility, the adaptability of knowledge in new or different situations.

The talent pool is segmented into two different pools, one for those who wish to go broader and another one for those who want to develop on an expert level.

Talent Management is aiming to raise the ability to grow and develop and is completely unbiased to gender, age, nationality or seniority.

2. *How would you describe the competition around the attraction of talents in the German labour market?*

I would describe it as very high, especially in the area of graduates. This is mainly due to the changing demographics. A large extent is currently fighting for the same type of talents and I would say it is now higher than it ever was before. There are many global players who are highly competitive.

3. *How easy is it for your company to attract talents?*

So far good. We have a strong name in the market and are therefore an attractive player. Not the preferred one but still attractive. We see it as an issue but it is not feared.

The competition, however, needs to be taken seriously. Attractiveness can be raised through a good employer value proposition which needs to be increased constantly. Company X must inspire the next generation to join the company through transform the more conservative image to a more younger one.

4. *Which employees are recognised as “talents” within your Talent Management?*

At the executive level we are looking at two dimensions: sustained performance and potential.

First, the sustained performance is measured through a performance management system in which the achievement of targets is reviewed in order to identify what aims are reached and how they were reached.

Potential is measured on one's ability to adapt experience into a new and changing environment.

5. *How do you identify talents within your Talent Management?*

There is a Career Development Discussion once a year taking place which aims to align the aspiration of the employee and the company's targets. It evaluates what has been delivered and how it has been delivered. The how is very important not to leave ~~dead bodies behind~~. Managers need to engage for example and there are more critical factors discovered in this discussion.

Afterwards a Career Development Conference is held by the CEO of the subsidiary and management teams to discuss the reports of the employees. Those employees who sustain in the talent pool after this conference go through a Development Centre to identify their strengths and needs.

To ensure the employees engagement in the process a feedback conversation is taking place.

6. Roundabout, how many per cent of your workforce are seen as talents?

At the moment I would judge 5 to 10 per cent as being talents. With the new point of view it will be significantly higher but not 100 per cent as there are people who are not performing.

7. Do identified talents know that they are recognised as talents?

Yes, at least they should be informed over the feedback process. This feedback may be varying in a global context but the aim is to reach as much transparency as possible.

8. Which consequence does this information have on the commitment of your **non-talents**?

Talent Management gives an opportunity to reach one's specific aims. This opportunity is open to everyone and it is one's own aspiration to take this opportunity. However, it needs maturity of the workforce to understand Talent Management to not create an "I am a talent" culture where non-talents are seen and seeing their selves as less valued. This risk has to be seen and is strongly dependent on how results are communicated. As we saw in our engagement study I would not say that there is a negative influence on the commitment of non-talents.

9. How is your Talent Management designed?

Talent Management plays a role in every level of the value chain of HR, such as Recruitment, development, evaluation, promotion, succession planning and so on.

There is a bottom-up cascade once a year to identify the requirements if the population needed within specified timelines. The identified criteria are those on which managers should concentrate.

After the Career Development Discussion with the employee the Career Development Conference has different levels: local, regional, functional and group level. While the CFO of the businesses gives the financial criteria.

This process is consolidated at least twice a year to match the succession planning of the talents.

10. How is Talent Management put into practice within your company?

Our Talent Management is holistic on a global scale which was reached two years ago. Before it used to be different.

We have different pools of talents regarding to seniority as people should not move up too far and too fast. Therefore we have expert and leadership pools with different developmental actions.

11. How would you judge the components of your system looking at the influence it has on commitment?

Talent Management is a possibility to assume any career path people want to aspire to. If they are able to fulfil this aspiration it is positive. The access itself to different development opportunities creates commitment while the conversations giving feedback also create transparency and motivation and therefore commitment.

12. Why did you choose to implement a Talent Management?

First of all, to facilitate the opportunity to have a conversation.

Furthermore, because of strategic drivers. Identifying needed capabilities prepares the company for future success through ensuring the existence of the capabilities, competencies, culture etc. needed.

Another point is the improvement of succession planning through the optimisation of the filling of future vacant positions,

13. Which consequences do you see in implementing a Talent Management on your employees in general?

I see on the one hand the risk that it is impossible to fulfil everyone's expectation and therefore room of disappointment which might drive a negative engagement.

On the other hand it allows to look for solutions on a global scale.

14. Do you see a relationship between the existence of a Talent Management and the commitment of your talents to the organisation? If yes, where do you see the causes for that?

Yes, It has an influence on those highest level employees like investments as well as consequences on private life through traveling etc. But as talents feel valued, I would say it raises commitment.

An engagement survey was done where e.g. career management was questioned. We can definitely see a progress in engagement which leads to a raised business performance. So, yes.

Communication and transparency are crucial and supporting factors.

15. Did your Talent Management change since its implementation and which changes were made?

Two years ago it became more global.

It started 7 or 8 years ago but more subjective and less consistent. That now has changed.

In the beginning it was diagnostic driven where a matrix was created to assess the candidates. This was a good starting point and fit the industry quite well. Now we are more balance driven. We are looking at the ~~how~~” instead of only the ~~what~~”.

16. What were the reasons for these changes?

The raise of a Global Talent Management is due to the fact of various businesses that go together and a common language was needed.

Through looking at the ~~how~~” we create a higher acceptance through transparency and a higher understanding.

17. Did many of your talents leave the company recently?

This is mainly depending on the country. The turn-over rate in Asia is in some markets at over 30% while it is in Germany at 2 per cent.

The majority of our businesses has a turn-over rate under 5 per cent.

We have a lower role in China as our prominent role is missing compared to now equal local companies that evolved. A few years ago they could compete in terms of attractiveness and money which they can nowadays. Furthermore the dynamics there are completely different. Employees change the company normally 5 or 6 times in 2 or 3 years.

In general the amount of time you stay with an employer was higher in the past. This changed with Generation Y.

18. Where do you see the reasons for your talents to leave the company?

If a talent does not feel developed or grown, does not feel a work-life balance or enough flexibility it may change the company. In our company we have a traditional approach that only people who are seen working are really recognised as working people. Home office and other measures that implement flexibility need to be taken more seriously.

19. Why do you think are the long-term employed talents committed to your company?

We are an attractive employer who facilitates geographical development. Development opportunities are broad in general, which leads to marketable employees. We value our employees as they are our in main competitive advantage, being placed in the service industry.

In terms of the crisis we came out stable. People were fired but mainly due to changes in distribution models.

We can offer security as well, if an employee is performing well.

20. How would you describe this commitment?

It is a commitment to the job and the colleagues and success related to it. We have a strong brand which commits as well and the social responsibility like investment in wind power makes employees proud of company X.

21. Summing up, how would you describe the advantages and disadvantages of the existence of a Talent Management in relation to attracting and retaining talented employees in your company?

Talent Management needs the maturity of employees to understand the system and to avoid an "I am a talent" culture. A dialogue and the communication by the manager is critical.

In general I see only advantages. If you want to look for disadvantages you may find luxury problems like the need for improvement of communication to build up more transparency and openness especially in the dialogue between manager and employee. We should use our current employees to attract future talents as well.

Appendix 12: Summary of the held interviews

Theme	Company A	Company B	Company C	Company D	Company E	Company F
Definition	2 Dimensions: Performance+ Potential (specialist or executive)					
Amount	20 % (executive)	5 to 10 % (general)	No comment possible.	10 to 15 % (executive)	3% (executive)	5 to 10 % (general)
Transparency	Yes	Yes	Yes	Yes	Yes	Yes
Level	All	All	All	All	All	All
Age	All	All	All	All	All	All
Identification	Feedback conversation / performance appraisal					
	Peers and/ or unsolicited applications	Discussion of supervisors and people surrounding the talent		Discussion in management panel + HR	Discussion in management panel + HR	Career Development Discussion (management team)
	Orientation Centre				Performance panel + talent session	
	Development Centre (assessment and final decision)	Development Centre (assessment and final decision)			Development Centre (gap identification)	Development Centre (gap identification)
					Diagnostic measure	
Process	Talent Development Program	Pools: Early Career, Executive, senior	Identification of key roles	Developmental programs	Pools: emerge, executive and Senior	Pools: expert and specialist
	Transition	Individual development measures	Matrix: fit with requirements	Coaching/mentoring	Development	Every stage of the HR value chain
		Assessment	Best fit is chosen		Assessment	
Influence on	No influence	Chance of motivation	No influence	Chance of motivation	Risk dependent on	Risk dependent on

commitment of non-talents		dependent on communication and transparency		dependent on communication and transparency	communication and transparency	communication and transparency
Influence on commitment of talents	Positive	Positive	Positive	Positive	Supporting	Positive
Drivers on commitment	Security		Security	Security		Stability
	Developmental opportunities	Succession planning	Developmental opportunities	Developmental opportunities		Developmental opportunities (global)
				Personal networks	Personal networks	
		Employability				Employability
Nature of commitment	Bond to product		Bond to product			Bond to the brand
	Bond to company	Bond to company		Bond to company	Bond to company	
				Local bond	Partly a lack of alternatives	Social responsibility
Turnover	Low in Germany					
	Problem: Asia			Problem: Generation Y	Problem: Asia	Problem: Asia
Reasons for Turnover	Unfulfilled expectations					
	Payment					
Nature of TM	Global TM	Global TM	Localisation	Sophisticated TM	Sophisticated TM	Global TM
Strategic alignment	Match of company's and employees' interests					
Reasons of implementation	Systematic assessment	Professionally	-	Attraction of talents	Support of strategy	Succession planning
	Mid-term potential identification			Retention of talents		conversation
	Business-wide exchange					
Consequences of implementation	Raised satisfaction					
		Motivation	Motivation	Motivation		
	Commitment	Commitment				

	transparency and fairness	transparency and fairness				
		better development and therefore promotion opportunities			better development and therefore promotion opportunities	
		Opportunities on a global scale.				Opportunities on a global scale.
Competition in the German labour market	Difficult	Differentiated	High but balanced	High	Very high	Difficult
Most problematic target groups	Apprentices or trainees	Specialists or executives	Specialists or executives	Generation Y	Graduates	Graduates
Companies' stances	Difficult to fulfil vacancies	Easy attraction to fill vacancies	Difficult to attract senior positions	Arising problems in filling vacant senior and graduate positions	Enough applicants	Enough applicants
Global situation	Low commitment: China	-	-	-	Low commitment: ASIA, UK	Low commitment: China
	High commitment: USA	-	-	-	High commitment: Germany, Canada	-
Risks	conflict of interests	Unfulfilled expectations	Unfulfilled expectations		Highly employable population	"I am a talent" culture
	Second class employees					
Advantages	Raising importance of HR (contribution to the overall success)	Attraction	Commitment	Attraction	Competitiveness	Commitment
	Improvement of fulfilment of vacancies	Retention, Commitment		Retention, progression planning		Retention