Course Book

TALENT MANAGEMENT & HR DEVELOPMENT

DLMTUP01_E

INTERNATIONAL
UNIVERSITY OF
APPLIED SCIENCES

INTRODUCTION

LEARNING OBJECTIVES

The driving forces of the fourth industrial revolution – such as demographic change and technical innovations – have forced companies to find, nurture, develop, and retain talent to ensure sustainable performance. As a result, human resources (HR) managers must continuously revise and organize **Talent Management and HR Development** as efficiently as possible to ensure competitive organizational advantages, as well as the survival of the company.

This course book is designed to help students understand the important role talent and performance management and HR development (HRD) play in a holistic HR life cycle. To sustainably implement activities and necessary tools related to identifying, training, and retaining talent, it is important to keep current contexts and developments in mind. To perform in today's high-complexity environments, HR practitioners must adapt to new roles impacted by legal regulations, ethics, technical innovations, and the potential of analytics and international dynamics. The case study of a global tech company and its talent management will aid in the visualization of theoretical tools and implications to identify best practices and challenges of practical implementation.

UNIT 1

FUNDAMENTALS OF TALENT MANAGEMENT AND HUMAN RESOURCES DEVELOPMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- identify why talent management and human resources (HR) development are becoming increasingly important.
- understand the integral part talent development plays in the overall HR life cycle.
- recall the legal and ethical principles essential to HR.
- analyze why and how HR practitioners must extend their roles to adapt to new developments and organizational requirements.
- evaluate factors influencing strategic organizational decisions.

1. FUNDAMENTALS OF TALENT MANAGEMENT AND HUMAN RESOURCES DEVELOPMENT

Introduction

Rapid changes in demographics, digitization, globalization, and technology have had huge impacts on working environments and how global companies find, nurture, develop, and retain talents and human resources (HR). Additionally, in the struggle for talent, it can be more worthwhile to train and develop current employees instead of recruiting new staff. For example, in 2014, Richard Branson (founder of the Virgin Group) tweeted: “Train people well enough so they can leave, treat them well enough so they don’t want to.”

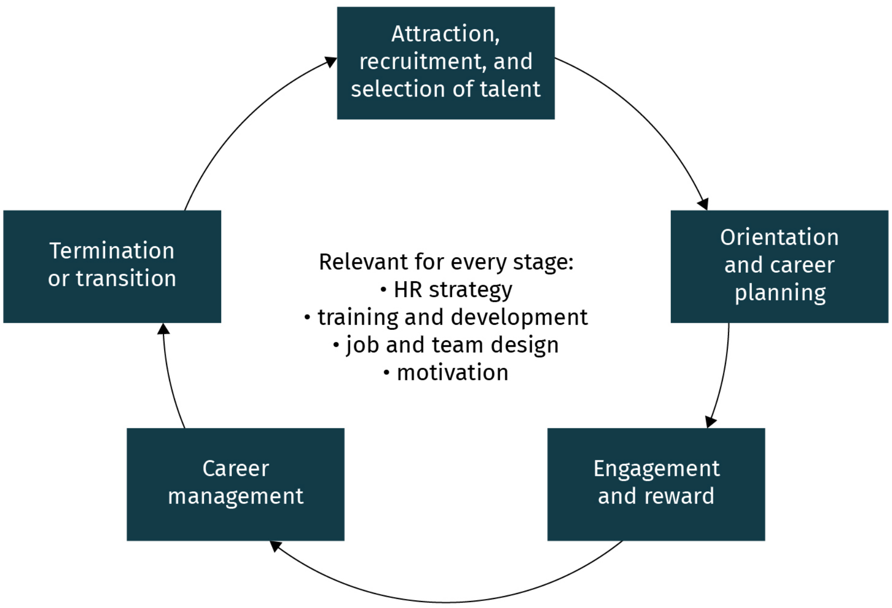
HR managers and practitioners must, therefore, continually revise and organize talent management and HR development (HRD) as efficiently and effectively as possible. The changes in the working world are disrupting HR practices. Today, many progressive companies across all industries are realizing that their talent management and HRD practices no longer meet the needs of their current employees and future workforce. Indisputably, rapid changes and developments not only disrupt traditional and established HR practices, but they also create opportunities for talent management. As Michaels et al. (2001) stated, “the price of talent – in financial and nonfinancial terms – has gone up” (p. 41). Employers must now – more than ever – focus on creating meaningful employee experiences and building sustainable relationships to attract, win over, and retain the talented employees they need to succeed and perform.

1.1 Concepts and Definitions

Roles and functions of HRD professionals are shifting due to changes in economic, social, political, and technological developments. In the age of industrialization, HRD and talent management must ensure competitive benefits through predictability, consistency, and “aligning organizational goals and targets with structured and future oriented actions” (Parameswaran, 2020, p. 353).

HRD and talent management are heavily dependent on, and form an important part of, the HR life cycle. The life cycle includes all stages of the employer–employee relationship, and each stage has its own unique challenges and opportunities. A holistic HR life cycle should include the stages shown in the following figure (Aviahire, 2020):

Figure 1: Stages of the HR Life Cycle



Source: Maja Störmer (2022), based on Aviahire (2020).

HRD and talent management can contribute to organizational objectives, regardless of size or industry. HRD and talent management practitioners must therefore establish sustainable relationships with HR managers to coordinate HRD programs and processes throughout the entire organization (Werner, 2021) and ensure a holistic HR life cycle that supports sustainable performance and the retention of talented employees.

HRD as an Integral Part of the HR Life Cycle

In the late 1960s and 1970s, trainers and coaches determined that their skills and services went far beyond the simple training classroom. Today, employer involvement in many organizations requires HRD professionals to be part of the coaching and counseling of employees, for example, with regard to the facilitation of group processes. Therefore, competencies have had to be expanded and broadened (Werner, 2021, p. 8).

Garavan (1991) first defined HRD as “the strategic management of training, development, and of professional education interventions to meet organizational objectives while at the same time ensuring the full utilization of the knowledge in details and skills of individual employees” (as cited in Parameswaran 2020, p. 354).

Many companies view training and the development of HR as a standalone function or department. In contrast, Werner (2021) stated that “in most organizations HRD is considered as a part of a larger HR management department” (p. 8). To support overall organizational performance and sustainability, HRD strives to develop and shape employees’ skills, values, and competencies. Kehinde (2012) notes that “this can be achieved through various learning processes, such as training, career development or organizational development programmes” (p. 180). Therefore, HRD is an integral part of HR management and can be defined as “a mechanism in shaping individual and group values and beliefs and skilling through learning-related activities to support the desired performance of the host system or organization” (Werner, 2021, p. 4).

Normally, this includes planned and systematic activities drafted by an organization; these activities supply organization members with vital opportunities to learn the necessary skills and competences to manage current and future job demands. According to Werner (2021), HRD “seeks to enhance and develop people’s expertise, skills, knowledge and productivity, which can benefit themselves, teams, communities or organizations” (p. 5). Programs and activities in HRD should start right at the beginning of employment and continue throughout the entire employer–employee relationship, regardless of the position or qualifications of the employee. While training and development measures form a large part of HRD, “coaching, career development, team building, and organization development also are aspects” (Werner, 2021, p. 5).

Strategic HR management and frameworks of HRD

Today, we can observe a shift; that is, traditional HR management is increasingly replaced by strategic models and the creation of talent and HR networks (Shet, 2020, p. 98). Externally, strategic HR management (SHRM) is driven by several market mechanisms, such as a market forces requiring organizational efficiency, flexibility, quality, and innovation to compete with competitors. More institutional mechanisms include constraints arising from the “prevailing social, political, cultural, legal and regulatory aspects of the environment” (Gallardo-Gallardo et al., 2020, p. 460).

To work strategically, HR management must “encompass both a bottom-up and top-down communication approach: or in other words, inform and be informed by strategy” (Malik, 2018, p. 17). Strategy is always shaped at different levels, and the strategic choices of managers determine how a firm’s path may vary. For example, some companies grow organically, whereas others may actively grow by “diversification through mergers and acquisitions (M&As) or enter joint-venture partnerships [and] the implications for SHRM will vary” (Malik, 2018, p. 17).

Boxall et al. (2007) identified three main fields of SHRM: Training and development is considered to focus firstly on primary functional aspects, for example “employment life cycle, recruitment and selection, and/or employment relationships.” (as cited in Malik, 2018, p.16). The second sub-field focuses on international issues, such as the global or multinational people management. The third sub-field deals with local responsiveness and, for example, the integration of a company’s global best-practices for subsidiary locations (Malik, 2018).

In the last 20 years, a broad variety of HRD approaches and frameworks have been developed. With the goal to accentuate the activities of HR management, HRD has aimed to adapt to complex and fast-changing environments and learning contexts (Parameswaran 2020, p. 355). From a global perspective, strategic HRD deals with political, technological, cultural, and labor-market changes (Parameswaran, 2020, p. 356). Well-known models include Garavan’s (1991, 2007) characteristics of strategic HRD or Grieves’ (2003) strategic

HRD characteristics. Another well-known model is the HRD process framework "assess, design, implement, evaluate" (ADIME). Designed to fundamentally promote effective HRD efforts, it includes the four following process stages (Werner, 2021):

1. Assess: examining and analyzing organization and employee performance
2. Design: defining objectives, developing a road map, selecting trainers, and developing measures
3. Implement: delivering of the program or intervention
4. Evaluate: determining and interpreting results

Models like these are abundant for HRD practitioners and should always be critically reflected when it comes to contextual applicability. For example, small, and medium-sized enterprises (SMEs) require a different approach than large multinational companies that operate globally and have more employees and complex needs to meet.

Organizational environments today are characterized by high complexity with regard to changes and trends in globalization, technology, socio-economy, geopolitics, and demographic change. This leads to an increased necessity to not only develop, train, and retain existing talented employees in an organization (to adapt to fast changing environments) but, more importantly, to identify, attract, and recruit capable new employees to navigate and face these change challenges (Burdon & Harpur, 2014).

Winning the "War for Talent" With Talent Management

One of the most critical challenges faced by many companies worldwide is the attraction, retention, and development of **talents**. The term "talent management" has no universal definition since it depends heavily on the context and purpose in which it is used. Having emerged in the 1990s, "war for talent" was talent management's major driving force (Michaels et al., 2001). In HR, the focus on talent management "was a global-local endeavor to ensure that the strategic choices and operational functional HR activities were geared at achieving a competitive advantage through people" (Claus, 2019, p. 208). The definition of talent is contextual to the situation and company, but it is commonly used to describe individuals and employees with a specific set of skills, potentials, and abilities vital for organizational success. Therefore, each organization must define which (future) employees with which characteristics are considered "talents" (Claus, 2019).

Talents
These are defined as unique, strategic, HR and are vital to a sustained competitive advantage.

Talent management refers to the implementation of an integrated system or strategy that aims to develop sustainable processes for identifying, attracting, retaining, and developing talented employees to increase workplace productivity and ultimately to meet current and future organizational needs (Kehinde, 2012, p. 179). We even find "talent management" being used synonymously with "succession planning" or "human resources planning" (Shava & Doorgapersad, 2021, p. 138). Gallardo-Gallardo et al. (2020) describe talent management as a collection of systematic "activities that include planning, identification, engagement, retention, deployment, and development of talented employees" (p. 457).

Therefore, the main responsibility of talent management is to identify, design, and develop required strategies to obtain and retain talent. This implementation of local or departmental measures to close identified talent gaps is needed (Kehinde, 2012, p. 180).

Talent management processes should include different elements, such as perspectives of process, change management, perspectives of competition, culture, and HR planning (Kehinde, 2012, p. 181). Ideally, strategies should focus on five primary areas: “attracting, selecting, engaging, developing, and retaining employees” (Kehinde, 2012, p. 180).

A 2017 survey from PricewaterhouseCoopers (PWC) found that talent-related issues are a major concern for 75 percent of the CEOs. The scarcity of essential competencies and capabilities was identified as a key threat to growth potentials and organizational performance (as cited in Gallardo-Gallardo et al., 2020, p. 457). Furthermore, Claus (2019) suggests that talent management has passed the point where employees are poached from other companies, but rather focuses on how to “engage and retain valuable employees by offering them compelling experiences at work” (p. 208). In particular, this relates to questions on “how (and why) talent management is conceived, implemented, and developed within organizations, not to mention about its outcomes or effectiveness” (Gallardo-Gallardo et al., 2020, p. 457). As stated by Kehinde (2012) “the correlation between profitability and talent management cannot be overemphasized” (p. 185), and organizations should train and retrain both potential talents and current talents in the workforce.

Shet (2020) points out that today’s talent management research lacks a significant discussion on challenges of current practices. To better understand talent management applications and recognize the limitations of the growing consensus of generalizable “best fit” approaches, Gallardo-Gallardo et al. (2020) recommend a more contextualized talent-management research analysis. Connecting talent management definitions and its implementation highlights arguments for an understanding of the settings in which an organization is operating. Namely, Gallardo-Gallardo et al. (2020) observe that “contextual dynamics explains the immense variations in the occurrence, meaning, implementation, and effectiveness of [talent management] processes” (p. 466).

Organizations around the world are increasingly recognizing the important role that talent plays in achieving their goals (Collings et al., 2017; McDonnell et al., 2017). An example of this is provided by Horak et al. (2019), who point out that under the Trump administration in the US, the considerable uncertainties regarding the H1-B visa program, which was crucial to facilitating the migration of talents from abroad to the US for work purposes, affected their talent landscape. Horak et al. (2019, as cited in Collings et al., 2019) state that “a key example of the outcome of this uncertainty … was Microsoft’s decision to open a new office in Vancouver, Canada” as a solution for accessing available and much needed talent in the Canadian context and “somewhat mitigating the challenges in the US” (p. 3).

Moreover, according to Claus (2019) “companies will not be able to reinvent their existing talent management practices in a sustainable way unless they broaden their approach to talent management and human resource development” (p. 207). New generations of HR professionals are developing approaches that incorporate different and innovative management frameworks and approaches to enhance their capabilities, such as design thinking, Scrum, Agile management, and behavioral analytics.

1.2 Basic Legal Regulations

Unforeseen developments with global impact, such as the COVID-19 pandemic, have major implications for legal regulations. COVID-19 resulted in a massive increase in full-time and home-based teleworking in a wide range of sectors and occupations, which used to be mainly used by a white-collar and highly-educated workforce with substantial digital skills. Hybrid forms are now more likely to continue, and the combination of remote and office working will require adapted labor regulations (Lodovici, 2021). In today's world, social, economic, and political trends are continuously initiating legislative changes, and these changes have implications for workforce management on micro, meso, and macro levels. Global companies must be prepared to deal with new rules and regulations resulting from changes and developments in their specific environment. For companies operating in multiple countries, adapting to these regulatory frameworks can be difficult to implement; however, non-compliance can have major consequences (Randstad, 2022).

Over the last few years, we have seen several legislative changes at international, national, and local levels that directly impact human resources management (HRM). For companies operating in multiple markets, changing legal regulations can especially impact their workforce strategies on macro, meso, and micro levels. There are many recent examples, including the implementation of the *General Data Protection Regulation* (GDPR) in the European Union, or European laws concerning inquiries on candidates' financial history, the US court ruling against discrimination based on sexual orientation, the establishment of the universal minimum wage bill in India, and new legislations on outsourcing and temporary work in Brazil (Randstad, 2022).

In Germany, the term "HRD" does not appear specifically in labor law. The employer may select all personnel development measures that do not lead to discrimination of employees and individuals. However, the implementation and design of these measures is partly restricted by statutory regulations. On a micro level, HRD professionals can face challenges when it comes to providing a full range of learning programs and opportunities to all employees to meet organizational performance and sustainability goals (Werner, 2021). Installed "collective agreements" have practical relevance for the content and nature of employment relationships (Dreiling, 2021), and the *Collective Bargaining Act* in Germany regulates important aspects of an employment relationship, which includes the following elements:

- working hours
- wages
- vacation entitlement
- liability issues

The *Works Constitution Act* in Germany regulates the creation and validity of works agreements as collective agreements between employee representatives (works council) and employers. In terms of content, this does not deal with the content of employment contracts but with the following elements of design and organization (Dreiling, 2021):

- the distribution of working hours
- the timing and method of payment of wages and salaries

- company social facilities

In the future, it is highly likely that issues such as discrimination, remote work, pay parity, data security, and workforce safety will be subjected to even more societal discourse. As a result, these issues are likely to be addressed by changes in legal regulations. HR needs to be up-to-date with current and future strategies, as not meeting regulations can be financially and reputationally disastrous. Furthermore, the time frame to prepare for changes is often very limited, and policy adjustments might need supplementary measures, such as anti-bias training (Randstad, 2022).

1.3 The Challenge of Demographic Change

Population pyramids worldwide are rapidly changing and expected to continue to change in the future (Rosling et al., 2019). As factors including infant mortality, chronic diseases, or the provision of basic medical care and hygiene are addressed, life expectancy is increasing dramatically in most countries (Rosling et al., 2019). A child born in the West today has a 50 percent chance of living until 100 years and older, and elongated lifespans have implications and consequences for HRD and talent management. According to Gratton and Scott (2016, as cited by Claus, 2019) “the promise of a 100-year life is that the traditional three-stage view of life (a stage of education, followed by a stage of career, and then retirement) is no longer fitting” (p. 209). Furthermore, demographic changes also involve an increased diversity of workforce. Claus (2019) explains that issues like “**diversity and inclusion** (DIBS) are increasingly important” (p. 209). Today, to attract and retain talent, talent management of employees must cultivate a workplace where employees can be authentic.

diversity and inclusion
This reflects a people-centric approach to improve employee–employer relations and sustainable engagement in organizations.

Demographic changes have led to a multi-generational workforce where four generations work alongside one another. Complexities and challenges related to culture, values, and norms have additionally developed (Grubb, 2017, as cited in Claus, 2019, p. 209). Disruptive trends and changes linked to the **fourth industrial revolution** are impacting the roles of HR practitioners and have major implications for current talent management practices.

Fourth industrial revolution
This refers to technological transformations (i.e., digitalization) that have major impacts on society, governments, workforce, and companies.

Talent Management and the Fourth Industrial Revolution

The fourth industrial revolution has led to dynamic and complex changes, which initiated a shift towards an information society and created challenges at micro, meso, and macro levels for HRD and talent management (Claus 2019, p. 209):

- **micro level**: These challenges include the pressure created by the displacement of human labor through technology innovations, growing demands for diversity and dependency on digital systems, or the pressure to transition to net-zero economies (World Economic Forum, 2022). The employment status of the workforce moves away from single employment by one organization to multiple independent (and often less secure) work. Hence, this forces individuals to change careers because of “disruptions or setbacks [as well as] constantly needing to re-create themselves and build a greater resilience” (Claus, 2019, p. 209).

- **meso level**: Here, challenges incorporate adaptations at an organizational level. Current trends relate to the employee experience and creating work environments where people enjoy showing up and contributing to the organization’s success (Morgan, 2017, as cited in Claus, 2019, p. 209).
- **macro level**: These challenges are disruptions at a societal level. Government and governance systems have been impacted by demographic pressure, continuous low interest rates, mass migration of the workforce, and economic hardship (e.g., due to the COVID-19 pandemic; World Economic Forum, 2022).

Overall, one of the biggest challenges for talent management is focusing on societal interventions, responsibilities, and coordination at an employer–employee and a broader societal level. At the individual level, both employers and employees face more uncertainty and need to plan for a longer lifespan with more career transitions, life changes, and employment opportunities. Additionally, individuals must be able and willing to engage in lifelong learning (Claus, 2019, p. 212).

Changing roles of HRD

Today, organizations are confronted with various environmental challenges, and – regardless of whether environmental complexities and uncertainties intensify – organizations need to perform at higher levels. For example, Mitsakis (2020) states that “the business world becomes turbulent faster than organizations become resilient” (p. 321). The term “**organizational resilience**” is a construct that can be explained with multiple different definitions. Generally, it can be defined with respect to the two elements of recovery and precursor. In terms of organization, Mitsakis (2020) notes that recovery resilience is “more reactive in nature as organizations simply focus on returning to a prior state after a shocking event occurred” and further explains that “precursor or strategic resilience” is a proactive organizational response to situations that are unexpected. This relates to a company’s capacity to identify “the opportunities within a crisis event to further expand its capabilities, to create new business opportunities, and eventually become stronger” (Mitsakis, 2020, p. 321).

Organizational resilience
This refers to a company’s ability to face change and uncertainty by identifying potential environmental opportunities. This is done by eliminating weaknesses and threats.

HRD practices are vital to organizational resilience, and HR professionals should strive to offer multiple and contextualized strategies, plans, and policies that incorporate core HRD principles (e.g., individual development, performance management, career development, and organizational development; Mitsakis, 2020, p. 323). HRD should therefore gain the status of “a strategic business partner role rather than just an administrative function” (Mitsakis, 2020, p. 325). Moreover, HRD is critical to the well-being of human capital during crisis or change (Dirani et al., 2020). Another task of HRD is to provide a relational link between employees and employers. According to Dirani et al. (2020), employees’ voicing concerns about work, suggesting solutions to leadership, and providing “psychological empowerment and supervisory support for their employees” during crisis and uncertainty is crucial (p. 383). In addition, HRD should keep employees updated about the business (Dirani et al., 2020).

Considering these changes and developments, there is a general need for distinctive sub-specializations in HR management. For example, Malik (2018) notes that HR practitioners should choose to specialize in the following roles (p. 64):

- “recruitment and selection,
- training and development,
- compensation and benefits administration,
- organizational development and change management,
- building high performance teams,
- industrial and employment relations advis[ing],
- [or] mentoring.”

While most of these roles are specialist, there are also more general HR roles (Malik, 2018). More than ever before, HRD professionals must serve several roles to meet the challenges of complex environments. Challenges range from globalization (i.e., competing in a global economy), addressing skill gaps, diversity and inclusion of the workforce, promoting lifelong learning, and the development of talent. These endeavors come with several ethical dilemmas that need to be considered (Werner, 2021).

1.4 Ethical Frameworks

Ethics
These are standards (not only in a business environment) that provide guidance as to which actions are right and good.

Over the past decades, business **ethics** has been challenged by many organizational scandals, including the accounting scandals at WorldCom and Enron. Moreover, ethical issues and dilemmas involve or specifically arise from HRD (Werner, 2021, p. 21). For instance, the primary economical intentions of clients are often the rationale for organizations closing facilities or firing employees. Another example would be workplace gender discrimination and dynamics. Cheung et al. (2020) postulated that HRD professionals should be be aware “of the gender proportion of the training environment, as it can potentially affect training outcomes, especially for diversity training programs, which are specifically designed to improve attitudes ... that contribute to gender-biased outcomes in the workplace” (p. 509). Additionally, some companies implement talent management to select only the very best employees. Fostering and developing some employees who are defined as “talents” can lead to the neglection of those from the current workforce who are not considered as “talents.” Therefore, understanding ethical behavior and integrity should be central to the profession of HRD practitioners (Werner, 2021, p. 21). This has ethical implications because, with the right training and chances for development, every individual could potentially be a “talent.” Thus, talent management practices should consider equal treatment and equal opportunities. In the future, when it comes to the automation of work and low-educational job positions, an increasing number of ethical questions must be dealt with. There have been many attempts to address these issues; for example, a subcommittee of the Academy of Human Resource Development published several reports on standards on ethics and integrity. A useful guideline document was produced by the Association for Talent Development (ATD) in 2020: The *Code of Ethics* provides a guideline and declaration for individuals, performance professionals, and HR managers. The document focuses on workplace learning and development, as well as standards of personal integrity, sound judgment, discretion, and professional competence. It entails the following obligations (Werner, 2021, p. 21):

- Recognize every individual's rights and dignities.
- Develop human potential.
- Provide the highest quality of training, education, and development to employers, clients, and learners.
- Comply with all laws regarding copyright and regulations governing the position.
- Stay informed on current knowledge and competencies needed in the field of workplace learning and performance management.
- Always maintain integrity and confidentiality in the practice of the position.
- Support peers, and avoid conduct that impedes their ability to work.
- Conduct oneself in an honest and ethical manner.
- Strive to improve the public's knowledge of the importance of workplace learning and performance.
- Represent the professional field of HRD with fair and accurate credentials, qualifications, experiences, and ability.
- Contribute to the continuing growth of the profession.

A current debate in HRD is whether ethics should be taught in a singular program or across several units. Practitioners and professionals need to learn to fundamentally differentiate between what is morally wrong and what is legally wrong. Malik (2018) notes that while guidelines can assist the navigation of law, moral questions need ethical reasoning and critical thinking to answer the question of what is right or wrong, stating that "people have inert tendencies to behave in an ethical or unethical manner" (p. 68).

Ethics and Big Data

Further ethical implications and discussions in the field of HR Management are fueled by recent developments in analytics. By using predictive techniques to improve the accuracy of recruitment, retention, and development decisions, **talent analytics** or **learning analytics** have created new opportunities for employers (Ustun et al., 2022, p. 1). Claus (2019) predicts the future of work and its corresponding talent management practices as follows.

Talent analytics
Also known as HR analytics, talent analytics refers to the use of software to collect and analyze the current workforce and potential future employee data to optimize business decisions regarding recruiting, retaining, and developing talent.

Learning analytics
To improve performance and learning, learning analytics involves the measurement, collection, analysis, and reporting of learner data, needs, and environment.

Figure 2: Claus' Prediction of Future Work and Talent Management Practices

> "a future worker applies for a job without a resume or curriculum vitae; machine learning identifies and reaches out to passive candidates rather than recruiters; an employee is hired without being interviewed by a person; companies abolish their annual performance appraisal system; employees enjoy unlimited vacation and discretionary paid time off; email is considered passé as a work communication tool; an algorithm predicts who is likely to leave your company soon; customized employee benefits are paying off student loans or helping with employee transitions; and questions for an HR generalist are answered by a chatbot." (Claus, 2019, p. 207).

Source: Claus (2019, p. 207).

With an increased volume and use of digital data, learning analytics are in high demand to support the training and development of talent. More specifically, learning analytics can be a useful tool to aid self-regulation skills, overall learning performance, and completion rates (Ustun et al. 2022, p. 2). Today, companies collect large amounts of data to develop current employees and identify future talents for hiring. Talent analytics is characterized as “a fertile ground regarding issues of workplace recruitment and retention” (Burdon & Harpur, 2014, p. 688). Many organizations today utilize big data to identify workforce opportunities, gain insights on current employees, and shed light on the performance of recruitment practices (Ustun et al., 2022).

Talent analytics can lead to higher employee productivity, as well as help to identify and retain talent. Hiring processes can be supported by talent analytics, as key attributes of the most valuable employees are identified and aligned with business needs. Analytics can help streamline the hiring process and ensure that recruitment decisions are supported by more objective and statistical data rather than based upon human subjectivity and choice (Burdon & Harpur, 2014). Burdon and Harpur (2014) observe that “in terms of employee retention, talent analytics also offers new opportunities to reduce turnover rates and identify the factors that help employers retain their employees” (p. 681).

However, analytics can have negative implications due to potential forms of discrimination. These differ from “traditional” forms of discrimination based on specific attributes and characteristics, such as background, religion, sex, or age. Analytics discrimination can still be based on the same attributes, but discriminatory actions can now also be triggered by random attributes generated through biased correlations of predictive segmentations and patterns (Ustun et al., 2022). For example, “the web browser an applicant used to upload their job application or when and where an employee has their lunch are now potentially relevant factors in recruitment and retention decisions” (Burdon & Harpur, 2014, p. 680). According to Claus (2019), technology innovation has caused disruption for several transactional HR activities and “evidence-based talent management decisions require increased data on an individual basis in real time to find out what employees really care about right now” (p. 209). Using people data to make predictions about the workforce is becoming integral to the new order of talent management (Claus, 2019, p. 209). Despite this, Collings (2019) points put that not many organizations trust that “they are realizing their potential of global talent management” (p. 13). As Claus (2019) indicates, until organizations “expand the conversation,” it will not be possible for them to sustainably modify talent management practices (p. 207).

SUMMARY

The fourth industrial revolution, driven by demographic change, technology innovation and globalization, has fundamentally changed and impacted the HR life cycle. This has created huge implications for the workforce and employers. For a strategic HR Management, this presents unique opportunities and challenges to reinvent and reshape talent management and HRD.

As integral parts of a holistic HR life cycle that should not be seen as a singular phenomenon, talent management and HRD are conceptualized and implemented within a specific organization, which is always part of a broader society and operational context. Talent management provides processes and developmental opportunities for current and future employees of the organization considered “talents.”

HRD is the strategic management of training, developing the current workforce to achieve organizational objectives, and ensuring optimal utilization of individual employee knowledge. Effective development of HR and talent management is one of the greatest challenges organizations currently face. With new technological innovations, especially in the era of analytics, companies face new predictive opportunities to identify, retain, or develop vital talents for their overall performance. In addition, changing legal regulations and ethical implications must be considered.

UNIT 2

COMPETENCE AND PERFORMANCE MANAGEMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- define the goals and tasks of performance and competence management.
- understand differences between resource- and learning-oriented approaches.
- analyze how an integrated competence model can be implemented in agile environments.
- evaluate when performance management is considered successful.

2. COMPETENCE AND PERFORMANCE MANAGEMENT

Introduction

Today, no matter the industry, the success of an organization is assumed to be largely based on the quality, performance, and knowledge of its workforce (Kodden, 2020, p. 1). In 2002, Davenport stated, “If our companies are going to be more profitable, if our strategies are going to be successful, it will be because our knowledge workers did their work in a more productive and efficient manner” (as cited in Kodden, 2020, p. 1).

An organization’s ability to create a pool of goal-oriented, vital competencies and skills defines how innovative, effective, and profitable it is. To do this, competencies must be integrated and refined into business processes or projects. Since the cost of a mismatch can be enormous, relevant competencies must be identified, mobilized, developed, networked, and secured at an operational level (Kodden, 2020, p. 2). In order to react professionally and flexibly to new requirements, it is becoming indispensable for employees to continually develop skills. Furthermore, the area of competence and performance management is undergoing a corresponding change. As a result of digitization, there is an increasing demand for individualized learning on the part of employees; the willingness to develop and learn throughout one’s life is increasingly important to cope with agile and fast-changing environments.

2.1 Competence and Skills Management

Competence
This refers to a combination of cognitive (conscious mental processes), conative (intentions and efforts), and affective (emotions) skills that lead to abilities and capacities of actions.

In a holistic human resources development (HRD) approach, competence and skills management are important elements to ensure effective utilization of talents and knowledge for the organization’s benefit. The terms **“competence”** and “skill” are often used synonymously in HRD and cannot be clearly distinguished from one another. Competence can be defined as the ability of an individual to act in a self-organized and appropriate manner in complex situations. Competencies and skills can be obtained and developed by appropriate training and HRD measures. Competence management, therefore, refers to all activities that serve to make effective use of an employee’s skills and knowledge and further develop required competencies (Kolb, 2010, p. 512). A corporate competency model must be derived from a corporate strategy that defines the necessary employee competencies to achieve strategic goals in the present and future. Corporate competence and skills management, therefore, has the following four major tasks (Kolb, 2010):

1. Determine the future need for employee skills.
2. Analyze the current employee skills.
3. Evaluate the results (target/actual comparison of competencies and their distribution across the various organizational levels).
4. Compensate for competence deficits through employee development measures.

Competence management should, therefore, describe, make transparent, and ensure the transfer and use of required competences. In addition, it is necessary to develop competences so that they are aligned with the personal goals of employees and those of the organization (Reinhardt et al., 2005). The two main approaches to competence and skill management are the following (Reinhardt et al., 2005).

1. **The resource-oriented approach:** Usually top-down, this approach ensures the utilization of potential; thus, it secures the long-term viability of the company and accumulation of vital resources. Competencies are defined and derived directly from the corporate strategy.
2. **The learning-oriented approach:** Usually bottom-up, this approach defines competencies with individuals as expertise carriers, and it deals with the measurement, evaluation, transparency, and transfer of individual competencies.

The interaction of both approaches enables competence management to implement corporate strategy in a holistic manner. Target and actual states are compared, and deficits are identified and resolved by appropriate staffing, reassignment, or targeted personnel-development measures.

The Importance of an Integrated Competence Model

To define the competencies and skills needed to survive and secure resources, it is important for all organizational levels to have a mutual understanding. For example, in the case of competencies, such as negotiation skills, persuasiveness, or motivational techniques, visible successes can be achieved relatively quickly. Contrastingly, other competencies developed through socialization or predisposition are more difficult to cultivate. The motivational structure of a person is rather fixed and not very trainable. Further potential factors are resilience, empathy, and the ability to learn and change. Various competencies require different levels of training to be developed and strengthened; a systematic approach to the categorization of competencies is, therefore, vital to keep track of and ensure goal-oriented actions (Kane, 1992).

There have been several approaches to creating organization-specific competency models. Structured models in the form of lists of required skills are only helpful to a limited extent, as lists can be extended to an endless amount. Incorporating synergetic-holistic perspectives of “action competence,” process models seem to be more promising (Bolten, 2018, p. 190). This concept incorporates all necessary skills for appropriate actions in specific situations. Action competence consists of different aspects and elements of competence, which are described in the table below.

Table 1: **Examples of Action Competence**

Self-competence	**Social competence**	**Specialist competence**	**Methodological competence**
Role distance, flexibility, and a willingness to learn	Empathy, communication skills, tolerance, and the ability to deal with conflict	Knowledge management and problem-solving ability	Expertise and work experience

Source: Maja Störmer, based on Bolten (2018).

"Action competence" is not simply a fifth competence in addition to personal, social, professional, and methodological competences; rather, it is the result of the interdependent relationship and transferal of these four partial competencies (Bolten, 2018, p. 190).

When developing an organization's integrated competence model, it is extremely important to involve multiple individuals. In addition to document analyses and interviews with knowledge carriers, workshops should also be held with managers from different areas and levels to actively involve them. Additionally, starting with the definition of the competence dimensions, then the determination of job families and requirements profiles, through to the formulation of behavioral anchors, employees should be involved at all development phases (Kane, 1992; Sternberg & Kolligian, 1990). The more an individual employee can contribute their views to the development process, the greater their will to implement and live the competence model developed.

2.2 Performance and Potential

Performance
This refers to all target-oriented activities that aim to ensure the organization's existence and survival.

Performance management generally refers to the planning, management, and control of employee **performance** and potential. Performance management can be characterized as a "flexible and evolutionary, albeit coherent, process that is applied by managers working with their teams in accordance with the circumstances in which they operate" (Armstrong, 2021, p. 11). The process of performance management is only sustainable when it consists of phases, namely (1) an initial planning phase "agreeing on objectives and competence requirements and thus producing performance agreements and individual development plans," (2) an action phase "carrying out the activities required to achieve set objectives and plans," (3) a monitoring phase "updating on progress in achieving objectives," and (4) a reviewing phase to assess progress and achievements (Armstrong, 2021, p. 11).

Performance management should be aligned with corporate objectives to support strategy implementation and the achievement of corporate targets. A well-functioning target agreement linked to a corporate control system is important for the application and sustainability of a management and control instrument. Performance targets should be derived from objectives and, by achieving them, secure corresponding value contribution for a company. The process of agreeing on objectives should be structured uniformly throughout a company (Armstrong, 2021; Kodden 2020).

Setting objectives and performance expectations are among the most widespread and popular management procedures worldwide. Often, performance expectations are annually discussed and outlined with employees, and expectations can be addressed by goal setting. In relation to this, Kodden (2020) asserts that "some companies even expect these agreements to have a motivating effect on their employees. In addition, goals can be used to synchronize the performance of individual employees and their teams with overall organizational goals" (p. 3). Performance indicators are usually linked to the sustainable performance capability of employees in a team and as individuals, and they encompass the following five general concepts (Kodden, 2020, p. 3):

1. Talent
2. Certain personality traits
3. Organizational fit
4. Work engagement
5. Physical and mental requirements

Trost (2020) notes that strategic orientation is often based on a traditional and hierarchical perspective on leadership and organization and argues that "in recent years and in the course of growing digitization and agilization, hardly any other concept has come under as much criticism as this classic one" (p. 119). In addition, Trost (2020) suggests that this classic approach to performance management is only effective in hierarchical corporate settings and fails completely in **agile** contexts that an increasing number of companies face today.

Agile
This refers to the ability to adapt or move quickly and sustain effectiveness in complex environments (e.g., by the means of networked structures).

Goal Agreements versus Individual Goal Setting in Agile Environments

Many companies today (that have a hierarchical approach) face problems when it comes to higher complexity in a volatile, uncertain, complex, and ambiguous (VUCA) environment. Companies that share traditional and hierarchical perspectives tend to think in terms of divided labor, which favors goal setting aligned with organizational targets. In hierarchical work environments, employees are often mainly committed to their direct managers and agree on performance expectations. Goals are usually set individually, and company-wide rules determine targets that are agreed upon. Trost (2020) notes that the specific, measurable, attractive, realistic, and time bound (SMART) rule should "above all ... be applied. Accordingly, goals must be formulated in such a way that they are specific, measurable, attractive, realistic, and time bound" (p. 120). Companies may have different definitions of performance expectations and, therefore, must work differently than in traditional hierarchical contexts (Trost, 2020, p. 121).

The uncertain and complex environment many companies face today leads to difficulties agreeing on "SMART objectives" with every individual employee every year, and an annual agreement of objectives is not always is the best option. For instance, Trost (2020) explains that "a whole group of employees is expected to meet common and stable performance standards in the long run" (p. 121). A long tradition of extensive research has shown that individual goals, regardless of wider objectives, can be motivating for individuals. Lee et al. (1989) postulated in their **goal-setting theory** that people who were allowed to set goals for themselves – and feel fully committed to them – perform better under the same conditions than people who do not set goals from themselves (Kodden, 2020, p. 3).

Goal-setting theory
This theory plays an important role in performance management, as it suggests that directing an individual's attention to goals can improve their persistence and the development of plans to achieve goals.

This theory is highly relevant for performance management and implies that goals should be "quantifiable and clear" and aligned in a way to motivate the workforce "to aspire to achieve higher" (Malik, 2018, p. 86). This means that an individual's goal setting can have a more positive impact on performance than goals given by an authority (Kodden, 2020, p. 3). In complex environments, any form of superiority and subordination can impede motivational effects because a mutual understanding requires trust, which is crucial in uncertain situations. Furthermore, innovation and creativity cannot flourish in a strongly hierarchical and stringent work environment. To enable innovation and creativity, "autonomy paired with adequate knowledge sharing, engagement in experimentation, willingness to

Objectives and key results
These are typically used in agile environments as a collaborative approach to meet organizational targets.

accept challenges, and to foresee new possibilities" should be supported (Parameswaran, 2020, p. 354). In the context of agile teamwork, goals are often set as individual team goals, for example, with the help of **objectives and key results** (OKR). OKRs are a collaborative concept in agile companies, for teams and individuals, to ensure all activities are aligned with the same important common targets (Doerr, 2018). Ideally, objectives are inspiring, refer to what is to be achieved, and should be formulated in a significant, action-oriented, and concrete manner; for example, "We want to increase our revenue for the German market." Usually, multiple key results indicate performance, provide a benchmark, and monitor respective progress. They typically specify how an objective can be achieved; for example, "We want to increase our number of channel partners by 50 percent."

Implications for an Effective Performance Management

The main target of human resources (HR) should be to provide value-added services (Kehinde, 2012). HR management practices can lead to sustainable levels of organizational performance, and many organizations have attempted to gain insights on "the performance 'black box' from multiple disciplinary perspectives" (Malik, 2018, p. 85). One easy way to analyze the effectiveness of a performance management system of an organization is to implement a strategic perspective to try to understand multiple employees' views on organization strategy, major goals, targets, vital performance indicators, and how they can contribute individually (Boselie, 2010, p. 23). Performance management comprises numerous factors that contribute to improving the performance of a system. Extrinsic rewards work well for routine tasks in hierarchical environments; in contrast, agile environments require tasks that involve creativity, collaboration, and long-term thinking. Empiric evidence suggests extrinsic rewards can even harm these qualities. Therefore, to increase employees' overall performance, HR managers and practitioners should focus on a contextual combination of intrinsic and extrinsic motivational approaches to ensure job positions and tasks are empowering and motivating (Pink, 2011).

According to Malik (2018), managers and supervisors play an important role in providing a motivational environment for their employees. Furthermore, HR practitioners and managers have a main responsibility to perform themselves, as well as to support and enable the best performance from their employees. The focus here is "not to get into different performance management systems, such as the management by objectives (MBO), rating scales, Six Sigma, or 360-degree multi-rater-feedback, it is more around understanding guiding principles that have worked well in managing performance" (Malik, 2018, p. 64).

In addition, Malik (2018) argues that considering distributive justice and making sure employees have fair perceptions about rewards are just as applicable. HRD practices should be sensitive to corporate strategy and market trends and must, therefore, work closely with controlling, because performance management can only be successful when the following factors occur (Malik, 2018, p. 85):

- A specified timeline is adhered to.
- Management is aware of the status of the target agreement process and the achievement of objectives.
- Information technology (IT) support minimizes the maintenance effort.

- A smooth process is ensured by monitoring elements.

Performance management is a multifaceted and multilevel concept that involves perspectives on how performance can be achieved on a micro (individual level) and on a meso level (organizational systems level; Malik, 2018, p. 85).

Individual-level performance management

Typically a cyclical process, individual-level performance management involves setting performance expectations of individual employees. Planning an individual's goals and targets and – if necessary – providing specific learning and development support usually follows. This means monitoring individual progress and providing specific feedback (Malik, 2018, p. 86). According to feedback and evaluations, individual training and development opportunities should be offered in a nurturing work environment. Adopting an integrated perspective to human resources management (HRM) practices is equally important as ensuring there is an overall alignment of all HRM practices. For instance, Malik (2018) explains that "recruitment and selection practices should be supported by employee development and motivational support from managers" (p. 86).

Organizational-level performance management

Here, organizational systems achieving high levels of performance are supported by HR management, and different interdependent factors should be considered. These factors include (1) the sustainable creation and management of a culture supporting expectations, (2) the provision of adequate structures and designs, and (3) the proper integration of the organization's competitive strategy and targets. To effectively perform and roll out HR activities, managers and practitioners should develop core knowledge and skills (Malik, 2018). Additionally, an integrated organizational knowledge base system is crucial for the design and implementation of all HR practices (Malik, 2018).

SUMMARY

Strategic competence and performance management should derive from a corporate strategy and respective competence model.

Performance management generally refers to a process of planning, managing, and controlling of employee performance and potential. It should be aligned with corporate objectives; thus, it should support strategy implementation and the achievement of corporate targets on micro (individual) and meso (organizational) levels. To do this, with the help of competence management, necessary competencies must be identified, integrated, and refined into business processes or projects.

Employees must develop throughout their lives in order to continually react professionally and flexibly to new requirements. The field of personnel development is undergoing a corresponding change; it must be aligned with company goals and support strategy implementation.

UNIT 3

E-LEARNING AND BLENDED LEARNING

STUDY GOALS

On completion of this unit, you will be able to ...

– understand how e-learning and blended learning are connected.
– identify why blended learning is an answer to current challenges.
– analyze how didactic methods can be implemented using media.
– remember what needs to be considered when selecting a suitable learning system.

3. E-LEARNING AND BLENDED LEARNING

Introduction

The economy is currently undergoing a paradigm shift from industrialization to an information society. Didactic top-down approaches are being progressively replaced by active engagement from learners and individualistic approaches. To retain competitive advantages, companies must ensure continuous and demand-oriented learning opportunities for their employees; this has major implications for talent management and human resource development (HRD).

In organizational environments, the demand for e-learning is rising and gaining impact. Often, e-learning approaches are conceptualized as blended learning formats. Several researchers have evaluated face-to-face formats and online learning formats to gain insights on higher-learning outcomes, learner satisfaction, and completion rates. Research shows that learning outcomes are influenced by not only the learning format but also several other factors (Nortvig et al., 2018, p. 46). Today, a number of developments and dynamics shape a paradigm shift in learning (Claus, 2019). To guarantee the optimal utilization of talent and knowledge, organizations must incorporate the following aspects:

- continuous education measures, such as trainings, that help to adapt previously acquired knowledge into new necessary knowledge and findings
- lifelong-learning perspectives, where employees must take initiative and personal responsibility for their unique learning journey
- blended learning approaches that offer high flexibility and individualized learner-centric opportunities

Traditional corporate methods of training employees must be supplemented by the flexible, economical, timely, technologically advanced, and individualized learning approaches that e-learning and blended learning formats can offer.

3.1 Special Characteristics and Framework Conditions

There are many different definitions and perspectives on e-learning and blended learning (Nortvig et al., 2018, p. 47). We can differentiate between the three main formats of learning: face-to-face (F2F), blended, and e-learning. The term “F2F learning” refers to all traditional instructional formats, including physical classrooms, **synchronous communication**, and the physical presence of all involved participants (Nortvig et al., 2018, p. 47). E-learning characterizes all formats that include the absence of a physical classroom, which is often replaced by web-based environments and technologies, and it offers – regardless of time zone and location – independent and flexible learning (Northey et al., 2015). Typically, this involves (but is not limited to) **asynchronous communication** via the use of chat rooms or forums. It requires the use of laptops, computers, tablets, or mobile devices. Often, web-based training content, such as videos, texts, images, or presentations, can be easily accessed via mobile devices (Dux & Robes, 2016, p. 375). Another important concept in the context of e-learning is user-generated content, which includes all content that has been actively created by learners themselves and can provide incentives to retain and pass on knowledge. Learners can also present themselves as experts, which can result in motivational aspects (Lemke, 2020, p. 33).

Synchronous communication
This refers to the simultaneous production and distribution of information. This can take place in physical settings or live online sessions where participants communicate directly and “in time” with one another.

Asynchronous communication
This involves a timely delay of information exchange (e.g., podcasts). Information is produced, stored on a server or teaching management system, and can be accessed by students individually as needed.

One of the most innovative transformations can be found in online learning approaches, which continue to develop new formats and environments such as fully online learning; blended learning; flipped classrooms; massive open online courses (MOOCs), which can be accessed globally by anyone free of charge; and adaptive learning systems. According to Dziuban et al. (2020) “these initiatives respond to the complex lifestyles of students who must manage increasing ambiguity, ambivalence, economic demands and uncertainty placed on them by our technology-mediated society” (p. 42).

Blended learning (often referred to as “hybrid learning”) combines phases of F2F learning paired with e-learning or online self-study phases, and it can include both synchronous and asynchronous communication (Nortvig et al., 2018, p. 47). Therefore, blended learning can combine the advantages of traditional learning and fully online learning (Al-Azawei et al., 2017). Preparation and follow-up of teaching units, as well as the development of basic knowledge, can be covered by autonomous or tutored self-learning via the internet. In the F2F phases, the focus is on in-depth content, methods, and individual questions. Almost all didactic methods can be implemented using media. However, it is important to adapt didactic concepts and keep characteristics, frameworks, and limitations in mind to optimize learning success in online environments.

3.2 Planning, Design, and Control

Planning and designing a learning environment or learning approaches requires fundamental assumptions on learning itself. There are multiple **learning theories** and perspectives on the process of learning, which – of course – are not exclusively applicable for organizational contexts. Historically, theoretical views on learning primarily encompassed analysis of behavior. So-called “behaviorism” developed mainly in the early 20th century and, alongside a growing interest in the actual modification of behavior, became central. Learning was mainly seen as a reaction to environmental factors (e.g., gratifications or punishments) that had an impact on mental processes (Pritchard, 2017). Other theories on learning soon evolved, such as “constructivism,” which promoted the idea that knowledge is constructed by individual and cognitive processes in learners (and depends on previous learnings, experiences, and socialization). More modern learning theories, like concepts of “connectivism,” refer to processes of learning as a complex combination of thoughts, theories, information, and collaborative applications. These theories can help to explain dynamic and networked learning in an increasingly complex environment (Pritchard, 2017).

Learning theories
These entail fundamental views and perspectives on the processes and ways of learning. Important learning paradigms include behaviorism, constructivism, and connectivism.

Therefore, the creation of successful e-learning environments should always be context-appropriate and based on suitable learning theories. This does not only apply to learning targets, flexibility limitations, or budgets available but ideally also considers the learner's preferred ways of learning (i.e., their **learning styles**). Adaptive e-learning systems can offer individualized learning experiences to optimize learning progresses (Truong, 2016). According to Al-Azawei et al. (2017), individual perceptions and differences of learners should considered when conceptualizing an e-learning approach: They analyzed learner satisfaction and technology adaption and the respective impacts on self-efficacy. Results of the study showed that, for example, cultural differences can have an impact on technology acceptance. Ideally, investigating individual learners' satisfaction and intentions to use e-learning can predict whether learners will accept and continue to use technology and, hence, improve their learning progress (Al-Azawei et al., 2017).

Learning styles
These are individual preferences for learning and could include communication, technology, or pace preferences. Ideally, they can be supported by adaptive learning systems.

Conceptual Frameworks for E-learning and Blended Learning

Today, HRD and talent management target the continuous development and training of employees in complex and fast-changing environments, which can be efficiently supported by e-learning and blended learning. Depending on the context, blended learning is often seen as more effective than F2F or e-learning used alone (González-Gómez et al., 2016; Al-Azawei et al., 2017). Blended learning formats are widely used to support F2F learning, as well as to respond to individual learners' needs. E-learning and blended learning formats can require a higher degree of self-motivation and -discipline than their F2F learning counterpart. For a sustainable learning success in the online environment, several conditions must be met. There are several frameworks and standardized guidelines available, such as the **Teaching Effectiveness Framework** (TEF; Buchan, 2020, p. 24). Teaching and learning are often complex and very contextual. Nortvig et al. (2018) reviewed some findings of their research study and found that some factors seem more salient than others, namely:

Teaching Effectiveness Framework
This is a learning initiative designed to provide an understanding of an optimal learning environment. It is used to guide faculty and departments in developing and evaluating all learning formats.

- presence of the educator online
- student interaction
- teachers
- content
- "deliberate connections between online and offline activities" (p. 53)
- "connections between campus-related and practice-related activities" (p. 53)

E-learning and blended courses should promote coherence between all of above factors. In relation to roles of educators and relationships, it is important that formats support the educator's role in establishing a strong presence in online contexts and in building sustainable learning communities that foster positive relations (Nortvig et al., 2018, p. 53).

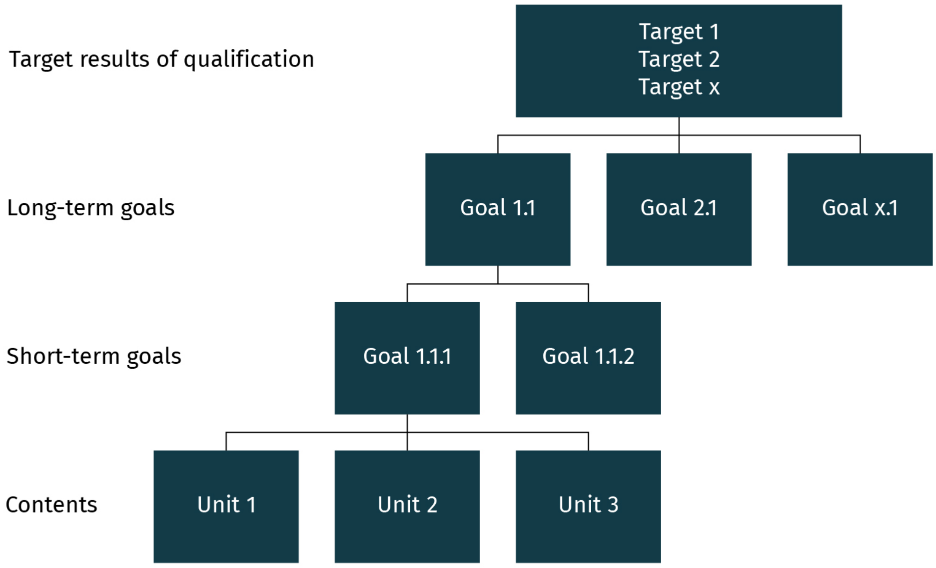
For learners, research indicates that several factors can impact their learning experience in e-learning, blended, or online formats. Factors that impact learning outcomes and completion levels are identification with contents, appropriate teaching and learning spaces (online and offline), as well as the "presence of engaging and meaningful learning communities that support the students' social relations" (Nortvig et al., 2018, p. 53).

When designing and implementing blended learning formats, the successive F2F and online phases must be thoroughly coordinated. Careful planning and the creation of optimal conditions are critical to success. Employees will only remain sustainably motivated in the long term if measures are flexible and learner centric. According to Hockly (2018), “there is clearly no ‘right blend’ due to a wide range of contexts in which blended learning can take place, the varying needs of learners, and the different models, content and approaches that can inform course design” (p. 99).

For blended learning, there are three main conceptual approaches to consider. The first would be only to add multimedia content to existing F2F learning events, the second would encompass coordinated online phases and F2F phases, and the third would focus mainly on online knowledge transfer supplemented by only some F2F phases. For example, these only serve to offer kick-off events for socializing, to introduce important software, for intermediate workshops to clarify needs, for attendance examinations, and for final events. Usually, the proportion of F2F phases is kept low (especially in adult education) due to flexibility requirements arising from corporate, social, or private commitments. Nevertheless, the importance of F2F phases should not be neglected, as informal exchange between participants is very important and can create motivational conditions. Additional attractive incentive structures could, for example, entail competitions between working groups. Learning should be fun to be sustainable; therefore, content must be varied and lively. Furthermore, tasks must be realistic and applicable to individual learning contexts and learners’ realities. The learning effect is particularly high if the tasks come directly from the learners’ working environment. Hence, questions should encourage learners to transfer knowledge to new contexts, expand their abilities, and find new effective solutions. This also entails a culture of learning from mistakes – trial and error (González-Gómez et al., 2016).

Selection and structuring of learning methods and content should always be based on needs and thorough target-group analyses. This is usually followed by the technical dimension and selection of required software, hardware, and the necessary interfaces. All information from the conceptual phase is usually collected in a specification sheet from which a time-structured action plan is developed. For blended and e-learning applications, the characteristics of all relevant target groups must be included in the planning. These are learners, teachers, and administrators of the company, who must be able to handle and work with the system (Tomlinson & Whittaker, 2013). It must be determined in advance how often the system is to be updated and who is responsible for maintenance and updating. Subsequently, the learning contents are selected from the so-called e-learning strategy map. In this strategic e-learning map, the target results of the qualification are stated. Results of the qualification are defined and divided into long-term goals and short-term fields of action. In addition, the contents result from the training needs analysis (Tomlinson & Whittaker, 2013).

Figure 3: Example of a Strategic E-Learning Map



Source: Maja Störmer (2022), based on Tomlinson & Whittaker (2013).

This entails qualification measures and employee competencies that are specifically required for the company. These contents are assigned to learning fields. The learning fields – in turn – are divided into small, thematically self-contained modules, which are made up of different learning units. Here, one should decide which of the content is suitable for online self-learning and which of the content should be worked on in the F2F phases. It makes sense to provide basics that can be accessed online at any time and to use the F2F phase for clarifying detailed questions (Tomlinson & Whittaker, 2013). Hockly (2018, p. 99) concludes that the design of a blended learning course should include the following elements:

- interaction: opportunities for interaction with other learners, instructors, and external individuals
- reflection: reflection of principles like complexity, adaptivity, automaticity, flow, feedback, and personalization (Thornbury, 2016)
- task design and tools: choice of technology and task design need to align
- materials: “Rather than only providing content input, technology-based tasks and materials can also facilitate process” (Mishan, 2016, as cited in Hockly, 2018, p. 99).
- integration: establishment of a clear link between F2F and technology-driven course components that complement, support, and develop each other
- evaluation: “Technology-based work (including speaking and/or written work) needs to be integrated into overall learner evaluation” (Hockly, 2018, p. 99).
- context: must be locally contextual, including specific needs, skills, expectations, and beliefs of learners and instructors
- teacher training: “Training is key for the successful implementation of a blended approach, to ensure that teachers understand the underlying principles, and can implement the blend effectively” (Hockly, 2018, p. 99).

- initial learner training: should be considered if working autonomously challenges learners

Learning and Technological Innovations

Developments in technology are shaping learning environments today. Trends such as serious play or serious games (SGs) can promote learning through playability, and they cater to specific individual learning preferences (Kayyali et al., 2021). Fundamental technological innovations like artificial intelligence (AI), virtual reality (VR), cloud computing, global network platforms, deep learning (where, using algorithms, computers learn from big data to perform tasks without being specifically programmed), machine learning (complex, structured learning systems that use algorithms modeled on the human brain), robotization, and **adaptive courseware** can offer seemingly endless opportunities. Much of this innovation directly results from the perceived value-add of HRD and training (and its correlating competitive advantages). Depending on the industry, additional training can be worth millions of dollars in revenue to organizations (Dziuban et al., 2020, p. 42).

Adaptive courseware
This web-based learning framework collects learning analytics data and provides reports; these can be used to make decisions related to instructional practices, learners' engagement, and formative feedback.

For example, according to Meyer (2020a), the simulation of real-world environments with the help of VR has the potential to introduce learners to atypical situations that enable them to take ownership of their learning journey. By taking charge of individualized and preferred modes of learning, learners "will inevitably remain highly engaged with the material" (Meyer, 2020a, p. 1). In practice, we find many examples and areas of application for VR assisted learning; for example, this can be observed in medical training (surgeries) or flight training (Pfandler et al., 2017). In many organizations, AI is already outperforming humans on many levels; it replaces the work done by actual people with algorithms, computers, and robots (Claus, 2019, p. 209). Nevertheless, it is unlikely HRD practitioners can be fully replaced by it in the future.

AI has provoked a revolution in industry and technology that is promising to have a significant impact on learning formats. Additionally, AI technologies possess the capacity to offer individual assessments of learners' unique strengths and weaknesses as well as data-driven analytics to suggest optimal proceedings in their learning journey (Meyer, 2020b). The integration of assessment-based data into instructional paradigms can provide predictive power as well as opportunities for learners to overcome the individual challenges they encounter (Dziuban et al., 2020, p. 66). Nevertheless, with the advent of technological innovation comes the critique to ensure ethical use of individualized data. Bossman (2016) notes that "the more powerful a technology becomes, the more it can be used for" (as cited in Meyer, 2020b, pp. 1–2). Thus, new technological possibilities should always be context-appropriate (rather than trend-driven) to best meet the individualized needs of learners and organizations. Levels of acceptance and utilization vary and should be kept in mind when conceptualizing an inclusive learning environment (Buchan, 2020, p. 33).

3.3 IT Basics

Sustainable learning success comes from high-quality and efficient blended and e-learning formats. These require complex software systems and innovative technological solutions. Organizations therefore need (Pellas & Kazanidis, 2015)

- a learning management system (LMS) or virtual learning environment (VLE) that supports the management of learners and content.
- a learning content management system (LCMS) that serves to manage and create learning content.
- a learning portal that provides learning units or modules that have been developed using different tools.

Mobile learning
Also known as "m-learning," this encompasses learning activities in different contexts, through social and content interaction, with the help of electronic mobile devices (e.g., tablets, laptops, cellphones).

Learning environments typically include learning portals, LMS, or/and LCMS. The online learning environment is usually launched through a web-based learning management system or virtual learning settings and platforms, such as Moodle and Blackboard (Pellas & Kazanidis, 2015). Additionally, technological improvements and increased demands for flexibility and mobility raise the demand for **mobile learning** (Zhang & Crompton, 2021). Mobile learning encompasses all learning activities that involve mobile accessibility of technology and learning formats (e.g., with the use of mobile devices such as cellphones, tablets, or laptops). When carried out correctly, mobile learning can offer learners higher levels of convenience and positive learning outcomes due to social interactivity, contextual sensitivity, higher levels of connectivity, and personalization of learning formats (Zhang & Crompton, 2021). Additionally, mobile learning can combine both formal learning within a classroom and informal learning outside of the classroom: The interaction "with mobile devices is only one part of the picture; of key importance in any discussion of mobile learning are the interactions that it supports and the ways in which these lead to learning" (Hockly, 2013, p. 80).

Currently (arguably due to the COVID-19 pandemic), there are hundreds of learning environments available, some of which are "open source" and freely accessible to the user. In order to avoid unnecessary cost, it may be sufficient to adapt existing products to organizations' needs. Learning environment systems vary in cost (between 15,000 and 150,000 euros). They should be compatible with existing software solutions in a company and must exchange information easily. This is inclusive of the different needs and claims of all participants involved, such as content creators, instructors, and learners (Valiathan, 2002; Picciano et al., 2014). Learning-content creators should be given the following options in an authoring environment (Valiathan, 2002; Picciano et al., 2014):

- creation of learning content (using templates)
- easy course creation
- updating of content
- creation of individual learning paths
- creation of interactive tests and learning-success checks
- creation of online libraries, frequently asked questions (FAQs), link lists, lexicons, glossaries, etc.

When designing learning tasks, the following options should be available:

- processing of tasks within the learning units
- multiple choice
- cloze tests
- group exercises
- individually designable tasks
- automated evaluation
- self-learning control: only to be seen by the learner (own progress)
- independent learning
- learning objective control: to be seen by the instructor, to show an overview of progress of the learners

For users or learners, the following features should be available:

- personalizable of the user interface
- learner-selected content and features available on virtual desktop
- tasks assigned by instructor
- news about the course
- personal comments
- personal bookmarks
- personal and team calendar
- discussion forum
- chat room
- password-protected learning environment
- possibility to change personal data

Thus, when selecting a learning system, it is most important to consider the contextual needs of an organization and its learners. The most expensive software solution will not always be the best option to meet targets and goals of learners and instructors.

SUMMARY

Due to fast-changing environments and a strong paradigm shift towards information society, to retain competitive advantages, organizations must now ensure continuous and demand-oriented learning opportunities for their employees. This has major implications for talent management and HRD. A popular learning format offering high flexibility and individualization to meet unique learning needs is the blended-learning format; this format combines traditional F2F events with modern forms of e-learning. Globalization, technical innovation, and the COVID-19 pandemic have led to an increase of available software solutions on the market that cater to a wide range of needs and requirements. When selecting a learning system, it is most important to consider the contex-

tual needs of the organization and its learners. The utilization of technical innovations for learning environments such as AI, VR, or machine learning should therefore always be ethical and well considered.

UNIT 4

MANAGEMENT DEVELOPMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- understand why leadership development is becoming increasingly important.
- identify why and how the effectiveness of coaching should be measured beyond return on investment (ROI) in organizations.
- remember how coaching and mentoring differ and how they can be implemented in an optimal way.

4. MANAGEMENT DEVELOPMENT

Introduction

A company can only be successful if it has talented and competent employees. One of the best ways for an organization to grow is the development of its leaders, as they occupy key positions in the company. Business success is hugely influenced by good leadership and, likewise, poor leadership can have severe consequences for the business performance. Although most companies emphasize the importance of developing leaders, only a few have sustainable, systematic leadership-development procedures that support the organization's adaptability. As a result, these companies cannot adequately prepare to meet fast-changing conditions and contexts, as leadership development is necessary to foster flexibility in times of change and uncertainty. Additionally, leadership-development programs are often fragmented and lack an overall strategy. To build a sustainable program, a company should first identify what the current managers and executive employees need in order to operate efficiently. An important step to successful leadership development is the implementation of a well-designed program, which could include approaches such as 360° feedback and coaching or mentoring, in addition to developmental seminars and workshops.

4.1 Leadership Development

Leadership
This is all activities exerting a goal-related influence on managers or executive staff so that they achieve goals from the organization's objectives. Managers are appointed, qualified, and authorized persons in specific positions, and executives are employees who perform only management tasks.

Leadership has a major impact on the success of an organization due to key positions and authorizations. Therefore, leadership development is a crucial strategic approach to succeeding in a fast changing and complex environment, and it should be considered as an integral part of strategic human resources management (HRM). According to Iordanoglou (2018), "organizations globally are striving to identify and develop outstanding leaders who will be able to face new challenges, embrace change, deal with crises, solve real-life problems, and have an impact not only on their organization but society at large" (p. 118). The goal of leadership training and development is to stabilize or change the behavior of executives or managers in a sustainable manner to achieve higher performance levels. Often, one can find the terms "leadership development" and "leader development" used synonymously. Nevertheless, it is important to differentiate between the two different terms. Leader development focuses on individuals' capabilities, rather than the development of social structures and organizational processes (Day, 2011, p. 38). Leadership development, however, systematically prepares managers or executive employees for successful leadership behavior. At the institutional level, it aims to optimize the development of leaders as human resources (HR) to obtain appropriate returns of incurred costs. At the individual level, it is about meeting expectations and catering to individual needs in terms of HR development and career progression (Day, 2011). According to Iordanoglou (2018), critical leadership skills can include the following (p. 119):

- inspiring and motivating the employees
- showing integrity

- solving problems
- collaborating and demonstrating social intelligence
- promoting teamwork
- using analytical and computational thinking

Leadership development encompasses all goal-oriented, planned, implemented, and evaluated measures for the systematic qualification and development of leadership skills that enable managers to perform their duties efficiently and effectively (Petrie, 2011, 2014). This could include developmental activities and measures to improve decision making processes, creation of strategy, team management, and the building of sustainable networks. Petrie (2011) notes that “organizations are increasingly reliant on HR departments to build a leadership pipeline of managers capable of leading ‘creatively’ through turbulent times” (p. 10). Often, not all managers and executives believe that their leadership program provides sufficient skills development and training support to face the rising demands of their position (Petrie, 2011, p. 10). Leadership training can only be efficient when the people involved help to shape and take responsibility for the goals, content, and methods; this is only possible when suitable framework conditions are in place. Here, corporate culture and policy play an important part in supporting leadership development; they can only be successfully implemented if they are understood, communicated, and practiced by all managers and executives. Executive staff members will only identify with the company if they can actively help to shape corporate policy (Malik, 2018).

Horizontal Versus Vertical Leadership Development

Complex environments and fast-changing requirements necessitate contextual and adapted approaches to leadership development. Namely, Malik (2018) claims that traditional views on leadership development cannot always face current challenges. Petrie (2014) also argues that “we have failed to distinguish between two very different types of development – vertical and horizontal” (p. 11). Therefore, it is necessary to consider two main dimensions of leadership development.

Horizontal development entails all developmental activities of new skills, abilities, and behaviors (i.e., technical learning). It is mostly useful when a problem can be clearly identified and there are well-known techniques and solutions for solving it. For example, the training of production staff could be seen as “horizontal.” Production needs can be just as clearly defined as associated necessary skills and training measures (Petrie, 2014).

In contrast, vertical development refers to “stages” and phases of individuals’ progress regarding how they understand their environment and act upon these perceptions. Petrie (2014) associates this kind of development with children, for example, but adults also can continue to progress through predictable stages of mental development and growth: “From a technology perspective, it is the difference between adding new software (horizontal development) or upgrading to a new computer (vertical development)” (p. 11).

Research has shown that development and training can cater to psychological needs and increase motivation (Khan et al., 2010; Petrie, 2014; Kane et al., 2021). A relevant theory (not only for leadership development) is the **theory of existence, relatedness, and growth** (ERG) by Alderfelder (1969). Alderfelder delivered an alternative motivational

Theory of existence, relatedness, and growth
This motivation theory extends Maslow's hierarchy of needs and states that individuals have three core types of need: existence, relatedness and growth. These needs may vary in priority and importance for individuals.

Maslow's hierarchy of needs
This suggests that individuals are motivated to cater to basic needs first (e.g., hunger) before moving on to more advanced needs (e.g., self-actualization needs, such as personal growth).

theory to **Maslow's hierarchy of needs** (backed up by empirical evidence). Empirical results could show that ERG variables, such as existence (basic requirements for living, such as nutrition or safety), relatedness (relationships and social interactions), and growth (intrinsic desire for development and discovery) can exert a significant influence on the job performance of both managers and executive employees. Alderfelder's findings provide important guidelines for addressing motivational needs of leaders to improve their performance (Arnolds & Boshoff, 2002, p. 697). In relation to the ERG theory, Petrie (2011, p. 19) suggested the following best practices for leadership development:

- recognition and reflection: In complex environments, traditional horizontal leadership development will not suffice, and business strategies cannot be implemented successfully without appropriately developed leaders.
- creation of role models: Senior leaders can lead by example and demonstrate openness towards new methods for development and training.
- education and ownership: All employees should be educated on development and what the individual benefits are (i.e., why development works better when employees take control of their developmental needs).
- realignment: Reward systems should be aligned to emphasize both development and performance.
- utilization and innovation: Openness towards new technology, innovations, and their utilization should be encouraged and supported (e.g., to gain feedback and gather suggestions for individual improvement).
- creation of culture: A performance-enhancing risk culture should be created and supported.

As it fosters flexibility, horizontal development can be more important for leadership development in times of high uncertainty and change, but it should not be relied on singularly (Petrie, 2014, p. 11). Nevertheless, one should keep in mind that most of the motivation and satisfaction theories were developed and empirically investigated in the US or Europe. So, as Khan et al. (2010) notes, "we need to be careful in assuming that these theoretical models are workable across the cultures in the same manner" (p. 54).

4.2 360° Feedback

A sustainable approach to leadership development should entail different tools and measures of personal development. Feedback can be an extremely valuable resource when it comes to learning and developing at work. Day (2011) states that a "basic principle on both goal setting and learning theories is that actions devoid of feedback are not as potent as actions with feedback in terms of learning" (p. 44). In particular, managers and executive employees can benefit from receiving feedback and gaining an insight from multiple perspectives to address their current skill levels and weaknesses and hence improve their performance (Dyer, 2001, p. 35). Often, due to hierarchy and authority, supervisors move into a feedback-poor space; thus, they are likely to perceive themselves differently from how they are perceived by those around them. Here, the basic premise is that data gathered from multiple perspectives and individuals is likely to be more objective and neutral (Dyer, 2001).

The concept of the **360° feedback** (or performance appraisal) system dates to the late 1980s. It gained popularity in the 1990s when many large companies in the US and Western Europe implemented the feedback system. Today, this type of feedback is considered an effective tool to improve executive employee performance (Görün et al., 2018, p. 1428). As the name suggests, 360° feedback offers multiple perspectives from different individuals and ideally complements traditional top-down assessments. The behavior demonstrated by a leader, which individuals in the leader's environment experience, can be best assessed in real work situations. Ideally, the system utilizes feedback data provided by superiors, peers, subordinates, customers, clients, or contractors of a manager or executive employee. This way, various facets of leadership can be analyzed and measured (Görün et al., 2018, p. 1428). According to Michael (2022), "with that consideration in mind, 360-degree assessments administered pre- and post-engagement are indeed the most accurate way to measure leadership competencies – ranging from decisiveness and delegation to active listening and effective feedback – that executive coaching can cultivate" (p. 39). The more that assessments and perspectives are compiled, the more accurate cumulative scores will be (Michael, 2022).

360° feedback
This process can be defined as an evaluation process where the overall performance of an employee or leader is assessed based on the information obtained from colleagues, supervisors, and those directly reporting to them.

The advantage of this type of feedback is that different target groups in the respective leader's area of influence can give feedback on their professional competencies, skills, as well as team and leadership behavior. In this way, in terms of their performance, managers can compare how they see themselves with how others perceive them (Dyer, 2001, p. 36). Due to hierarchies of power, leaders do not often receive open and unbiased feedback on their competencies and leadership behavior. Many employees are eligible for 360° feedback, such as those who perform functions requiring close collaboration with other internal or external individuals or technical specialists, whose identities are shaped largely by their professional performance (Görün et al., 2018). 360° feedback can be especially suitable for middle- and upper-management, junior executives with high development potential, and qualified specialists involved in team or networked work processes (Görün et al., 2018).

Implementation of a 360° Feedback Process

Providing feedback should not be a singular event, but ideally represents an ongoing process. The outcome and result of a 360° feedback should be an individual and unique development plan to sustain and spark behavioral change. According to Dyer (2001), a feedback process should include the following aspects on an individual level (pp. 36–37):

- identifying a development need and transforming it into a skill
- identifying previously unrecognized strengths and capitalizing on them
- compensating for weaknesses by owning them and finding strategies to work with them
- addressing lack of experience and seeking new opportunities

The entire process of 360° feedback is usually divided into the following four phases on an organizational level (Dyer, 2001, p. 37):

1. Concept development
2. Preparation

3. Implementation
4. Follow-up

In most cases, 360° feedback consists of a questionnaire with statements that describe the competencies and behavior of an individual. The feedback provider is usually asked to rate the statement on a scale (Dyer, 2001). Possible statements may include "My performance is recognized by my direct supervisor(s)" or "I feel valued by my direct supervisor(s)." Haigh (2016) explains that such feedback processes are carried out anonymously "so that no conclusions can be drawn about the individual providing the feedback. An exception is the direct supervisor" (p. 45). It is important for the feedback recipient to know and accept the feedback given. Participation in the survey should always be voluntary and without the threat of sanctions, and raters and the receivers of feedback must be protected by confidentiality. This could entail a confidentiality agreement ensuring that information and data exchanged are accessible to involved parties only. Therefore, it may be advisable to hire an external provider to conduct the survey and accompany the process (Dyer, 2001, p. 37). Usually, the feedback recipient receives the results report, but the feedback providers do not. However, factual discussions of the results are also possible in an open discussion between the parties. This helps to strengthen mutual trust. In this case, to ensure a structured process and compliance with the rules of communication, it is advisable to use an external **moderator** (Haigh, 2016). Successful implementation of a 360° feedback process requires an initial meeting of all constituents (receivers, raters, coaches, and mentors, etc.) to make sure all parties (Dyer, 2001)

Moderator
This is a person who presides over a meeting, a feedback process, discussion, or even a conflict. For example, a moderator can lead negotiations and help participants find common ground.

- understand the purpose of the feedback and individual roles during the process.
- reflect on the managerial support of the initiative.
- know how the feedback instrument links to overall organizational goals.
- can identify ownership and confidentiality of "data."

It is important that the criteria that describe the competencies and behaviors are based on the overarching leadership concept (i.e., the company's mission statement or leadership vision). Only then can the managers respond to the central leadership criteria and meet the company's key leadership requirements. In addition, there should be a specific set of questions for each group of feedback givers (work colleagues, peers, customers, etc.). Regarding the implementation, it is best if all participants in the survey submit their assessments at the same time. To obtain a representative and meaningful result, each group should consist of at least three people. For a successful implementation of the feedback process, early, comprehensive, and appropriate information sharing about the implementation should take place to prevent or lower resistance. The statements should not be arranged according to competencies or topics; instead, they should be randomized in the questionnaire. Also, the feedback givers should be given additional space for open comments at the end of the questionnaire or after each statement (Haigh, 2016; Görün et al., 2018). The following metrics should be included in the results report (Haigh, 2016):

- mean values of the third-party assessments (per group) and self-assessment (absolute value) for each competence and each statement
- standard deviation (How far apart are the individual responses or perceptions?)
- comparison values (mean values in the same hierarchical level as the person assessed or internal benchmarks – target profile)

- earlier results of repeated surveys (show personal development and determine development-measure effectiveness)

The comparison of self-image and external image should reveal blind spots (self-overestimation) and hidden strengths (self-underestimation). To achieve sustainable changes in the behavior of the feedback recipients, clearly defined development goals with concrete measures and responsibilities are required (Görun et al., 2018).

To choose the right feedback tool to increase performance, organizations should consider context, content, length, supporting research, and cost. Many 360° feedback surveys are available, but not all will fit specific contextual organizational needs. Dyer (2001) notes that regardless of the type of survey (purchased or designed) “the questions need to be clear, understandable, and based on observable behaviors” (p. 38). Moreover, organizations should cultivate a fair and constructive process and appropriate responses to “ensure that the right people provide feedback” (Wimer, 2002, p. 39). Feedback should also be fairly and sensibly delivered, and active support and encouragement for improvement offered (Wimer, 2002, p. 42). Regardless of outcomes, a sustainable feedback process should always entail individual developmental measures, such as coaching or mentoring (Dyer, 2001, p. 36).

4.3 Coaching and Mentoring

Coaching and mentoring are further methods of talent management and leadership development. Both pursue similar goals designed to support the development of employees and prepare them individually for future professional challenges, change, and opportunities. For example, Steiner et al. (2022) express that “coaching and mentoring are often seen as separate practices, yet these approaches can overlap” (p. 27). Coaches or mentors help participants to develop specific goals or action plans to cater to development needs that ideally emerge from profound data (e.g., from a 360° feedback). To ensure progress and a continuous leadership development journey, coaches should readminister plans after a certain amount of time (Dyer, 2001, p. 37). As Steiner et al. (2022) explain, “coaches and mentors serve as both directive and facilitative thinking partners to support deep, reflective, and empowering practice” (p.33). In short, coaching is task-oriented, mostly short-term in nature, and performance-oriented. Mentoring, however, is based on relationship-establishment, is long-term oriented, and aims to initiate individual developments.

Coaching

Since the mid-1990s, the coaching principle has become a popular tool amongst managers and executives. It has been used to describe a process that guides a person to their individually set goals and targets. Often in connection with “learning through discussion,” the term is interchangeably associated with training. The basic functions of coaching are (Steiner et al., 2022):

- the improved functioning of employees and executives, as well as an optimization in the organization.
- the creation of a platform for constructive dialogue to overcome crises and conflicts as well as to ensure the further development of the individual (life coaching).

Steiner et al. (2022) point out that “coaches can engage in various roles and models of coaching; therefore, an essential component of implementing coaching is having a clearly defined role and vision for how coaching will be utilized” (p. 28). Furthermore, the concept of coaching is multifaceted, and the role of the coach cannot be defined universally. In the context of HR development, coaching is an intensive phase of employee-specific counselling and problem-solving carried out by psychologically trained coaches. Behavioral patterns are examined, desirable changes are discussed, and changes are ideally incorporated into the behavioral repertoire. Contents of coaching can be (Passmore et al., 2021, p. 47).

- reflection of self-perception and perception of others,
- analysis and change of behavior and leadership style,
- challenges in leading teams and individuals,
- time management,
- conflict management,
- coping with successes or failures, and
- career planning.

Coaching is designed to enable individuals to help themselves. It is a time-limited process of voluntary support and advice (i.e., a partnership to support the achievement of goals). The basic prerequisites for effective coaching are described by Kennedy and Moorhead (2021) as “mutual acceptance between coach and coachee, as well as trust and willingness on the part of the coachee” (p. 31).

Coaching, with a focus on soft skills, is meant to support managers in planning and developing appropriate organizational structures and to promote professional self-design potentials (i.e., the self-management of executives). Complex tasks and career-related changes should be facilitated and, in the long term, the aim is to increase operational efficiency and ensure ethical management (Passmore et al., 2021). As Kennedy and Moorhead (2021) put it, “a coach is not a lifelong mentor [and] experience has shown that the coaching interview can be a challenge for managers and employees” (p. 30).

There are two main options when it comes to the origin of a coach – external or internal. Externally hired, specialized-consultants can cover the entire spectrum of topics relevant to consulting; internal consultants can only partially guarantee this. In the case of semi-professional internal consultants, role confusions and relationship ambiguities can occur. In the process, the coach may pursue their own interests. Due to the hierarchical relationship and the associated interests, this risk exists in the case of managers especially. Therefore, it is important that the various topics are arranged in a sensible sequence during a coaching conversation (Michael, 2022).

Target groups, goals, and contents of coaching

Coaching is often used at the senior- and middle-management level. With target groups, a basic distinction can be made between individual coaching (of lower and middle management) and executive coaching (of upper and senior management). Other target groups can be employees of any rank, group, and team. In the case of team coaching, several people organized in work groups or teams are advised at the same time (Smolska, 2021). Possible reasons for team coaching may be the alignment with common goals, distribution of tasks and roles in the team, promotion of cooperation and communication, support with problems and conflicts or during change processes, or simply quality improvement and assurance. Smolska (2021) summarizes that "team coaching is recommended for use at all organizational levels – from the highest to the lowest executive level, including executive practitioners" (p. 139).

Moreover, coaching can pursue a variety of goals. Therefore, we differentiate between deficit, preventive, and potential coaching. Deficit coaching intends to remedy concrete and currently existing problem situations. The goal is to achieve the performance standards set by the company that had been met in the past. In comparison, preventive coaching does not involve an acute problem situation; rather, it is the avoidance of the occurrence of certain problems. Potential coaching aims to identify previously neglected performance potentials of employees and managers, and it aims to make the potentials usable for the company (Law, 2021; Steiner et al., 2022).

In terms of content, a distinction can be made between performance-related and personality-related coaching. Performance-related coaching serves to identify deficits as well as potentials of the daily work process of managers (and employees) and eliminate them. In contrast, personality-based coaching focuses more on interpersonal aspects. It is based on analyses of personality, employee attitudes, and behavior. In corporate practice, personality-based coaching is primarily applied at an executive level (Steiner et al., 2022). The focus is on the development of personality strengths, social competence, extraversion, and activity. A leader should be able to appear confident and convincing, which requires a high level of personal strength. Associated qualities are a strong sense of self-confidence, optimism, self-criticism, and discipline (Steiner et al., 2022). Personal strength enables leaders to remain calm and to react confidently – even in difficult situations. As Kane et al. (2021) explain, coaching can be significant in enabling leaders "to understand and develop self-confidence and … enhance their performance across a range of leadership skills" (p. 7). There are various models suggesting how to structure the coaching conversation. The most common one is the growth, reality, options, and will (GROW) principle, which is divided into the following four interlinked stages (Law, 2021, p. 7):

1. Goal: formulation of goals, distant and intermediate goals
2. Reality: description of the current situation
3. Options: finding new possibilities and options
4. Will: plan of action and the will to implement agreements

Figure 4: Stages of Coaching – The GROW Model

Source: Maja Störmer (2022), based on Law (2021).

Numerous tools, such as active listening, are used to shape relationships in the coaching conversation. Here, trust development during the conversation is fundamental.

Coaching 4.0

Disruptive events, such as COVID-19, have a huge impact on the coaching industry. For example, lockdowns around the globe forced many individuals into their "home office." Many sectors cancelled their operations (e.g., the entertainment and travel industry) or moved to online environments (e.g., education and banking). Coaching practices continued to spread around the globe using different modalities and technologies, such as using artificial intelligence (AI), Zoom, or similar platforms to enable **e-coaching** (Geißler, 2022). As explained by Passmore et al. (2021), it is expected that AI will influence the future transformation of the coaching profession due to "the continuous improvement of AI technology itself and the ability for AI to learn through exposure to multiple coaching experiences" (p. 42). AI coaching and the development of coaching bots (e.g., a virtual "coach in your pocket" tool) can offer valuable additions to supporting coachees in their learning process, but they also encounter identification difficulties as well as problems in delivering individual feedback (Graßmann & Schermuly, 2021).

E-coaching
Also known as distance coaching, this refers to all coaching processes and practices that use electronic media. This way, the learning and reflection process is conducted via both analog and virtual means.

Additionally, with growing coaching demands, there has been a steep rise in the number of individuals who identify as a coach (Passmore et al., 2021, p. 41). In relation to this, according to Passmore et al. (2021), the following current tendencies are noteworthy: "a growing interest in team coaching, the continued march of supervision as a tool for reflective practice, and growing interest in social justice and racial equality, although there was no evidence to confirm whether or how coaches viewed these issues" (p. 42). Moreover, empirical evidence shows the following recent trends in the coaching industry (Passmore et al., 2021, p. 46):

- mostly female workforce
- lower racial diversity than expected
- ongoing growth in professional body membership (especially in Europe)
- major future growth potential for team coaching
- increasing levels of scepticism about AI in coaching

The COVID-19 pandemic fundamentally changed the nature of office work, thus accelerating trends towards online or virtual coaching. Hybrid and smart working are increasingly normalized, and online approaches will likely become a more dominant mode of coaching (Passmore et al., 2021, p. 49). Recent trends, technical innovations, and changes in demand shape the nature and modalities of leadership development. The utilization of technical innovations, such as AI in coaching, provides the benefits of scalable and low-cost operations, and it can also provide part of the solution to "democratizing" coaching; that is, reflective questions and processes can be made available to many employees rather than leaders only (Passmore et al., 2021, p. 50). Still, the question of how effective leadership development measures are upon increased performance remains.

Return on investment and leadership coaching

Leadership development can be a rewarding process, but the contextual nature of executive coaching makes it difficult for companies to measure a tangible return on its investment (ROI) "because of a multitude of factors, ranging from not having a controlled environment to different peoples' perception of what change means" (Michael, 2022, p. 38). Research indicates that the executive coaching ROI can range between 221 and 788 percent. A study on the ROI of executive coaching revealed that a "Fortune 500 company's executive coaching initiative produced a 529 percent ROI and significant benefits, such as overall productivity and employee satisfaction. When factoring in employee retention, the ROI jumps to 788 percent" (Michael, 2022, p. 38). Besides comparing financial gains and costs paid, success – tangible and intangible – can be measured in other ways. Benefits of executive coaching can include the following (Michael, 2022, p. 38).

Table 2: Benefits of Executive Coaching

Tangible benefits	Intangible benefits
• Increased productivity • Higher performance levels • Reduced costs • Growth in revenue and sales • Higher employee retention • Higher employee engagement	• Increased emotional intelligence • Higher confidence • Strengthening of executive presence • Better communication • Enhanced situational leadership skills • Embracing accountability • Stronger work relationships

Source: Maja Störmer (2022), based on Michael (2022, pp. 36–41).

Managers should begin with consistency regarding how and which factors are measured. To set up a successful measurement of coaching engagement, it is vital to (Michael, 2022, p. 40)

- identify the business outcomes the leader needs to achieve.
- describe the leadership behaviours that need to be demonstrated and sustained.
- identify the corresponding results in the leader's team.

Michael (2022) notes that "stronger leadership results in the ROI [extend] far beyond the individual level. The benefits of executive coaching will trickle down the organization to other employees and ultimately have a positive impact on the bottom line" (p. 41).

Mentoring

Successful leadership development programs can include different approaches, for example, to improve or implement feedback results. One common approach is mentoring (also commonly referred to as shadowing). Mentoring is a developmental method of individualized support and encouragement. Traditionally, mentoring describes a relationship in which the protégé learns and develops through approaches and conversations provided by a mentor (Stockkamp & Godshalk, 2022).

It is also described as an open-ended and goal-oriented consulting relationship between consultants (mentors) and people looking for advice (mentees) that enhances organizational learning (Zust, 2017). Ideally, mentors have more expertise in a certain field than mentees, offer advice and knowledge in this respective field, and can provide valuable connections within an organization. Differences in hierarchy or age are not necessary, but they are often found in practice. Possible goals of mentoring include personal development (i.e., improving the transfer and advancement of individual competencies and skills). Mentoring can have benefits for all participants involved (i.e., mentors and mentees; Steiner et al., 2022, p. 27). However, research needs to be extended on how the nature of the relationship is profitable for all parties involved (Stöger & Ziegler, 2012; Stockkamp & Godshalk, 2022). The systematic mentoring process can be divided into the following five phases (Schmid & Haasen, 2011):

1. Preparation (selection of mentor and mentees)
2. Agreement (coordination of expectations and tasks)
3. Implementation (joint events, individual, and group meetings)
4. Transfer into practice (implementation agreement, planning of next career steps, and further training)
5. Evaluation (evaluation of the process and the results)

Regular meetings between mentor and mentee take place during the work phase. Furthermore, additional events and counselling services can be offered by HR development. These meetings require preparation and follow-ups. For preparation, concrete and current topics are identified, the discussions are pre-structured, and an agenda is prepared. It is important that the mentor is informed about the topics in advance (Schmid & Haasen, 2011). For the follow-up, the content of the discussions and the agreements reached are usually documented. The mentees should also record their findings from the collaboration with the mentor in “mentoring diaries”. The work phase is followed by the transfer to practice and the evaluation phase. Here, the focus is on analyzing and evaluating the joint work and the results achieved. This often takes the form of a follow-up discussion between mentor and mentee, in which the results achieved are evaluated, and implementation agreements discussed (Schmid & Haasen, 2011). Through its focus on relationship establishment and aim to initiate individual and sustainable leadership developments, mentoring can be an effective long-term-oriented approach.

SUMMARY

To a significant extent, the success of an organization depends on the quality of its leaders. Leaders and managers occupy vital positions in organizations. Therefore, a well-designed leadership development process is essential. 360° feedback is a method of assessing managers’ skills and performance, and it is ideally complemented by development approaches, such as coaching or mentoring.

As an element of personnel development, coaching is an instrument offering advice and support to manage change in a complex environment within a professional context. It can serve to improve employees’ problem-solving, learning, and ability to change. Mentoring can be described as “learning from the model,” and it can take the form of a spontaneous relationship or as an instrument of personnel policy.

Empathy and trust on both sides is a prerequisite for successful mentoring. Occasions for a mentoring program include the introduction of new employees, familiarization of existing employees with new functions or technologies, reduction of communication problems, and career advancement. Although the approaches overlap, coaching and mentoring are separate practices. Despite all positive effects leadership development can have, it can be difficult to measure its effectiveness due to multiple factors.

UNIT 5

TALENT RELATIONSHIP MANAGEMENT

STUDY GOALS

On completion of this unit, you will be able to ...

– understand why it is important to maintain sustainable relationships with talents – internally and externally.
– identify opportunities that talent relationship management (TRM) offers.
– analyze how to identify and retain talents.
– remember why employers should always keep their promises.

5. TALENT RELATIONSHIP MANAGEMENT

Introduction

Not so long ago, talent acquisition approaches were based on very different workforce needs, requirements, and labor market situations than today (Trost, 2014). Originally, recruitment dealt with the placement of job advertisements and other advertising measures to recruit employees. For the recruitment process, employee selection was primarily concerned with the prediction of future performance and potential (Trost, 2014). This approach has changed substantially over the past years; today, being attractive as an employer – regardless of the industry – is more important than ever. Developments such as demographic trends, a shift towards a knowledge economy, and fierce competition for talented employees raise the demand for effective talent management (Skýpalová et al., 2021). Companies are increasingly aware of the importance of skilled employees (current and potential) for a company's performance, competitive advantage, profitability, and – ultimately – its very existence. Contemporary recruitment increasingly involves concepts such as employer branding, active sourcing strategies, relationship management, and candidate experience and engagement. The selection of employees is no longer a monodirectional decision but a reciprocal one. Today, among other factors, potential candidates make decisions for or against an employer based on their personal perception of the company. Therefore, hard-to-fill positions require an especially solid employer image and promising benefits (Trost, 2014). Ideally, not only the human resources (HR) managers but also all employees search for promising talents. Thus, talent relationship management (TRM) is only successful when it is strategically planned and long-term.

5.1 Target Group Definition

TRM is all about building, framing, and maintaining sustainable relationships with current and potential skilled employees. Today, talent acquisition is an integral part of talent management and is increasingly challenged to rethink and remodel the recruitment and selection of workers. Steps and phases of TRM become increasingly important with demographic and technological changes, and according to Trost (2020) "more and more companies are recognizing dramatically growing needs, for example in the area of software development, for which there are not enough people available in the labor market" (p. 8).

Since TRM uses considerable resources, a target-group-specific approach is important. It is difficult to clearly distinguish between this, employer branding, or HR marketing (Claus, 2019). One difference, however, is the narrower target-group focus of TRM. It deals intensively with the chosen target group, their preferences, needs, and general characteristics; for example, if you want to attract test engineers, you need to understand where to find them, what working conditions this target group appreciates, and what media they prefer to use when looking for a job. It is not about finding the right talent for a vacant position. Rather, a position is created for an identified talent (Claus, 2019). TRM is about the permanent search for talented and qualified candidates and employees, and the entire workforce acts as a multiplier. Regardless of whether the company currently has vacancies or not, cultivating sustainable relationships is becoming increasingly important.

The TRM process usually consists of four stages: (1) the targeted group needs to be defined; (2) a strategy needs to be developed (e.g., with regard to employer branding); (3) search strategies and approaches to address talents need to be specified; and (4) TRM must focus on candidate experience and engagement during the whole process. Hence, regardless of whether an organization is striving for stability or agility, talent acquisition and selection must be modernized (Trost, 2014).

The starting point of TRM is usually the definition of the target group. This involves answering the question of which group of people in the labor market the company needs for which function. The question can refer to occupational groups, employees in certain functions in other companies, and graduates of certain courses of study (Trost, 2020). To identify key or bottleneck functions in an organization, one must differentiate between the various corporate functions in terms of personnel policy. Trost (2014) identified the following three main criteria for this:

1. The strategic importance of the function (in terms of corporate success and competitiveness)
2. The future quantitative personnel requirements of a function
3. The availability of talent on the external labor market (the lower the availability, the more difficult it is to fill a position)

Target-group specification and personnel selection should be based on clear definitions of what the theoretically necessary job requirements are, as well as the conceptualization of valid and precise diagnostic selection tools for the assessment of applicants and future employees (Trost, 2020). According to Trost (2020), this selection process also involves forecasting and predicting a candidate’s future performance: “The validity of the selection process determines whether an employee’s actual performance is in line with the forecasted performance” (p. 101). Hiring unsuitable candidates and rejecting suitable candidates must be avoided (Trost, 2020). Kodden (2020) refers to a certain complexity and the risk of hiring the wrong people and overlooking talents. Therefore, it is “important to overlook as little as possible when it comes to recruitment and selection of new talent … Another issue is the number of candidates that miss out on suitable jobs and great opportunities, simply because the wrong candidate was hired” (p. 2).

If a promising candidate is identified, all efforts are made on the part of the company to build up a long-term relationship with the candidate and offer them a permanent position in the company in the foreseeable future. The employer must be aware of the candidate’s career preferences, actively respond to them, and be attractive to them (Trost, 2014). Once the individual is interested and engaged, TRM becomes the main “organizational architect of the employee experience where the physical environment, technology, and culture are integrated” (Morgan, 2017, as cited in Claus, 2019, p. 208). Nevertheless, meeting expectations and needs of the current employees should be just as important for an organization as making key job offers to future employees (Trost, 2014).

5.2 Employer Branding and Employer Promise

An important part in TRM is the sustainable creation and maintenance of long-term relationships with promising talents. Creating an attractive employer image and brand can be an asset and significant part of strategic HR management. Today, we can observe an increasing demand for experience and expertise for creating and implementing a successful and authentic employer **brand** (Zhylinska et al., 2021, p. 167). Aldousari et al. (2017) note that "this trend was ultimately caused by the necessity to attract and retain the talented human capital" (p. 154). Initially, the concept of having an employer brand emerged in the early 1990s. Today, all organizations that have employees inevitably also have a corresponding employer brand (Trost, 2020). A well-designed employer brand can be a powerful tool and approach for retaining and attracting potential employees (Trost, 2020). For example, Aldousari et al. (2017) state that "companies operating in all industry sectors have embarked on the development and strategic management of their images in order to make it more appealing to actual and potential employees" (p. 154). A good and successful employer brand can bring many additional benefits, and it ideally also enhances the product brand itself (Aldousari et al., 2017, p. 154). As a result, "an attractive employer brand should be aware of what job seekers it is targeting and what benefits it can offer them. Employers should have a better understanding of the specific needs and expectations of both applicants and the existing employees" (Skýpalová et al., 2021, p. 296). Here, communication is the most essential element of the employer brand building strategy (Skýpalová et al., 2021, p. 292).

Brand
This is a collection of (mostly subjective) perceptions concerning the image, reputation, and identity of a product or company. A brand is crucial to stakeholders' (e.g., consumers and future or current employees) affiliation and relationship with a company.

The development and implementation of an employer brand is a viable solution and reaction to the shortage of skilled employees many organizations are experiencing today. All measures and instruments to develop an employer brand are generally referred to as **employer branding** (Trost, 2020, p. 81). Skýpalová et al. (2021) define employer branding as a "long-term process allowing companies to respond to the expectations of potential and existing employees, recognition of their needs being an essential prerequisite" (p. 296). Furthermore, human resources management (HRM) should use the employer brand to not only attract potential employees but also build and maintain relationships with current ones (Skýpalová et al., 2021, p. 296). Berthon et al. (2005, as cited in Müceldili et al., 2021) describe an employer brand as "a collection of perceived benefits a potential employer could have for an employee, and vice versa" (p. 1416). These benefits could entail the following:

Employer branding
This concept is defined as the perceived benefits that employers provide for employees working for a specific organization.

- social value: social relations and interactions, working environment, and good communication
- economic value: "economic opportunities, salary, attractive compensation package, promotion opportunities" (Müceldili et al., 2021, p. 1416)
- application value: meaningful work, application of expertise, and know-how
- interest value: "opportunity to use creativity skills and developing innovative products within the exciting working environment" (Müceldili et al., 2021, p. 1416)
- development value: opportunities for training and development and career enhancement

Research shows that – when carried out well – employer branding can have a positive impact on overall organizational performance (Müceldili et al., 2021; Aldousari et al., 2017; Skýpalová et al., 2021), and employer brand management should therefore be considered a vital necessity. Employer branding can trigger positive outcomes, such as a sense of belonging and membership (Müceldili et al., 2021, p. 1416).

A core element of employer branding is the development of an **employer promise**, "which appears attractive in the eyes of the relevant target groups and communicates the strengths of the employer in an authentic way" (Trost, 2020, p. 83). It should emphasize the employer's own strengths in comparison to other competitors (employer positioning). Ideally, the employer's promise convinces suitable and talented candidates to work for the respective company. Closely linked to the employer promise is the term "**employee value proposition**" (EVP). The development of the EVP is usually established by a thorough reflection on strengths and advantages as an employer, preferences of relevant potential target groups, and the circumstances of the competitors. Usually, interviews with focus groups are conducted. These groups can include current, newly hired, former, or retired employees, managers, executive personnel, and potential applicants (Trost, 2020). Additionally, employer research reports or the analysis of other companies' career pages can be utilized (Trost, 2020). A systematic comparison of competitors' strengths and a company's own strengths can be mapped against the preferences of the target audience. Thus, the EVP reflects aspects of what an employer can offer, while also meeting the preferences of the target audience, and those aspects that the competition cannot offer. The EVP should be effectively communicated as a part of an appropriate employer branding campaign. Only relevant channels to the target audience should be used for this purpose, such as career websites, image advertising, videos, or social media (Trost, 2020, p. 83). Zhylinska et al. (2021) propose that only "employers who are interested in successful long-term relationship" with talents can obtain competitive advantages and improve profitability; they continue that this can be achieved by sustaining and developing an employer brand "based on scientific developments resulting in improving the quality-of-service programs for attracting, use and retention of valuable employees" (p. 159).

Employer promise
This can be described as a special bond between employee and employer. In this way, a company can promote itself to potential talent and retain them even in a competitive job market.

Employee value proposition
This is a term that describes a combination of the perceived benefits a company provides employees.

5.3 Search Strategies

According to Burdon and Harpur (2014), employee recruitment and retention have always been contested and complex decisions processes for employers: "Historically, hiring was based on social processes of human interaction – a prospective employee traditionally submitted a job application, and a manager would decide whether to call the person in for an interview" (p. 679). Then, recruitment decisions had to be based on statistical data and not instinct or expertise. Today, many companies have adjusted their recruiting strategies, processes, and HR responsibilities due to increasing shortages of skilled personnel (Burdon & Harpur, 2014).

The choice of the right strategy must consider the fact that individuals within a target group may be in different career situations (Dalal et al., 2021). Additionally, choosing certain selection methods will result in different information about potential talents and future employees than others (Kodden 2020, p. 2). For example, there are the "non-seekers." They are either happy in their current job, about to retire, or have recently started a new job. Then, there are the people in the target group who are actively looking for their next career move. These are people who are unemployed, about to complete their training, or not satisfied in their current job (Kodden, 2020). Furthermore, there are the passive seekers in the pool of potential employees. In the context of personnel recruitment, they are the most interesting group because they already have a job but are open to new challenges. However, they only think about other career options when they are presented with interesting offers (Kodden, 2020). To reach these passive seekers, the company must become active. The active search strategies available to companies in this context are characterized by the following two main approaches: (1) an aggressive competitive search strategy, or (2) the involvement of other departments that are not directly linked to HR, such as marketing or sales (Trost, 2014).

Today, passive approaches to recruiting, such as traditional job advertisements or the involvement of external recruiters, have only limited prospects of success (Skýpalová et al., 2021, p. 292). For Dalal et al. (2021) "talent selection should always be considered a bidirectional and relational process wherein [the] candidate and organization get to know each other" (p. 55). Especially in agile organizations, active search strategies are increasingly in demand. **Active sourcing** is a valuable strategy, which makes employees and managers responsible for recruiting new colleagues. Search strategies can be described as "active" when the search for candidates is not the sole task of the HR department but also of all those concerned in the company (Kodden, 2020). Trost (2020) points out that, progressively, "departments themselves are responsible for recruiting new colleagues" (p. 94). Hence, "they immediately experience the consequences of their efforts but also the consequences of their possible passivity" (Trost, 2020, p. 94).

Active sourcing
This is a notion of recruitment or talent acquisition based on the premise that potential candidates must be actively and directly approached.

One form of active search is **social community recruiting.** All internet platforms – such as Xing or LinkedIn – with visible résumés, preferences, strengths, and professional contacts of users are ideal for this purpose. Employee referral programs are also a useful tool for active recruitment (Trost, 2014). An employee recommends a person they know outside of the company. This could be a fellow student, friend, or a former colleague. If the employee is hired because of the recommendation, they receive a bonus (Trost, 2020). **Campus recruiting** aims to bring together company representatives and students. In this case, company representatives do not mean employees from the HR department; instead, this refers to employees from the functional areas to be filled (Trost, 2014). They can give students authentic information from their everyday work and establish a relationship with possible future employees.

Social community recruiting
This involves all kinds of social (media) platforms (e.g., LinkedIn, Xing, and Twitter) that enable increased visibility of talents to employers and recruiters.

Campus recruiting
This can provide valuable opportunities for students and possible future employers to meet and establish a relationship via university or campus job fairs.

Another method of actively searching for talented employees, which has long been common practice in the arts and sports, is **talent scouting**. Typically, young and talented people are covertly observed performing relevant activities in talent scouting and, in the event of a positive assessment, the scouts approach them directly (Trost, 2014). The talent scouts appear to be no different from the rest of the people present as the talents perform their activities and – as a rule – the talents are not informed about the presence of the scouts. More and more, it is becoming part of the HR department's job to work against competition. This is where the idea of competitive intelligence comes into play. In this process, the company has a list of suitable candidates. This list was generated through recommendations, talent scouting, or previous conversations with people who (at the time)

Talent scouting
This usually involves talent scouts that observe and identify talents in their respective fields and approach these directly.

did not want to change employer. The company waits for the moment when the loyalty to the current employer may have weakened (Trost, 2014). Then, an attractive offer is made to the candidate. Therefore, the target persons are not approached when they first come to the company's attention; rather, they are approached only when they appear tangible for the company. A willingness to change is usually considered to be present when companies are in difficult situations. This can be company takeovers, drastic restructuring, job cuts, or even persistent sales losses (Trost, 2014). Once again, this illustrates the importance of employee retention and TRM. This is especially true when it comes to top performers and high potentials.

Since the framework conditions for the search for talent are subject to constant change, it is important to question and rethink established ways of doing things (Trost, 2014). Companies progressively increase their focus on approaches that are not in HR management manuals. For instance, **guerilla recruiting** is a particularly unusual approach to attracting talent. With this method, a great effect can be achieved with little effort (Trost, 2014). The best ideas for such campaigns come from the target group itself. For example, this could involve utilizing creative techniques in moderated – yet informal – personnel department innovation workshops with target groups, as well as with transverse thinkers. Another approach is **tribal recruiting**, which aims to harness people's social ties for the purpose of attracting talent. It is a common phenomenon that when a good employee leaves the company, several other colleagues then leave to join the new employer as well (Trost, 2014). Behind this is the natural tendency of people wanting to stay in familiar social constellations. Therefore, employers should ask recruited candidates about other talented people in their professional environment. Then, employers can make offers to additional talents. In this way, not only can individual talents be recruited but – in the best case – entire teams of coordinated employees can be recruited. As such, the performance of the individual can continue to be ensured. With this method, one company's loss represents another company's gain (Trost, 2014). Recruiters themselves can also become the focus of the active search for talent. With the recruitment of a competitor, the company not only gains the person's skills and experience but also a large network of talent and other important contacts.

Guerilla recruiting
This involves unconventional recruiting methods and aims to obtain ideas from the target group itself (e.g., with the help of innovation workshops).

Tribal recruiting
This refers to recruiting practices that involve actively engaging newly hired employees to search for talents in their (personal) social radius.

Today, whenever big data appear (such as in selection processes and search strategies), the use of artificial intelligence (AI) is usually involved. According to Trost (2020), "in the future, more and more companies will move towards making selection decisions based on such statistical judgements. They assume increased efficiency and rely on the superiority of AI over biased social judgment" (p. 190). This comes with many opportunities but also risks; organizations should carefully consider the use of AI and adapt their selection process accordingly.

5.4 Candidate Experience and Engagement

With a growing war for talents, “organizations are expected to provide an exceptional candidate experience to attract and engage individuals throughout the application process” (McCarthy et al., 2017, as cited in Dalal et al., 2021, p. 56). For a sustainable talent relationship, employers should try to stay in touch with promising candidates on an ongoing basis. In retaining these candidates, as a first step, a talent pool should be built up. This can be filled with individuals from numerous sources. These include former interns, trainees, former employees or alumni, employees who turned down a previous job offer, or “second bests” (Trost, 2020). Second bests are applicants from previous selection processes who were convincing personally and professionally, but who are inferior to a competitor. These candidates should be informed that they are part of the talent pool and that the company considers them as potential employees (Trost, 2014). As Trost (2014) argues, “nominated candidates should know that all retention efforts are designed to win them over to the company sooner or later” (p. 130).

In order to establish a long-term and sustainable relationship with talents, employee selection and recruitment should be a bidirectional process. Thus, improving selection assessments and procedures is important in shaping a better candidate experience (Dalal et al., 2021, p. 55). As Chapman et al. (2005, as cited in Dalal et al., 2021) expresses, there is a challenge to “clearly distinguish when recruitment ends, and selection begins; candidates’ evaluations of how strongly they match the position and the organization, developed throughout the hiring process, are important predictors of applicant attraction and job acceptance intentions” (p. 56). Positive candidate experiences are necessary to attract, recruit, and retain talented employees. Additionally, negative or poor candidate experiences can lead to disastrous impacts on the organization’s reputation and image, as there are numerous platforms (e.g., social media) or websites available for people to express displeasure and negative recruiting experiences (e.g., Glassdoor). A negative candidate experience can also deter customers from consuming goods and services from an organization and spark decisions to pursue legal action as a result of hiring outcomes (Hausknecht et al., 2004; McCarthy et al., 2017, as cited in Dalal et al., 2021, p. 56). Dalal et al. (2021) summarize, “organizations need to assume they are recruiting applicants from their initial interactions and consider how reactions to pre-employment assessments will influence applicants’ perceptions of the organization” (p. 56). Today, many organizations participate in quality awards to demonstrate the importance of good candidate experience. An example voted on by applicants is the Candidate Experience (CandE) Awards given to organizations with exceptional candidate experiences (Talent Board, 2022). The concept of the candidate experience is widespread and, from the applicant’s point of view, a recruitment process should include the following elements (Trost, 2020, p. 107):

- **speed**: Reactions and decisions during the application and selection process of applicants should be faster than those of the competitors.
- **transparency**: The applicants should always be aware of the current status of the application and upcoming steps.
- **appreciation**: The applicants should always be treated with respect and in a personal manner.

Hence, it is crucial to share in the candidate journey with new hires. This involves full communication and interaction with applicants and potential candidates "from the first moment of meeting (e.g., the announcement) up to the very first day at work" (Trost, 2020, p. 107). For a holistic perspective, Trost (2020, p. 107) suggests collecting and analyzing all relevant materials (e.g., job advertisements, mail communication, brochures, typical employment contracts). Trost (2020) concludes "it is illuminating to get a closed picture of how a company presents itself to a candidate along all touchpoints. Above all, such an exercise provides valuable hints for improvement potential relatively quickly" (p. 108).

SUMMARY

As an approach to attract highly qualified employees, TRM is critical for usually hard-to-fill corporate functions and positions. The core of TRM is the development of a talent pool and the structured, systematic maintenance of personal relationships with selected talents (candidate retention). When dealing with talented candidates as potential employees, the entire recruitment process should be speedy, transparent, and appreciative. Employee selection and recruitment should be a bidirectional process to establish a long-term and sustainable relationship with talents.

The TRM process consists of four major steps, namely (1) the definition of the target group, (2) a strategy development (employer promise), (3) the creation of appropriate search strategies, and (4) talent retention. Once the target group has been defined, a strategy must be developed to address the individuals within this group and display the advantages of working for the company. It is a matter of finding clear, authentic, and convincing arguments to work for a specific organization. The sum of all arguments corresponds to a promise on the part of the employer. Creating an attractive employer image and brand can be an asset and significant part of strategic HR management. Different approaches are available for the active search for talents, such as campus recruiting or employee referral programs. In order to attract, recruit, and retain talented employees, as well as maintain a positive reputation, a company should aim for a positive candidate experience throughout the recruiting and hiring process.

UNIT 6

ORGANIZATIONAL IMPLEMENTATION

STUDY GOALS

On completion of this unit, you will be able to …

- recall how personnel development can be organized.
- analyze the role managers play in the various phases of the talent management process.
- identify the technical possibilities to support talent management and personnel development.
- remember how talent management and personnel development differ in large companies and small- to medium-sized enterprises (SMEs).

6. ORGANIZATIONAL IMPLEMENTATION

Introduction

Talent management should be organized so that the relevant requirements and processes are communicated appropriately depending on the target groups and tasks. Creating and implementing an authentic, modern, responsive, transparent, and appreciative talent management system is crucial for long-term success. As explained by Claus (2019), this "involves a great deal of thinking to design a productive and meaningful experience in the physical, technological, and cultural environment of our companies through solutions that are compelling, enjoyable, simple, and customized for different employee personas" (p. 210).

Therefore, if personnel development is to be carried out strategically, it must be coordinated, and its importance should be effectively communicated. Human resources (HR) managers should take on or support specialists with HR management (HRM) training. Hence, HR and specialist departments must work closely together. There are many different structures and responsibilities that personnel development can adopt, which all come with different chances and challenges, and they should be considered carefully. The perceived value and appreciation of personnel development play a decisive role in determining its integration into the hierarchical organizational structure. Various software providers support and professionalize the work of HR developers with their information technology (IT) solutions and HR functions.

6.1 Responsibilities and Structure

Process of continuous improvement
This is an ongoing organizational effort to improve services, processes, or products. Outcomes are constantly evaluated and improved regarding their efficiency, effectiveness, and flexibility.

The structuring of company divisions and processes of task completion (organizational structure and process organization) are determined by an organization's strategy. In each case, a company must choose the organizational form that best supports the achievement of its corporate goals. The structure of personnel development also depends on the content, scope, and nature of the tasks that the company defines as overall strategic goals. Here, the **process of continuous improvement** (CIP) applies and can help manage change and complexity in an effective manner (Trost, 2020). Furthermore, depending on the naming of the HR department, different expectations among customers and employees are raised (Trost, 2020). For example, if the department is named "training," "education," or "further education," the focus is naturally on classic educational work. Here, priorities include offering seminars, participant administration services, and trainer recruitment. If the department is referred to as "personnel development," educational measures, promotional tools, and organizational development activities are expected (Trost, 2020). The tasks of traditional education departments or "training departments" are primarily the identification of training needs, the development and implementation of training measures (and their quality control), the qualification of trainers, and the evaluation of seminar programs. If the department advances to the status of "human resources development business partner" or "performance improvement department," then the following tasks are usually included (Trost, 2020):

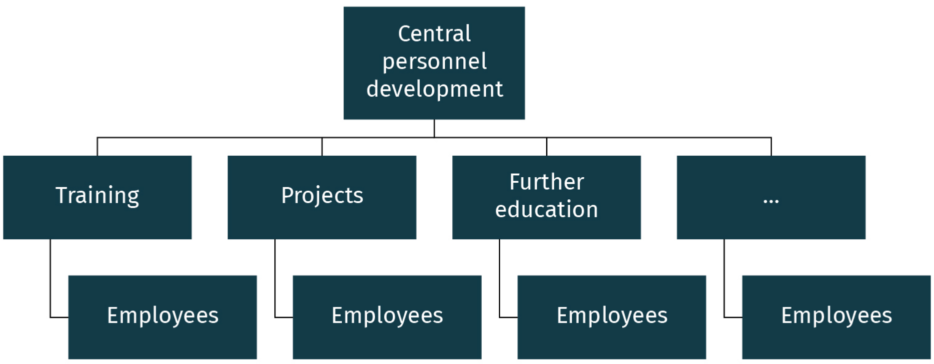
- formulation and further development of a personnel development concept
- systematic needs analysis
- systematic development counseling for individuals and units of the organization
- evaluation of personnel development measures and instruments
- consultation of top management and executives in personnel development issues
- further development of content and methods

Whichever name chosen by management for HR services or personnel development, it should send the right signals rather than raise false expectations. If possible, the department name should also express the scope of services provided (Trost, 2020). Hence, the organizational structure must be designed according to the maturity of the company and the overarching personnel development concept.

Organizational Structures and Personnel Development

Generally, personnel development can be organized in a centralized or decentralized manner. For a long time, the centralized form of organization prevailed; however, dynamics, complexity, and uncertain forecasts have called for a more decentralized solution (Trost, 2020; Malik, 2018; Kieser & Walgenbach, 2010). Centralized personnel development concentrates all the necessary competencies for planning, decision-making, execution, and control of measures in one office or department.

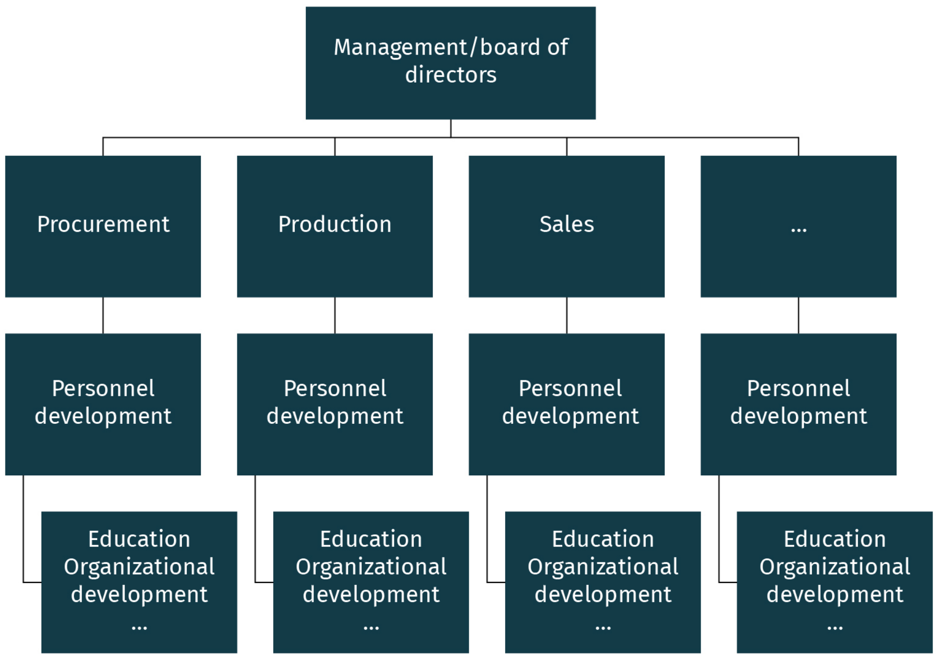
Figure 5: Centralized Personnel Development



Source: Maja Störmer (2022), based on Kieser & Walgenbach (2010).

The clear advantage of this structure is a uniform personnel development policy and concept throughout the company. Moreover, the proximity to the centers of power and decision-making enables early involvement in corporate decisions. Personnel-development resources are bundled, and specializations for sub-areas are easy to implement. This avoids duplication of work and reduces the need for coordination. Throughout the company, the department generally enjoys a high level of acceptance and an equally high reputation. Hence, this structure exerts a great deal of influence on corporate decisions (Kieser & Walgenbach, 2010). However, there are also some challenges when it comes to this structure. Often, it can take a long time to find the "right" person for a process, and responding to change can be time consuming. There is no incentive for executives to perceive personnel development as a management task that cannot be delegated, and there is a danger that it will be used as a space where influences of the social climate are deported to (social climate bin). In decentralized personnel development, work tasks, decision-making authority, and measures- and resources-control are assigned to different departments (Kieser & Walgenbach, 2010).

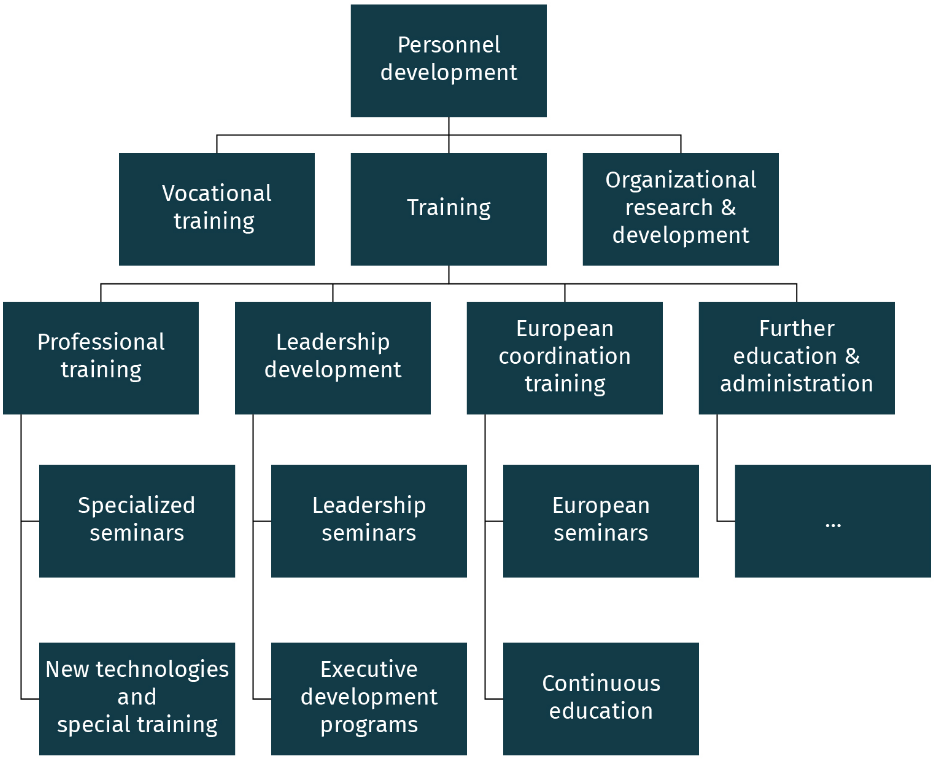
Figure 6: Decentralized Personnel Development



Source: Maja Störmer (2022), based on Kieser & Walgenbach (2010).

This enables personnel development measures to be tailored to individual requirements. Information and communication paths are shorter, and it is possible to quickly respond to changes and individual needs. Personnel development is also more familiar with the needs of the individual organizational units, and it is more likely to be accepted by their managers (proximity to executive departments) and employees. This way, they can specialize in specific areas and therefore relieve the burden on local management (Kieser & Walgenbach, 2010). Disadvantages of a decentralized personnel development include the risk of duplication of effort, higher costs, greater coordination, and a decoupling of personnel development staff that risks a decrease in cooperation of respective staff. Since a HR department must cope with numerous tasks, it is necessary – especially in medium- and large-sized companies – to specialize competent employees in certain areas (Kieser & Walgenbach, 2010). In this case, it is wise to form an independent personnel development department. Regarding the organization of the personnel development department, functional, divisional, and matrix forms can be distinguished (Kieser & Walgenbach, 2010). A functional organization of different personnel developers responsible for different tasks can provide a range of individual functional areas; for example, education, promotion, work structuring, or organizational development (depending on the focus) could be offered. Traditionally-oriented companies are often organized in this way (Kieser & Walgenbach, 2010).

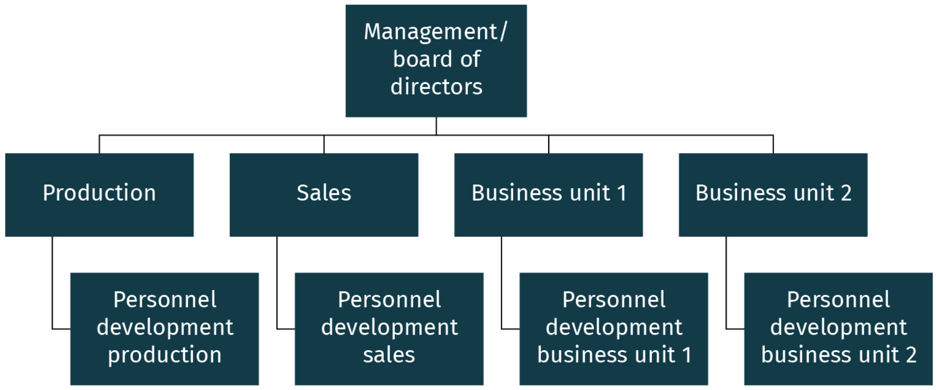
Figure 7: Example of a Functionally Organized Personnel Development



Source: Maja Störmer (2022), based on Kieser & Walgenbach (2010).

In divisional organization, all personnel development tasks for a particular group of employees are handled by a personnel developer. This is also known as the referent system, where all HR sub-tasks are performed by a single source. This ensures a high degree of problem proximity and the quick implementation of measures (Kieser & Walgenbach, 2010).

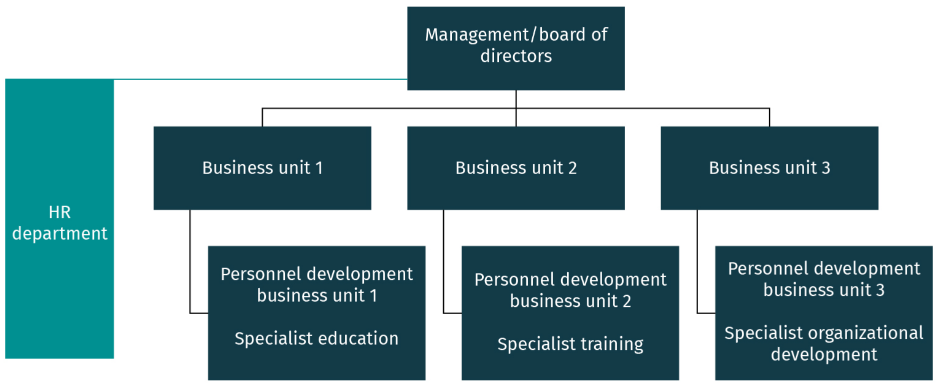
Figure 8: Example of a Divisional Personnel Development



Source: Maja Störmer (2022), based on Kieser & Walgenbach (2010).

A matrix organization is a mixed form in which both general and special contact staff are responsible for special groups of employees. It combines the specialization of personnel development staff and the more generalized support area. This style of organization places very high demands on cooperation and communication, as information must be exchanged twice. Firstly, information is exchanged between the personnel developer (who handles personnel development tasks for a particular group of employees) and the business unit; secondly, information is exchanged between the colleagues of the personnel development department. The matrix organization is particularly advantageous for personnel development when there is a high rate of change, a constant redefinition of qualification requirements, or the need for rapid department-specific solutions (Kieser & Walgenbach, 2010).

Figure 9: Example of a Matrix Personnel Development



Source: Maja Störmer (2022), based on Kieser & Walgenbach (2010).

The personnel development department can also be organized as a cost, service, or profit center. These cost centers are organizational units formed by the company for the purpose of internal management. Without access to the market, cost centers are units responsible for their own costs or budgets. Service centers also do not have access to the market outside the company, and they operate under their own responsibility for revenues and costs. In comparison to the service center, profit centers do have access to the external market and are responsible for striving for profit (Schawel & Billing, 2012). This way, an organization can outsource personnel development services internally. By subjecting the provided services to a fictional market situation, the internal demand for personnel development can be optimally controlled. Thus, personnel development is no longer supply-oriented but demand-oriented. The contribution of personnel development to value creation can be made by avoiding unnecessarily high costs, optimizing processes for the creation of services, improving the effectiveness of measures, and optimizing the services created.

Organizing personnel development as a center takes advantage of the flexibility that would result from genuine outsourcing without becoming dependent on external market partners. The decision to organize HR development as a cost, service, or profit center depends on whether the services are to be limited to internal customers or extended to external customers (Becker, 2013). It is also conceivable to outsource personnel development externally, and for associated tasks to be taken over by an external provider. This is particularly suitable for small companies. In general, core tasks such as the responsibility for concept development or needs analysis, as well as programs that strengthen the company's unique position should not be outsourced to third parties (Becker, 2013). Suitable contents for outsourcing could include the following:

- technical and project-related support in the development of educational concepts
- standard programs of education and promotion for organizational development
- benchmarking assignments for the evaluation of personnel development measures
- basic qualification of personnel development employees
- management of personnel development events (e.g., trainings and workshops)

In general, outsourcing is worthwhile for routine functions that are easy to check, do not overload the employees, and where no company-specific know-how is disclosed (Becker, 2013). Furthermore, the HR development (HRD) department can also take the form of a project organization, and the associated tasks can be performed in project groups. Here, HR developers, line managers, and specialists work together in project groups that include different disciplines and hierarchical levels. Advantages of such an organization are the speed of the process and the proximity to problems and customers (Becker, 2013).

In the future, personnel development work will be determined by individual, needs-based, and cost-effective solutions. The proportion of routine tasks will likely decrease in favor of innovative tasks, and personnel development will be supplemented by projects. In so-called "secondary organizations," new products and processes can be set up and tested – such as new courses, career and succession procedures, or new forms of collaboration (Kodden, 2020). The form of organization selected depends on the individual circumstances of the company. In practice, the various organizational forms are often combined and highly contextualized (Kodden, 2020).

HR structures in agile organizations

Many organizations are adapting agile structures to face increased complexity and uncertainty. Naturally, this influences HR structures, and activities are often transferred to individual business lines and their specific needs (Trost, 2020). Business lines and units might be able to deal with simple activities (e.g., posting a vacant position) but don't always have the competencies or knowledge necessary to tackle complex and dynamic HR tasks (Trost, 2020, p. 293). As noted by Kodden (2020), "many organizations are currently working to become as agile as possible, for instance by structuring themselves as **tribes**" (p. 27). Companies such as Spotify, Netflix, or Google are good examples of agile organizations where tribes are implemented. Nevertheless, empirical studies have indicated that changes to organizational structure do not guarantee success (Kotter, 1995; Hammer, 1996; Beer & Nohria, 2000; Burnes, 2004; Kodden & Van Ingen, 2019, as cited in Kodden, 2020) and "successful change management in organizations mainly depends on the adaptability of its professionals" (Kodden, 2020, p. 27).

Tribes
A tribe in an agile organization is a small multi-disciplinary team that aims to achieve specific objectives. After an objective is met, the squad is usually dissolved, and team members are assigned to new tribes.

In large organizations, HR often focuses on processes and risks information deficits, which can impact important HR ideas. Trost (2020) highlights "performance management, talent management, succession planning, competence management, job architectures [and] remuneration systems" as concepts that may be affected. This highlights a prominent agile principle dealing with complexity and individual needs – "people over process" (p. 297). This is one of the ten commandments found in the **Agile Manifesto**, which was first published in 2001 and has been a popular reference since (Trost, 2020). The manifesto "propagates personal cooperation, fast, [and] social coordination. It also assumes that social processes are faster and more adaptable than static processes can ever be" (Trost, 2020, p. 297).

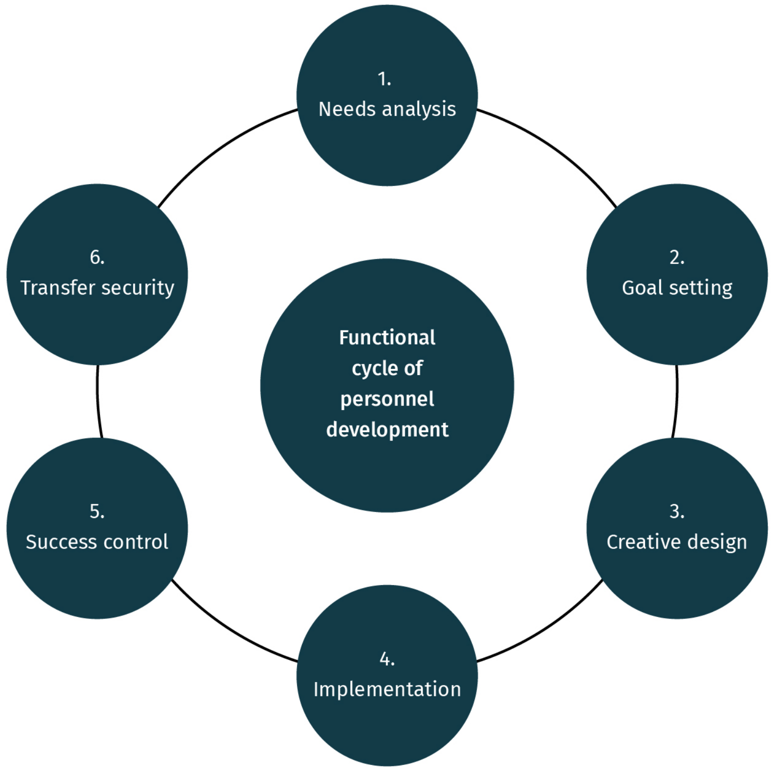
Agile Manifesto
This was first adopted by software developers in 2001. As a milestone and foundation of agile project management, it defines several guiding principles and values for agile processes.

6.2 The Role of Managers

The importance of managers is increasingly reflected in their role as personnel developers (Trost, 2020). To increase employee motivation and boost the company's competitiveness, managers must convey a positive attitude towards change. For example, when personnel development is decentralized, tasks of managers increase because they cannot be delegated (Iordanoglou, 2018). Hence, it is essential that managers on site are responsible for the planning and control of personnel development tasks and that – above all – they are qualified to do so.

Furthermore, managers at all levels of the hierarchy must know which competencies will be needed in the future, and they should ensure that the employees required to perform current and future tasks are qualified accordingly. According to Het Financieel Dagblad (2017, as cited in Kodden, 2020), "we must realize that the roles we are currently training people for will no longer be relevant for the job market in five or ten years. We should be training competencies, not jobs" (p. 28). Personnel development is generally a cooperative task between managers, employees, and the personnel development department. Therefore, the tasks must be assigned in a sensible, cost-conscious, and quality-oriented manner (Petrie, 2014). The phases in which managers are in demand can be described in terms of a functional cycle of systematic personnel development, which can be divided into six different phases (Becker, 2013).

Figure 10: The Functional Cycle of Systematic Personnel Development



Source: Maja Störmer, based on Becker (2013, p. 366).

The “needs analysis” and “goal setting” phases are among the tasks that cannot be delegated from managers. They are of great strategic importance and require a high degree of proximity to the problem (Becker, 2013). Delegation to a shared service center for personnel development is only recommended during “creative design,” “implementation,” and “success control.” Work-integrated measures are not suitable for outsourcing due to their specific target groups. In this case, the consulting expertise of the HRD department should be called upon for work-integrated placement (Becker, 2013). Since the process steps of personnel development are interdependent, a change in one element always results in a change in the subsequent elements. Therefore, if no systematic needs analysis is carried out, success cannot be measured properly.

6.3 IT Systems for Talent Management and HR Development

Human capital management
This assists organizations to streamline important HR functions and manage HR successfully.

Finding the right IT systems to support talent management and HR development can be difficult. Generally, deciding on a **human capital management** (HCM) system should be highly contextualized and adapted to individual needs of the respective company. Various software providers support and professionalize the work of HR developers with their IT solutions and help to streamline HR functions (Porancea-Răulea, 2021). Popular examples include “Systems, Applications, and Products in Data Processing” (SAP), Oracle, Workday, Peoplesoft, Remote, and “Personal and Informatik” (P&I). The aim of the various software solutions is to network all sub-processes so that personnel development can be viewed as an end-to-end process. This includes the display of identified potentials and talents, training histories, stations in the company, or assessment results (Porancea-Răulea, 2021).

There are also solutions that actively involve all employees and managers in personnel development work. These self-services are accessed via the intranet or employee portals. Becoming increasingly important in everyday corporate life (Porancea-Răulea, 2021), these are often web-based applications that link various information, processes, and applications with an internet portal (e.g., Workday).

The first basic prerequisite for an IT-supported personnel development process is the creation of a person- and job-independent pool of all qualifications and competencies currently relevant to the company that will also be relevant in the future. This “competence catalog” must be stored in the IT system. In a second step, based on this pool, job- and employee-related actual and target profiles can be defined. To ensure that employee-related profiles are kept up to date, employees should update their own profiles (Porancea-Răulea, 2021) and be able to view the current target profile for their position or other positions in their career. Based on the target and actual profiles stored in the IT system, an automatic comparison between two profiles can be performed; this shows the areas where there are matches, gaps, and overfulfillments (Porancea-Răulea, 2021).

Companies have used electronic systems for seminar management for a long time (Kodden, 2020). Increasingly, employees are able to view the training courses on offer via the intranet or employee portal and – in some cases – they can make their own bookings. When an electronic seminar management system is linked to employee profiles, it can ideally and automatically generate suggestions for training courses. It also updates the profile after successful participation. Such systems facilitate evaluation and control of training measures. The prerequisite is that all costs (e.g., lecturer fees or costs for rooms and materials) are stored in the system. Classical education key figures, such as the amount of money spent on a particular training topic, the per-capita expenditure (i.e., cost per participant) for training measures, or the degree of utilization of seminars can be easily calculated. Furthermore, the determination of participant satisfaction or the verification of learning success can be carried out electronically. Questionnaires and learning tests are stored centrally and can be accessed by personnel developers at any time for evaluation purposes. An IT-supported approach also supports various employee development topics, such as succession planning (Kodden, 2020). For key positions in the company, the system can identify potential candidates for succession at an early stage and suggest measures to prepare for the takeover. With the help of IT, the individual assessment of employees can also be facilitated. Likewise, analyses of potential can be carried out through various standardized tests or online assessment procedures (Kodden, 2020). However, the effectiveness and efficiency-enhancement potential of IT support for HRD does not unfold automatically but only under certain conditions, and the use of IT for personnel development has both advantages and disadvantages (Kodden, 2020).

Table 3: The Use of IT for Personnel Development

Advantages and chances	Risk and challenges
• Relief of the personnel developer from administrative and undemanding tasks • Freedom for more demanding strategic tasks, such as career counselling and coaching etc. • Higher data quality, as errors due to manual data entry are avoided • Higher topicality and more transparency gained from self-service solutions (employees maintain their data themselves) • Cost advantages for the company (through reduction of manual work, reduction of redundant work, and systematization of processes)	• Perception of the support as impersonal due to the substitution of personal contacts by technically supported communication • Risk of low involvement, as employees merely "fill out" forms together on a personal computer (PC) • Problems regarding security and protection of sensitive employee data • High start-up costs and time required to introduce such systems

Source: Maja Störmer, based on Kodden (2020).

To exploit the potential in terms of effectiveness, efficiency, and flexibility, the systems must be accepted by the intended users (personnel developers, managers, and employees) and be used universally in a manner appropriate to their tasks. For a successful system, users must perceive a personal benefit and be able to operate it easily. This requires user-friendly functionality, simple forms, a fast page layout, and a fault tolerance of the system (Kodden, 2020). The introduction of an IT system for personnel development should take place in close and equal cooperation between IT experts and personnel developers, be professionally prepared, and accompanied by change management measures (Porancea-Răulea, 2021).

6.4 Talent Management and Human Resources Development in Large Companies and SMEs Using the Example of Financial Institutions/Banks

Today, more than ever, organizations need talents to compete globally. Singh and Sabharwal (2020) point out that "organizations across the globe know that they must have the most talented people to achieve success in today's globalized and hyper competitive economy" (p. 1). Many industries are looking for specialist and management trainees with business knowledge and sales skills. Today, employer attractiveness is assessed according to different criteria than just a few years ago (Müceldili et al., 2021). To be perceived as an attractive employer and, therefore, attract the right talents, new forms of talent management are required. New approaches are more individualized and promote the shared responsibility and involvement between employers and employees. For banks and financial institutions, which have been impacted by the "war for talent," this topic has been relevant for many years (Trost, 2020). In the service industry, and especially in financial services, the realization that suitable candidates are difficult to find and retain is gradually being recognized (Tajuddin et al., 2015). Among the factors affecting all industries (such as aging and shrinking populations, a deterioration in training maturity, and increased competition), financial services providers are also impacted by a loss of confidence and image from the financial crisis. Despite an awareness of the difficult situation, many banks are too optimistic about their attractiveness as an employer and implement little that is new or innovative in talent management (Ugwu & Osisioma, 2017). Attracting top talent will be the most important HR issue in the future, and talent management must be rethought in order to do this. This will bring fundamental change in the way HR is managed (Ugwu & Osisioma, 2017).

Talent management is about much more than simply attracting top talent. Rather, all pro-organizational implementation of talent management requires necessary processes and structures for attracting, retaining, and promoting top performers in the company. Singh and Sabharwal (2020) suggest that the development of talent should always be "in relation to the environment, business, and circumstances" and that, in order to unfold their full potential, talents need the right environment to operate in. They conclude that circumstances faced by individuals "result in effectiveness or ineffectiveness of the talent of that individual" (p. 15).

Talent management must be practiced as decentralized, process-oriented, and human resources management (HRM)-anchored in the corporate culture. In multinational corporations and large companies, talent development measures are (for the most part) usually highly structured, whereas small and medium companies tend to rely on initially unplanned procedures that have developed and proven themselves over time (Trost, 2020). Successful talent management uses effective methods that can be implemented immediately, are accepted by employees, and are involved in corporate development processes at an early stage. For example, this can be carried out through structured talent centers providing professional training for junior employees and promoting networking within the company. Mentoring, where suitable executives can pass on their professional experiential knowledge, can also be a useful tool.

Large- and medium-sized enterprises often tailor talent programs to the individual needs of each participant (Trost, 2020). For small- and medium-sized enterprises (SMEs), it is important to combine individual developments with tangible benefits for the company while using as few resources as possible. In the case of banks, standardized training programs are often offered by association academies. These offerings can be of high quality. However, they are usually not tailored to the specific needs of the company or the participants and, as a result, the individual and corporate benefits are often limited (Ugwu & Osisioma, 2017). In the future, large-, small-, and medium-sized companies will only be successful when they select employees in a performance-oriented manner, develop them in a customer-oriented manner, and assess and manage them in an employee-oriented manner. This applies not only to talent management and personnel development but also to all HR activities (Ugwu & Osisioma, 2017).

SUMMARY

Current megatrends will change personnel development and talent management in the future. Learning and knowledge transfer will develop with new technological opportunities, and employees will take on an increasingly active role. The image of talent development is changing because of social media, a shortage of skilled workers, and the willingness of younger generations to more frequently take on new challenges. Employees are no longer subject to centrally controlled development planning. Rather, they are active shapers of their own professional future. Corporate talent management must find a suitable response to this and recognize its employees and managers as customers. The personnel-development organization selected depends on the individual company circumstances. In practice, various organizational forms are often combined and highly contextualized.

In the future, it will be less a question of a central training and development unit within the HR department and more a question of technical solutions facilitating learning and knowledge transfer. There are various IT-solution providers that support and professionalize the work of HR developers and help to streamline HR functions. The selection of an appropriate HCM system should be carefully considered and contextualized.

UNIT 7

MONITORING THE SUCCESS OF TALENT MANAGEMENT AND HR DEVELOPMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- define strategies for talent management and human resources development (HRD) monitoring.
- decide what is important when making strategic decisions.
- identify which organizational level is responsible for which strategic decisions.
- apply information to develop a solid strategic plan.

7. MONITORING THE SUCCESS OF TALENT MANAGEMENT AND HR DEVELOPMENT

Introduction

Developing and retaining talented employees who show resilience in times of change "is one of the major talent management challenges leaders are facing" (Luthia, 2022, p. 113). New challenges and developments, such as the COVID-19 pandemic, force organizations to rethink and adapt traditional approaches when it comes to the assessment of employee performance (Luthia, 2022). To ensure an organization can utilize human capital to its full potential, and ensure competitive advantages, the success of talent management and human resources development (HRD) should be carefully monitored and continuously controlled. Here, Williams and Dolkas (2022) refer to an aphorism "we measure what we treasure" (p. 76).

A principal component of education control is the evaluation of personnel development measures. Controlling and documenting human resources (HR) measures can improve the quality of measures by assisting in deciding which measures should be discontinued in the future. Furthermore, regular evaluations can positively influence the commitment of the participants and trainers, as well as legitimize personnel development measures for the future.

7.1 Key Figures and KPIs

Globalization, rising complexity, and increasing competition for talents cause organizations to adopt an economical attitude towards resources that are increasingly becoming important and scarce. For instance, as expressed by Odintsova (2021) "achieving strategic advantages with limited funds, including financial ones, is a difficult and important task dictated by modern economic conditions. At the same time, in companies aimed at stable functioning and dynamic growth, strategic management is of particular importance" (p. 3627). Ideally, talent management strategies enable firms to optimize the performance of their employees (Luthia, 2022, p. 114). However, managing talent is one of the biggest challenges leaders face with regard to rewarding performance, as well as attracting, developing, and managing the workforce. Recent developments, such as the COVID-19 pandemic, have amplified these challenges. There is a great need to develop the current workforce to compete in the digital era and adopt innovative technology. According to Luthia (2022), a 2020 KPMG study indicated that up to 60 percent of executive personnel and management felt the need to reinvent and modernize HR approaches for success assessment and performance monitoring.

A **performance management system** can be used to help leaders and managers to assess and develop their employees' performance. However, the success of this intervention depends on the degree of collaboration and development present; these factors contribute to the retention of talents who show elevated levels of adaptability and resilience. Cummings and Worley (2015, as cited in Luthia, 2022) emphasize that traditional approaches of success monitoring focused strongly on task performance, whereas in current dynamic environments “there is a need to develop and retain a workforce who are more adaptable and demonstrate resilience” (p. 113). This means that the performance management system “is a very important HR process as part of the talent management where leaders play a key role in rewarding and reinforcing desired behaviors through goal setting, compensation, rewards, and recognition” (Cummings & Worley, 2015, as cited in Luthia, 2022, p. 113).

Performance management system
This is an integrated process that aims to define, assess, develop, and reinforce job outcomes. It is one of the most effective HR interventions from an organizational development perspective.

A performance management system can be utilized as a basic tool, such as the **balanced scorecard** (BSC) to form **key performance indicators** (KPI) for employees based on the strategic goals of the company. KPIs can be used at all levels of an organization to assess whether the company’s goals are being achieved (Zaripov et al., 2021). Based on specific objectives and targets, every organization and department usually use different KPIs to measure their success. To assess the relevance and applicability of performance indicators, one can use the specific, measurable, attainable, relevant, and timebound (SMART) principle (Ishak et al., 2019, p. 172). Furthermore, HR managers and executives can use **information systems** to “track the achievement of relevant KPIs, manage the training of employees, conduct their assessment, including professional skills and personal qualities” (Odintsova, 2021, p. 3627). With function automation at strategic, tactical, and operational levels, information systems can fully support for the management life cycle; goals derived from the highest level of management are “detailed down to specific values of indicators that must be achieved by employees of enterprises in their daily work” (Odintsova, 2021, p. 3627).

Balanced scorecard
This is a strategic management tool used as the basis for a whole class of information systems that can automate the management of the efficiency of organizations.

Key performance indicators
This refers to indicators that can be used to measure and determine progress or the degree of fulfillment regarding important objectives or critical success factors within an organization.

Information systems
These help to track the achievement of set goals and detecting deviations in a timely manner, which usually allows the company's management to make informed decisions.

To monitor success and performance, various levels can be distinguished for the measurement process. The first level is the subjective reactions and satisfaction of the participants. Here, learning outcomes and the respective behavior should be measured (i.e., the transfer into the workplace). At the next level, the objective business data can be analyzed. The final level is concerned with the **return on investment** (ROI; i.e., the comparison of the benefits of a development measure with the effort and costs that incurred). This analysis, however, is exclusively focused on the results and outcomes of a measure (Odintsova, 2021). It is advisable to not only focus on output but also on context and input (i.e., to include a process analysis). Here, a needs analysis as well as the measure concept and implementation are included in the evaluation (Odintsova, 2021).

Return on investment
Thiscan be used to calculate benefits with regard to costs and efforts incurred.

Process Evaluation

The first step is to analyze the need for personnel development in a company and to use suitable programs derived from these results. This includes the binding definition of target group and objectives. Generally, organizations have their own distinctive set of criteria for evaluation and requirements of their employees. Ishak et al. (2019) point out that “the criteria to be evaluated carry different weightage based on its importance to the organization and normally will be divided into several categories depending on the role of the employees” (p. 172).

The program must be analyzed and developed, and the concept must be state of the art. Important for the selection of methods and communication is also the acceptance by the target group. The professional course of the measure depends decisively on the quality and experience of the trainer or coach. Furthermore, it is important to have a target agreement meeting before the measure, in which it is made clear why the candidate has been selected and what goals are to be achieved. Satisfaction measurements are a widespread instrument often carried out via a questionnaire directly after a measure (Ishak et al., 2019). This involves assessing the event, pedagogical and technical competencies of the trainer, learning success, group dynamics, recommendation of the measure, and consequences for further work. Organizational aspects and suggestions for improvement are also queried. To reduce the subjectivity of such measurements, further surveys can be conducted at intervals of a few weeks at a time. For these surveys, the answer options can be linked to concrete statements, and open-ended questions can be used (Ishak et al., 2019). For example, “Which of your expectations were met?”

Essential to staff development activities is the measurement of learning success. The goals of a measure can be checked with a standardized learning test or an observation of new behavior. Therefore, many programs conclude with a certificate. Unlike language or information technology (IT) courses, it is often difficult to illustrate what has been learned in an individual counseling session. Therefore, reflections of actual behaviors in a practical situation should be added. That is, pure knowledge tests do not provide any information on whether the leadership behavior is implemented accordingly; therefore, they are only suitable for certain topics and should be used cautiously (Odintsova, 2021).

Measurement of Transfer

Changes in behavior can be detected through observations with a before-and-after comparison or by interviewing the participant. With 360° feedback or assessment by the manager, behavioral data can be collected as part of a needs analysis and then compared with the results after the measure took place (Michael, 2022). When evaluating these results, it is also important to correctly interpret the factors that influence the participant’s own individual behavior.

Measuring of Results

There are various indicators that can be used to assess the results of personnel development measures. The success of a management training can be measured by determining changes in the assessment of superiors in 360° feedback or general employee surveys (Michael, 2022). For example, a mentoring program for junior staff is considered successful if the participants are promoted faster and more frequently than others or if they stay with the company for a long time (Stockkamp & Godshalk, 2022). Nevertheless, even seemingly objective data is co-determined by numerous factors that change over time or over the course of the measure. Thus, although it is possible to determine the change of the individual variables, it is not possible to say exactly what this change was initiated by and how it should be interpreted. Interpretation and attribution of causes are often ambiguous. In the case of the ROI, the results of a personnel development measure are compared with the effort required to achieve them (Michael, 2022). This requires a results-oriented approach, and it is necessary to know which results and effects a personnel development measure initiates.

$$ROI\ (\%) = \frac{Net\ benefit\ of\ program}{Program\ costs} x\ 100 \tag{7.1}$$

Generally, the net program benefit is the program benefit minus the program costs, and the above formula is straightforward to fill out for sales training, for example. Here, the program benefit can be quantified with the average closing rate before and after the training. Evaluating the results of complex measures is more difficult due to more variables as well as the behavioral and long-term changes involved. Taking these factors into account, for example, coaching is a complex process to monitor. Nevertheless, calculating the ROI is still possible (Michael, 2022). However, this is more of a survey-based estimate than a mathematical-statistical procedure. For a holistic assessment, intangible benefits that can be achieved through coaching should also be taken into consideration. These include employee and customer satisfaction, as well as the quality of work (Michael, 2022). In addition, surveys often contain only estimates and subjective benchmarks. The method of **benchmarking** can enable comparison against average, best, industry, or international data. This can be done using information such as costs of training per employee, training costs relative to the total costs, or training days per employee. For a realistic evaluation, not only should the results of a personnel development measure be considered, but also the entire process should be reflected and evaluated (Odintsova, 2021).

Benchmarking
This refers to the comparative and competitive analysis of results or processes. It can be a continuous comparison of products, services, processes, and methods with competitors to systematically assess one's own performance and opportunities for improvement.

7.2 The Problem of Success Control

Many personnel development and talent management measures, such as coaching, are individualized counseling services. Evaluating these different approaches can be very complex. For instance, it is possible to measure immediate satisfaction or enhanced skills, new knowledge, and changed attitudes after a measure. However, it is more complex to evaluate economic success and the transfer of behavioral changes into organizational practice (Michael, 2022). Of course, from a management point of view, it would be desirable to create a comparison between the results achieved and the costs needed for all personnel development measures. However, it is difficult to determine a return on investment (ROI) in practice (Michael, 2022). Although the costs of the project are usually known, it is not always possible to make a quantifiable statement about profit growth from, for example, coaching. Hence, a direct connection between personnel development measures and the development of key figures can only be established to a limited extent and poses a methodological challenge. Consequently, to calculate a **return on education** (ROE), not only the monetary measurable variables must be included in the calculation. The intangible dimensions, which are difficult to grasp, also play a role (Michael, 2022). Only when intangible dimensions are combined with monetary measurable variables does the picture of ROE become complete. In talent management and HR development in general, a monetary calculation of costs and benefits is difficult to verify because the cause-and-effect relationships cannot be fully incorporated into the calculation. For example, decreased fluctuation is not the sole expression of successful management training. Long-term effects are also not considered in most cases, yet they contribute significantly to the

Return on education
This describes the relationship between profit/outcome and investment in a training or education program.

value creation of a company (Zaripov et al., 2021). To sum up, Painter et al. (2019) suggest rethinking success control mechanisms and support capacities to “self-reflectively analyze the past, engage actively in struggles to protect ethical values in the present, and embrace the possibilities to build a sustainable world that lie latent in the future” (p. 144) to ensure ethical and holistic approaches to talent management.

SUMMARY

One of the most important aspects of talent management is the assessment of its measures and activities. Personnel development will need to continuously justify itself to compete for organizational resources in the future, and it will only be accepted as a viable process if it clearly demonstrates its contribution to company competitiveness. High-quality planning and implementation of personnel development measures must be complemented by a business perspective, (i.e., a cost analysis). Suitable key figures (e.g., KPIs) must, therefore, be developed and compared with other companies. Personnel assessment should be seen and framed as an ongoing process in the organization and respective results should be recorded, analyzed, and stored accordingly. Working with talents might require individual approaches, and the result of predictions around “the effectiveness of the work of talents will be an important informative base for the development of plans for personnel management and enterprise development” (Odintsova, 2021, p. 3631). Thus, it is important not only focus on the results of a personnel development measure but also to reflect on the entire process.

UNIT 8

INTERNATIONAL TALENT MANAGEMENT AND INTERNATIONAL HUMAN RESOURCES DEVELOPMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- understand which competencies determine international success.
- analyze how talent management can generally master intercultural challenges.
- reflect on personnel development in different intercultural contexts.

8. INTERNATIONAL TALENT MANAGEMENT AND INTERNATIONAL HUMAN RESOURCES DEVELOPMENT

Introduction

Today's business activities and operations have become increasingly international; hence, "global forms of work become increasingly common practice in multinational enterprises (MNEs)" (Vecchi, 2019, p. 144). Human resources development (HRD) – talent management specifically – has become a critical ingredient in achieving international success, as organizations cannot perform without having talented employees in all of their locations and markets. As business environments become increasingly complex due to cultural and geographical diversity (Kodden, 2020), international talent management and HRD have become an important topic not only for the business community. Talent management has "emerged as a core rhetoric in the domains of contemporary human resource[s] management [HRM] and people management" (Gallardo-Gallardo et al., 2015, as cited in Liu, 2019, p. 1). Notably, global talent management and global workforce development face different and more complex challenges than those faced by organizations that only compete locally (Anlesinya et al., 2019).

8.1 International HR Development

Today, many organizations operate on a global level. Global work arrangements can be defined as "complex situations in which employees that are collaborating with each other are culturally diverse, geographically distant, and often embedded in different national cultures and contexts" (Hinds et al., 2011; Ravlin et al., 2014, as cited in Vecchi, 2019, p. 144). To make international work arrangements feasible, many organizations must deal with continuous realignments of their human resources (HR) practices and strategies. Globally adapted HR practices can support companies' global mobility outcomes, market competitiveness, organizational image, and overall performance. Nevertheless, international operations come with some challenges and risks, such as huge financial costs, high turnover rates among global talents, difficulties in adapting to local customs, and corporate culture (Anlesinya et al., 2019). According to Vecchi (2019), the challenge "not only entails integrating human capital on a global scale, but also executing corporate strategy and generating sustainable performance levels across an MNE's network" (p. 144). Additionally, the competition for talented employees ("the global talent challenge") is even fiercer on an international level due to increased geographical mobility and flows of labor (Sitkin & Mangion-Thornley, 2020). From a global perspective on HRD and talent management, "the general consensus is that the structure of work will continue to change by thus creating more challenges for firms to retain talent" (Vecchi, 2019, p. 153).

If an organization is to implement a consistent international HR policy, all processes must be restructured (Trost, 2020). In recruitment, for example, specialists and managers interested in an international career should be increasingly targeted. One instrument would be a multilingual career site. Regarding the selection process, the focus should not only be on professional, social, and individual skills of the applicants but also on intercultural competencies. An intercultural assessment center is suitable for this. Every intercultural personnel development measure should focus on qualifications, which can be developed through intercultural training or coaching, such as target-culture-specific or orientation training. Intercultural coaching is geared to the individual needs of project managers or executives, and it can both prepare for and accompany a stay abroad (Trost, 2020). If, in the context of an internationalization of the organization, the management demands international competence as a new key competence, corresponding measures must be defined in target-agreement processes. For sustainable intercultural personnel development, it is important that a systematic exchange of knowledge, measures, and networking is established (Trost, 2020). Furthermore, a pool of former expatriates as speakers in workshops, or an internet forum with cultural and practical information on specific countries, could be helpful. The goal is to deepen intercultural knowledge within an organization through exchange and networking; this way, the diverse cultural experiences of employees within the company can be taken seriously and utilized as a resource in an optimal way. Intercultural knowledge and educational measures are essential because intercultural competence cannot be built up through experience alone (Kodden, 2020).

Organizational and Individual Competencies for Internationalization

Managers and employees need to be prepared to compete on a global market and secure market shares. To anchor internationalization in HRD and talent management, organizations need to raise HR managers and decision-makers' awareness of intercultural issues and strengthen international HR policy in the form of strategically oriented competence management (Bolten, 2018). Here, intercultural competence, which is ideally anchored at all organizational levels, represents a significant competitive advantage (Bolten, 2018). The basis and objective of systematic intercultural-competence development is the progression of an individual and organizational **intercultural action competence**. This is a collective term for knowledge, skills, and abilities that determine intercultural success in action (Bolten, 2018). The concept of action competence includes several dimensions, such as cognitive, affective, and behavioral components that support one's ability to understand and productively operate in uncertain environments. These include competencies such as openness, flexibility, and a certain tolerance of uncertainty. By building intercultural action competencies, skills that have a significant influence on global success are developed and trained (Bolten, 2018). The added value of internationally oriented personnel development becomes visible when the costs for intercultural HR practices are lower than costs caused by failed international projects. The added value of cultural diversity must be internalized and utilized in a way that creates benefits for everyone involved. Managers and employees must understand that cultural diversity means enrichment and requires specific knowledge for action. It is important to note that the corresponding structures, processes, and systems at an organizational level can only be established when executives, management, and employees are aware of cultural differences and strategies for action that promise different levels of success depending on the specific context (Bolten, 2018).

Intercultural action competence
This is defined as the ability to understand, appreciate, respect, and productively use cultural factors in perception, thinking, feeling, and acting in relation to oneself and in the case of culturally foreign persons.

HR practices should be oriented towards the internationality of a company. With the development of an internationalization strategy at management level, intercultural personnel development has the task of developing a personnel strategy aligned with the corporate strategy. Furthermore, intercultural personnel development must use diagnostic and development instruments for intercultural action competence, and it must ensure quality through systematic evaluation (Bolten, 2018).

Talent Management and Organizational Culture

Organizational culture
This describes a concept that is deeply embedded within an organization that includes common values, norms, beliefs, and actions of an organization. Respectively, it can have a huge impact on attitudes and behaviors of current employees but can also attract future employees.

For talent management, it is crucial for organizations to use holistic approaches to attract, develop, and retain talent in order to gain competitive advantages. The **organizational culture** of a company is very important for effective talent management because it entails perspectives on and attitudes towards learning, growth, and development of human capital (Mahajan, 2019). According to Mahajan (2019), in organizational cultures where management "is constantly involved at all levels in development of talent," there is "a huge impact on [the] overall talent management process in the organization" (p. 476). Hence, organizational culture can significantly impact organizational performance (Kodden, 2020).

Organizational culture can be best described as an invisible collection of unique core values, norms, and belief systems of an organization; it is set up through multiple variables – not just geographic location. Typically, organizational culture is expressed through the daily routine activities of the organizational members (employees, etc.). Hence, Mahajan (2019) points out that "the type of organizational culture present in the organization influences the talent management practices of the organization. It is understood that alignment of organizational culture with business strategy is also of great importance to gain competitive advantage" (p. 480). An integrated approach to talent management can cater and relate to values of organizational culture. According to Mahajan (2019), "trends show that organizations with [a] positive culture are most preferred by the employees" (p. 480). As a result, organizational culture impacts the following different components of talent management: the attraction, recruitment, development, and retention of talents. Importantly, organizational culture can be a notable "determinant in attracting talent towards the organization" (Mahajan, 2019, p. 478).

SUMMARY

For companies to integrate globally, the global focus of talent management and HR development is more important than it ever has been. Global talent management and workforce development are more complex and diverse than their local or domestic counterparts. Far more cultural, political, legal, economic, and social factors must be considered and reflected upon. Therefore, the dilemma between standardization and localization is pervasive, and the most critical factor that needs to be developed, supported, and improved is a global talent mindset. To anchor internationalization in HRD and talent management, organizations need to raise HR managers and decision-makers' awareness and

strengthen international HR policy in the form of strategically oriented competence management. Furthermore, the organizational culture of a company is important for effective talent management because it entails perspectives on and attitudes towards the learning, growth, and development of human capital.

UNIT 9

AN APPLICATION EXAMPLE: ABB

STUDY GOALS

On completion of this unit, you will be able to ...

- analyze how Asea Brown Boveri (ABB) became a popular employer by implementing a holistic approach to talent management.
- reflect on initiatives to secure talent that ensured ABB’s future competitiveness.
- define which tools and measures are used for successful talent management in a real-life example.

9. AN APPLICATION EXAMPLE: ABB

Introduction

Asea Brown Boveri
Founded 130 years ago, and now with 140, 000 employees worldwide, this is a leading company in the fields of robotics, energy, and industrial infrastructure.

With headquarters in Zurich, Switzerland, the **Asea Brown Boveri** (ABB) group is a leading technology company in the fields of energy, robotics, infrastructure, and industrial automation technology. Today, the ABB group operates in over 100 countries and has 140,000 employees (ABB, 2022a). The company aims to enable its customers to improve their performance while reducing their environmental impact, and it is shaping the future of industrial digitalization and driving the energy transition of the fourth industrial revolution (ABB, 2022a).

In a globalized marketplace with complex products, systems, and services, a company can only survive in competition through its ability to innovate. Innovations, both in technology and human resources (HR) practices, are vital for the survival of a technology company. This requires motivated and qualified employees with sufficient know-how, experience, and networks. Knowledge must be built up, maintained, further developed, and networked globally. Therefore, it is important to have cross-generational talent management that activates the potential of all employees (Zaugg, 2018).

9.1 Talent Management and Human Resources Development at ABB

Talent management is used to ensure that the right people are in the right place at the right time. This enables employees to develop their full potential and for the company to use this potential (Trost, 2020). Successful talent management has many advantages for the ABB Group, such as the creation of a sustainable, stable, high-performance workforce; improved employer–employee relations; a strong corporate culture; and an attractive work environment (Zaugg, 2018, p. 118). Over the past decade, the company has developed and successfully implemented a comprehensive talent management system globally and gained international recognition from HR practitioners and managers (ABB, 2022a).

ABB Switzerland has been voted the most popular employer by university graduates in the technical field. As Switzerland has few natural resources, knowledge plays a central role. For this reason, ABB Switzerland has launched several educational initiatives to encourage young people to pursue technical training or studies. In addition, prime location factors – such as the central location in Zurich, with proximity to various universities – helps to attract qualified young people (ABB, 2022a). In terms of employer attractiveness, the company offers a finely tuned balance between work, leisure, and family. The company suggests this is recipe for success as well as motivated and satisfied employees. Therefore, ABB created a flexible working environment with individual freedom for the health, professional, and personal development of its employees. Part-time models, for example, enable the compatibility of work and family life (Zaugg, 2018). Moreover, employees are expected to be willing to engage in lifelong learning and personal development; accordingly, further training is offered both in-house and externally. Employees are also supported in their individual career paths through retirement via a solid occupational pension plan, and security in the workplace is supplemented by flexible models for retirement from working life. Additionally, equal opportunities for all employees – regardless of age, background, or gender – are considered vital (Zaugg, 2018).

The following application example focuses on the talent management approach specifically implemented in the ABB Switzerland AG as a national company (Zaugg 2018). ABB aims to be an attractive employer for all age groups. Therefore, talent management starts with the very youngest: Children in the ABB nursery are introduced to technology in a playful way, which is intended to spark enthusiasm for technology in the early years of life to create a good basis for choosing a technical profession or course of study. There are various offers for schoolchildren: For example, on special "daughter days," daughters of ABB employees accompany their parents to work. This is intended to strengthen the next generation of women's interest in technology (Zaugg, 2018).

Further, students are offered the opportunity to work on projects and dissertations in the company, and the employees act as teachers. The declared aim is to establish contact between the company's engineers and students and lead to the later recruitment or employment of the students after they have completed their studies or training. Hence, representatives of the company are regular participants in university recruiting events. Trainee programs offer ideal entry-level opportunities for graduates. These have a duration of 15 months and can be designed individually. In addition to professional support from a supervisor and a personal mentor, seminars and further training courses can be attended. There is also the possibility of taking on more complex projects (Zaugg, 2018).

Talent management at ABB is based on an annual **employee review**. The goal is to fill 80 percent of key technical or managerial positions internally. For this reason, talents must be systematically identified and developed at all career and hierarchy levels. Every year, each supervisor assesses the potential of each of their employees. This is carried out based on a guideline with clearly defined criteria. In "people review sessions," employees with higher potential (i.e. known as "talents" or "potentials") and their next development steps and measures are discussed. The results of this potential assessment are communicated in employee reviews. To be included in the talent management program, the performance of the employee in their current role must be rated as "good" to "very good." In terms of potential, employees must adapt well to future changes. Employees are retained in the talent management process until optimal performance is achieved (Zaugg, 2018). Depending on the position in the HR portfolio, various measures are required: Employees with low performance and potential should be repositioned into less challenging roles. The focus of talent management is on the employees in the upper part of the personnel portfolio, which can also be seen critically. For this group of people, development in the specialist or management career path can be achieved. The performance of the previous year is evaluated in an annual target agreement meeting. This meeting is also used to communicate the individual's development potential and discuss possible new areas of application for the employee (Zaugg, 2018). The focus is on identifying any gaps in qualifi-

Employee review
This is often conducted annually and is a meeting between managers, supervisors, employees, and team colleagues to reflect on the employee's work, behavior, and progress regarding work objectives.

cations regarding current and – above all – future tasks. The end of the interview agreement describes the development opportunities for the talent that both parties (employee and supervisor) must agree upon (Zaugg, 2018).

Additionally, the annual performance review and development review is held. Participants include the talent, the talent's supervisor, the supervisor's boss, and employees of the HR department. This meeting serves to clarify mutual expectations, define the target function, and agree the appropriate development measures. To design a customized development plan, the company conducts three assessments to identify the candidate's strengths and development needs (Zaugg, 2018). For example, future team leaders at the first management level complete a talent development assessment. The first part is completed online, then the participants are assessed via role plays, group discussions, and presentations. The result is a competency profile that forms the basis for the development plan. ABB's prospective department managers, on the other hand, undergo an individual assessment based on the following leadership competencies (Zaugg, 2018):

- results orientation
- strategy orientation
- ability to work in teams and collaborate
- employee development
- leadership and change leadership
- intercultural sensitivity and effectiveness
- customer and market orientation

The potential and leadership qualities of ABB's general management executives are assessed through a leadership development assessment (e.g., 360° feedback). The goal is to define a development program that enables the manager to perform their current tasks more effectively and prepare them for new challenges. The aim is not only to provide the managers with further training, but it is also to consistently review their leadership skills. An annual management review process is used to create a systematic succession plan with possible suitable junior staff from the talent pool. Hence, a step-by-step procedure is adopted for all key functions at business unit, country, and group levels. Talent and development potential may exist for the traditional management career path as well as in the technical area (Zaugg, 2018).

Phases and Model of Talent Management at ABB

The approach to the company's talent management was introduced gradually and involved a long learning process. Zaugg (2018) identified the following four main phases regarding this maturing process.

First phase: Talent awareness

The difference between performance and potential had to be defined. While performance focuses on the qualitative and quantitative delivery of results in the present, potential says something about the extent to which an individual can take on more complex tasks in the future (Zaugg, 2018, p. 119). This insight had to be understood to identify talents.

Second phase: Talent culture

In this phase, ABB fixed talent management as an important part of the management agenda, and corporate decision makers invested in talent management because the benefits were now visible (Zaugg, 2018, p. 118).

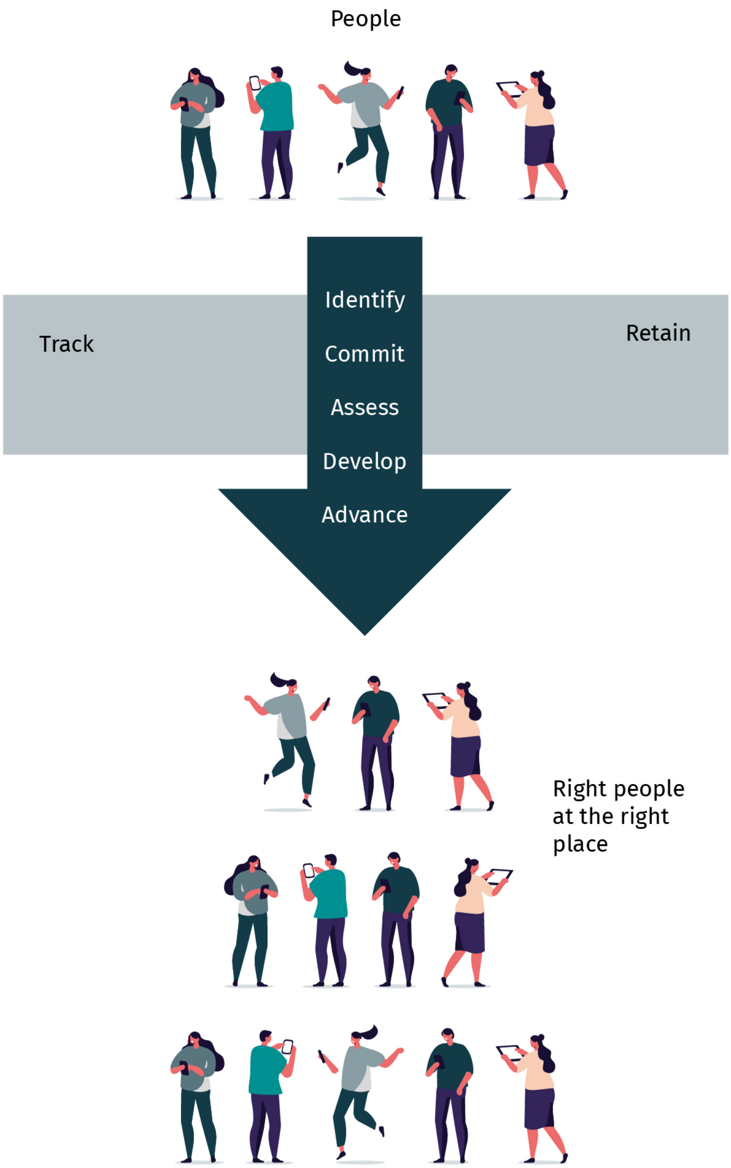
Third phase: Differentiation through talent

ABB differentiates itself through its talents and high performers (Zaugg, 2018, p. 120). In 2016, the talent management department was merged with the talent acquisition department into "(Integrated) Talent." This is a neighboring unit to the separate learning department within ABB's global HR organization management department (Zaugg, 2018, p. 120).

Fourth phase: Sustainable success through high performance teams

In retrospect, it is possible to say that talent management measures worked for the ABB group, and an established talent culture led to a sustainable and integrated model that could be implemented in a holistic way (Zaugg, 2018). Namely, talent management was understood and embraced by a broad range of managers and employees, and the benefits of talent management were experienced firsthand in a tangible way. Thus, top management not only supported talent management, but they actively demanded it. Finally, a jointly developed talent management landscape that suited ABB was created through a common "language," (i.e., a global competency model and integrated talent management process; Zaugg, 2018). The ABB talent management model has a simple structure and internal logic (ABB, 2022b).

Figure 11: Talent Management at ABB



Source: Maja Störmer (2022), based on Zaugg (2018, pp. 117–146).

The process starts with identifying potential talents, and managers assess the performance and potential of their employees. Then, managers in a unit meet to share these results and align the employee assessments – this forms the basis of succession planning. After those agreements, a commitment to a developmental path is drawn (ABB, 2022b). Following the potential assessment and a voluntary self-assessment by the employee, an appraisal interview is held. This open and trusting dialogue serves to identify strengths, goals, qualification requirements, and individual development opportunities. Then, assessments need to be implemented and advanced. If an employee is identified as having development potential, the next step is to assess strengths and potential for improvement. The form of the assessment depends on whether the goal is a higher professional level or a management position (Zaugg, 2018).

Future HR and Talent Management at ABB

The need for a talented workforce that has a broad knowledge of the company and its products is increasing in times of a volatile, uncertain, complex, and ambiguous (VUCA) world; digitization; and Industry 4.0 (Trost, 2020). In the future, for the ABB group, internal career development across business units and geographical borders will become increasingly important (Zaugg, 2018, p. 144). Furthermore, as one can observe with the emergence of specific talent pools, talent management activities will increasingly start to focus on teams and groups of employees rather than individuals. Artificial intelligence (AI) and technological innovations will likely enable better insight into the processes and dynamics of talent management. From today’s approach, which is more reporting-oriented, the level of maturity will likely move more towards analytics and a better predictive analysis (Zaugg, 2018).

SUMMARY

In this unit, it was shown that the employer promise made by ABB group, in terms of HRD and talent management, was kept and that the group has demonstrated itself as an attractive employer. Talent management only works if everyone is on board; consequently, a wide variety of roles are involved in the ABB talent management approach. No single role is solely responsible for the success of a talent management system, and it only works as a collaborative approach: The ABB talent management concept is holistic and contains extensive processes, tools, and products. Nevertheless, these can only be of a supportive nature because – ultimately – programs and tools do not manage talent, but people do.