

# Talent pool process: An interview-based study in a single company - The effect of talent pool inclusion and development program participation on talent engagement and organisational commitment

Organization and Management

Master's thesis

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2011

## **ABSTRACT**

### **Objective of the study**

The objective of this study has been to explore the talent management process of forming talent pools in the context of a single company. The research question is related to finding out if talent pool inclusion and participation in a talent development program can affect the work engagement and organisational commitment of talents. Research targeted at investigating the process of forming talent pools is scarce, and the aim of this study has been to address a gap in this research.

### **Research method**

This research takes a qualitative approach to the research question. Semi-structured interviews were conducted with employees who have been included in the talent pool of the company.

### **Findings**

As the main finding of this study, it shows that talent pool inclusion and participation in the talent development program can have a positive effect on organisational commitment of those employees who have been included in the talent pool. Findings related to work engagement are two-fold. Talent pool inclusion shows to have a positive effect on the overall engagement, but at the same time its impact on daily work is limited.

### **Key words**

Talent management, talent pool, employee engagement, organisational commitment, retention

# **TIIVISTELMÄ**

## **Tutkimuksen tavoitteet**

Tutkimuksen tavoitteena on tutkia erään yrityksen talent -ohjelmaa, ja siihen nimetyksi tulemisen sekä talent -kehitysohjelmaan osallistumisen vaikutusta osallistujien kokemaan työn imuun (eng. work engagement). Lisäksi tavoitteena on tutkia ohjelman vaikutusta siihen kuinka sitoutuneita osallistujat ovat organisaatioon. Aiemmat tutkimustulokset liittyen talent -ohjelmiin ovat vähäisiä ja tämän tutkimuksen tavoitteena on lisätä tietoa tällä tutkimusalueella.

## **Tutkimusmenetelmä**

Tutkimuksen lähestymistapa on kvalitatiivinen. Aineisto on kerätty tekemällä teema-haastatteluita tutkimuksen kohteena olevan yrityksen talent -ohjelman osallistujien kanssa.

## **Tulokset**

Tutkimuksen tulokset viittaavat siihen, että talent -ohjelmaan nimetyksi tulemisella voi olla positiivinen vaikutus osallistujien sitoutumiseen. Lisäksi ohjelmaan osallistumisella voi olla positiivinen vaikutus työn imuun, mutta samaan aikaan vaikutusten ilmeneminen päivittäisessä työssä ovat rajalliset.

## **Avainsanat**

Talent management, talent -ohjelma, työn imu (eng. work engagement), sitoutuminen, pysyvyys

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# 1 INTRODUCTION

## 1.1 Positioning of the study and background

Talent management seems to be the latest “it” word in the field of human resource management (Hughes and Rog 2008). However, the popularity seems to have flourished more amongst practitioners than the academic community. Lewis and Heckman (2006) in their critical review of talent management literature found that there is actually a “disturbing lack of clarity regarding definition, scope and overall goals of talent management” (p. 139). Even though there has been a growing interest toward this topic, there is a lack of evidence that companies are executing talent management processes in an effective manner (Mäkelä et al 2010, p. 134).

One practice related to talent management is the formation of talent pools. According to McKinsey’s recommendation (Michaels et al 1998), these pools should consist of for example 10-20% of managerial and professional staff. This process often involves identifying the top performers among the employees, who are seen to have the potential to progress into the leadership positions of the organization (Stahl et al 2007). After being included in a corporate talent pool, these individuals are often offered tailored training programs and development opportunities.

A very important question relating to managing talent is how to retain these key individuals? Retaining talent is a major priority for organizations, because there is a lack of availability in highly talented people, and the competition for those people is hard (Fegley 2006). According to Bhatnagar (2007), employee engagement is one key to retention of talent, and it is also an area where rigorous academic research is lacking (Cartwright and Holmes 2006, Joo and McLean 2006, Luthans and Peterson 2002).

Another key to retention of talent is organizational commitment. According to numerous researchers, employees’ commitment to their employer has shown to have a direct effect on employee retention and/or turnover (eg. Meyer and Allen 1991, Meyer and Herscovitch 2001, Lee and Bruvold 2003, Hausknecht et al 2009). When the organiza-

tion wants to prioritize retaining its most talented employees, this question becomes even more important. The aim of this report is to explore the work engagement and organizational commitment of the participants in a talent program.

## **1.2 Developing the research question**

As stated earlier in this section, the field of talent management and processes related to it suffer from lack of academic research (Lewis and Heckman 2006). Even less research has been aimed at the specific process of forming talent pools. Recent contributions to this topic have been made by for example Mäkelä et al (2010) and Mellahi and Collings (2010). These studies have especially aimed at exploring talent management in multinational corporations. Mäkelä et al (2010) have attempted to form a theoretical framework of the factors that may relate to talent identification processes. The emphasis is on the decision-makers and the factors that affect the way they make decisions about talent. Mellahi and Collings (2010) also point to the fact that the underlying reasons behind why managers who make decisions act in certain ways has not received very much attention.

Little attention has been aimed at exploring how the talents themselves perceive their inclusion in the corporate talent pool. From the perspective of the organization, this is important, because one way to assess the value of a talent program is to explore whether it contributes to the employees' organizational commitment and engagement. This in turn could increase retention. Some research has explored talent retention strategies (eg. Hausknecht et al 2009, Steel et al 2002), but they have not focused on the process of using talent pools. My aim is to explore the talent program of one company, and its contribution to talents' organizational commitment and engagement with their work.

Mäkelä et al (2010) make a statement that is very illustrative of the gaps in talent management research. They state that we already know something about the "how" of talent management practices, but there is a remarkably little research conducted on the "who" and "why" of talent management (p. 134). The aim of my research is to take one step further by asking the question of "what next". What happens after talent has been identified, and what can it imply for the organization?

Based on previous academic research on talent management, and after defining the gap in this research, I have formulated the following research question that this report addresses:

*Does being included in a corporate talent pool and participating in a development program have an effect on the organizational commitment and work engagement of talents included in the pool?*

Since the study is conducted in one single company, one of the aims is also to point out factors related to the talent program of the company that could be improved. In the future, these improvements could help develop the program.

### **1.3 Methodology**

To address the research question, I have taken a qualitative approach. The data was generated through a study conducted in a Finnish company, which will be referred to as Company X. Semi-structured interviews were held with the employees that have been included in the talent pool. A more complete description of the method is given in chapter six of this report.

The limitations of this study are linked to the method used to address the research question. Since the study was conducted in the context of a single organizational setting, the results cannot be generalized other companies.

Another limitation related to qualitative research is that the data does not represent a very large population. Seven of the talent pool participants were interviewed, and so the data only represents the subjective experiences of those individuals. Therefore it is important not to draw conclusions that will generalise over all the participants of the talent program.

### **1.4 Outline of the report structure**

This study begins with describing previous research on the topic of talent management and talent pool formation. First, I discuss the various definitions of talent management.



Then I describe the logic behind how talent pools can be formed. After this I turn to the concept of “talent” and how companies can define it.

I also provide a description of the process of talent pool formation, which according to Mäkelä et al (2010) can be divided into two stages: the experience-based stage where performance appraisals are used, and the cognition-based stage which relates to the cognitions of the decision-makers in the talent review and selection process. In a later chapter I include a description of the talent process of Company X, which sets the stage for exploring the research question in its specific context.

After a description of the company in this study, I go on to reviewing past literature on engagement and organizational commitment. My purpose is to link the review of this literature to talent management, and also employee development, which is at the heart of the talent program of Company X. Another important aspect of engagement and organisational commitment are their implications for consequent employee behaviour. One of the most widely discussed consequences of organisational commitment and engagement has been retention (eg. Lee and Bruvold 2003, Kuvaas and Dysnik 2009, Bhatnagar 2007). One of the aims of the talent program of Company X is to increase talent retention.

After review on previous literature and conceptualization of the theoretical framework I describe the method used for this study, conduct analysis of the data generated, and discuss some possible recommendations for the company relating to their talent management process. At the end of the report I present conclusions, including theoretical and managerial implications as well as limitations of the study.

## **2 TALENT MANAGEMENT – BACKGROUND**

In this chapter I go through the relevant background on talent management (TM). First, it is important to establish what is the definition of TM. The concept has proven to be quite elusive, but I have attempted to choose amongst the definitions one that shows to be most relevant for my study. Second, I discuss the logic behind how companies can form their talent pools which is often based on a sort of “segmentation” of employees based on their performance, role and level in the organisation. I also briefly describe a typical process behind talent pool formation. Third, I discuss the even more elusive concept of individual “talent”, what it is, and how it can be defined.

### **2.1 Talent management – definitions**

For the purpose of this study it is important to acknowledge what talent management means and how it is defined. A lot of the most recent research has been aimed at defining global talent management, but they all stem from the original definitions of domestic talent management, and so I will draw on the most recent literature relating to the topic. Lewis and Heckman (2006) have recognized some recent trends in talent management literature, which can be of help when defining the concept. The three themes in research are (1) talent management is conceptualized in terms of typical human resource department practices, functions and activities, (2) talent management is defined in terms of HR planning and projecting employee needs and (3) talent management is treated as a generic entity and either focuses on high performing and high potential talent or on talent in general.

Tarique and Schuler (2010) have found the third stream to be the most encompassing when in their article they attempt to build an integrative theoretical framework for talent management. My research in the field of talent management will also fall under the third definition of talent management, since talent pools of corporations are focused toward high potential and high performing individuals of an organization.

Collings and Mellahi (2009, p.1) also describe a framework for global talent management, which seems to be quite relevant for my research even though it will be con-

ducted in a domestic setting. They state that organizations should (1) systematically identify key positions within the firm which make a significant contribution to sustainable competitive advantage, (2) develop a talent pool of high potential and top performing people to fill these positions and (3) develop a differentiated human resource architecture to facilitate filling these positions with suitable employees.

The different researchers and their attempts to define talent management all seem to refer to the necessity of forming talent pools consisting of high performing individuals as a key component of talent management. This aspect of talent management will form the basis for my thesis and the research question, since the topic I discuss involves specifically these high potential and high performing individuals.

## **2.2 What is the logic behind talent pool formation?**

Boudreau and Ramstad (2005) discuss a logic that can be applied to the formation of talent pools. When they write about talent pools they mean for example jobs, roles or competencies in an organization where a 20% increase in quality or availability would make the biggest difference to organizational success (p. 129). They name these pools “pivotal talent pools” which according to the authors should be the focus of attention for HR and other leaders. Collings et al (2009) also argue that it is a few key individuals positioned in central roles that can make the difference in organizational performance. In accordance with pivotal talent pools, Boudreau and Ramstad (2005) discuss how HR should move towards a “decision science” that leads to better decisions about human capital.

According to the authors HR should have its own logic behind this so-called decision science related to talent management, in a similar manner as finance has a formula to calculate a number for the return on investment. The return on investment is of course a solid number, but the factors that affect this outcome can be identified. Boudreau and Ramstad (2005) argue that as in finance, HR should be able to identify the factors in their “talent equation” that contributes to the organizational outcome of certain decisions about talent management. This implies that the factors an organization defines as

crucial for the outcomes from the pivotal talent pools, has a direct effect on which employees are considered talent.

Forming talent pools in companies can also be seen from the perspective of resource allocation. As many authors have defined talent management in terms of identifying a selected group of employees for a selected group of roles or positions, it is evident that resources in talent management are not equally targeted at all employees. Collings et al (2009), who also define talent management in this manner, make the argument that talent management should be focused. Even though it can be said that each individual possesses a level of talent, and makes a contribution to the performance of the organization, Collings et al (2009) argue that because of financial constraints, it is necessary to allocate resources effectively. However, allocation of resources to a targeted group of employees can pose a risk of losing the motivation and morale of employees who are not the target of these resources. This is a risk that I will discuss in a later section of this report.

According to Stahl et al (2007), most companies in their study of 37 multinationals around the world follow the above-described approach in their talent management processes. This is based on McKinsey's recommendation (Michaels et al 1998) to limit the amount of key talent to 10-20% of managerial and professional staff. For example Unilever includes in its talent pools 15% percent of managers in each managerial level. Infosys is even more selective in its high potentials. Out of the firm's 60,000 employees only 500 are listed as being part of this talent pool. Another common practice according to Stahl et al (2007) is to have different talent pools for different future positions. These can be for example senior executive, specialist, or early career high potential pools. These positions then have different criteria against which individuals included in them will be measured against.

### **2.3 Process of forming talent pools**

The proposed process for forming talent pools has been described by Mäkelä et al (2010), and it is based on the authors' observations in the field. Usually assessment of potential candidates starts off by assessing the performance appraisals given by the line

manager. This appraisal is then reviewed to identify whether the employee has potential to grow into new positions and challenges that the organization might have to offer. Relevant HR managers, functional managers and top management then evaluate the candidates at a talent review meeting. After the review, certain individuals are included in the pool. This framework is illustrated in Figure 1.



**Figure 1. The talent pool process as described by Mäkelä et al (2010)**

The talent process of Company X will be discussed in greater detail in chapter 3, but on a general level it follows quite closely the steps indicated in the above described model. A tailored talent development program can be the next step in the process after decisions about inclusion have been made. This is the case with Company X, as I will describe in the next chapter.

## **2.4 The definition of a talented employee**

Before moving on to describing the talent program of Company X, it is relevant to briefly discuss what different definitions can be offered for the concept of talent or high potentials. Who is a talent? Different definitions can be offered, and they most likely also vary according to the organization. These definitions have an impact on who will be included in a corporate talent pool. McDonnell et al (2010) describe talent in two different ways. First, they argue that at the heart of talent management lie those employees whose contribution to corporate objectives is evident. Horibe (1999) describes these sorts of people as those who “use their heads more than their hands to produce

value”. In this pool of people there can be members of staff from many different functions such as analysts, client executives and people from R&D department. They can be identified as key to the organization’s learning and competence because they possess certain knowledge or skills.

The second description of key talent that is shared by many other authors (eg. Mäkelä et al 2010, Collings and Mellahi 2009, Stahl et al 2007) is described as high potentials that can be seen as the future organizational leaders. The proposition is that in an organization there is a group of employees who perform well above average and who will later on be nominated for the key strategic leadership positions of an organization. The success of a company can be seen to depend on the managerial talent of its employees and many organizations seem to suffer from shortages in this segment of employees (McDonnell et al 2010).

Tarique and Schuler (2010) also write about a certain group of employees as being more suited for developmental activities than others. They say that organizations should identify those employees with a certain set of characteristics and personality for whom developmental activities should be offered. The authors suggest that these activities are “only effective when the learners are predisposed to success in the first place” (p.128).

Collings et al (2009) bring up the question of context in talent identification. They draw on Malcom Gladwell’s (2000) influential work *The Tipping Point* and the idea of “the law of the few”. The authors refer to the way a certain group of exceptionally competent and high performing individuals can make the difference in the success of a company. The authors of the article argue that these key people, or the concept of “potential” varies across corporations and it needs to be assessed and defined in relation to the specific context of that particular firm. Also it is important to note that this concept is not constant, but it will develop and change during the course of time.

Moreover, it seems that talent is not only something that can be defined as either existing in an individual or not. It also depends on how you define it, and the context in which you operate.

After a brief overview on the definition of talent management, the logic behind forming pools, the process, and discussion of the actual concept of talent, I move on to describing what all this means in a more specific context of the company selected for this study.

### **3 DESCRIPTION OF THE CASE COMPANY**

In this section of the report, I first provide a short description of the case company and then move on to describing their talent pool formation process and the talent development program.

#### **3.1 General information**

The company selected for this study operates in the fast moving consumer goods industry. It has its headquarters in Helsinki, with production facilities in other locations in Finland. It is originally a Finnish company, which has gone through integration with a larger multinational company approximately seven years ago. The firm has approximately 1000 employees.

#### **3.2 Talent criteria and the talent pool process**

The current talent pool process of Company X was initiated a couple of years ago. The process has mostly been designed in the same way as what has been done at the parent company, while the development program has been tailored for the specific context of Company X. The development program was first initiated in 2009 and it has now been running for approximately two years. The maximum time for an employee to stay in the program is three years. Also, the HR and managers run periodic reviews to assess a person's eligibility to stay in the program once a year. So the participants in the program are granted membership for one year at a time, and if in one of these periodic reviews the decision-makers see that a person no longer meets the criteria of a talent pool member, they will be dropped out.

Company X segments employees into different categories based on their performance and potential. The descriptions of the categories relating to potential are described in Table 1 below. The actual talents are those employees that have been identified as having high potential or promotable potential, and their past performance has either fully met, or exceeded the business objectives set for them, and the overall performance against their job description.



High potential	<ul style="list-style-type: none"> <li>• Ability to grow at least two vertical steps in 5 years</li> </ul>
Promotable potential	<ul style="list-style-type: none"> <li>• Ability to grow at least one vertical step in the next 2-4 years</li> </ul>
Lateral potential	<ul style="list-style-type: none"> <li>• Ability to move horizontally across units/functions</li> </ul>
Right in the current position	<ul style="list-style-type: none"> <li>• Effective in the current position, does not have the ambition or ability to grow into a new position</li> </ul>
Planned exit	<ul style="list-style-type: none"> <li>• Eg. Retirement or continued low performance</li> </ul>
Too soon to tell	<ul style="list-style-type: none"> <li>• With the company less than six months</li> <li>• Can also be recently promoted employee</li> </ul>

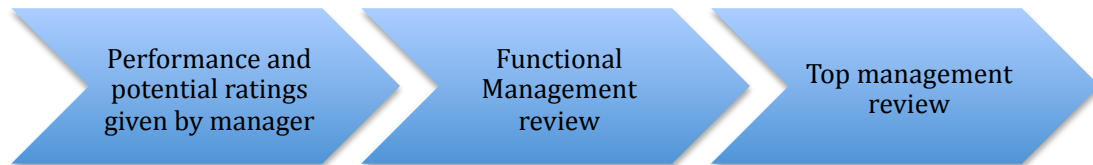
**Table 1. Description of potential: Company X**

Company X has a set of general criteria for talents that can be included in the pool. First of all, they aim to include 10-15% of employees in professional and managerial positions. They also look for a proven track record of good or excellent performance as well as the potential and ambition to grow further. One criterion has to do with diversity, which means that the pool should contain a heterogenic group of people from different functions.

There are two pools of talents, differentiated according to the career stage of the employees. The development programs that are designed for the two talent pools are slightly different. The first pool is named **Emerging Professionals (EP)**, and it consists of employees who are at the beginning of their managerial careers. The size of the pool is approximately 25 people. The second pool is called **Leadership Talents (LT)** and it consists of employees who are at a stage in their career when they could be considered to be possible successors for executive management team (EMT). At the moment the size of the pool is 10 people. For this study, four people were interviewed from the EP pool and three people from the LT pool.

The talent pool process of Company X is a three-step process as described in Figure 2. This is quite similar to what for example Mäkelä et al (2010) described as the typical

way the process is structured. In the review meeting of top management, final decisions about who gets included in the pool are made.



**Figure 2. The talent process of Company X**

### **3.3 Talent development program**

After employees have been included in the talent pool, they have a planned development program, which they will take part in. The aims of the program are to increase business knowledge as well as to develop competencies related to leadership, teamwork, professionalism and other competencies that have been selected as essential for the success of the organisation.

In addition to these objectives, a discussion with the HR manager of Company X revealed that an important aim of the talent program is to also increase the retention of the selected employees.

The content of the development programs for Emerging Professionals (EP) and Leadership Talents (LT) are summarized in Table 2.

Emerging Professionals	Leadership Talents
360° - evaluation	360° - evaluation
Personal Development Plan	Personal Development Plan
Leadership Competences Training	Leadership Competences Training
Leadership Labs	Leadership Labs
Business case workshop	Business case workshop
Mentoring (mentor from EMT)	Mentoring (mentor appointed from outside the organisation)
Meetings with managers	A week long leadership training module abroad (arranged by parent company)
Local training program modules available	

**Table 2. The talent development program**

Members of the talent program that were interviewed for this study had participated in the different modules of the program to a varying degree, depending on how long they had been a part of the pool. However, all of them had participated in the Business case workshop, where the talent pool members were divided into groups to solve a real life business case of the company, which was then presented to the executive management team of the company. Two out of the three LT members had also taken part in the leadership-training module arranged by the parent company. The 360°-evaluation was something that all the members participated in right after this study was conducted. In addition, some of the members had gone through leadership competences training as well as having a mentor.

As stated earlier, the items of the development program are designed to enhance the talents' business knowledge and leadership competencies. It is these sort of develop-

mental activities that may have an effect on employee engagement and commitment, as I will describe in the next chapters of this report.

## **4 ENGAGEMENT**

After describing the talent pool formation process and development program of Company X, I move on to discussing existing literature on employee engagement and commitment and attempt to connect these two concepts with talent management and employee development. I discuss these two concepts separately for the sake of clarity, but it is important to remember that they are often interconnected and exists simultaneously in differing strength in the minds of employees (Aggarwal 2007). Therefore I first provide a short overview of what makes these two constructs distinct from one another.

### **4.1 Conceptual difference between EE and OC**

As this study will explore both employee engagement and organisational commitment, it is important to underline what is the conceptual difference between the two related terms. According to academic research, engagement can be related to an employee's day-to day experience in their work and their role, while organisational commitment has more to do with a general attitude towards the organisation (eg. Aggarwal et al 2007). Organisational commitment is involved with the question of why an employee would maintain membership in a particular organisation; while engagement asks questions about how much heart and energy one is putting into their job. As Bhatnagar (2007, p. 646) states "it is the hearts (passion – a person's intrinsic motivation) that are the essence of employee engagement".

To put it more succinctly, for the purpose of this study:

- Engagement is involved with employees' attitude towards their work
- Organisational commitment is involved with the employees' attitude towards the organisation

Both of these are explored in the context of talent pool inclusion, and the impact it may have on these two organisational employee-related constructs. For analysis these two constructs will be looked at separately, but it is important to acknowledge that the concepts are interlinked, and they can most likely coexist. As Aggarwal et al (2007) point

out, the relationships of the concepts can be those of antecedents, outcomes or correlates.

In the forthcoming chapter on engagement I first go through the various definitions of the concept, and point to the one that is used for the purpose of this research. I then briefly discuss some of the organisational outcomes of engagement. Then I provide a discussion of the implications of engagement for talent management and retention.

## **4.2 Definition of engagement**

Employee engagement (EE) as a concept has many definitions, and for the purpose of this research it is crucial to underline which of these definitions will be used.

The central definition for engagement was perhaps one provided by Kahn (1990). He has conceptualised this concept, and is also the person credited for deriving different dimensions of engagement. According to this researcher, an employee can be physically, cognitively and emotionally engaged. Employees are said to be cognitively engaged, when they are aware of their mission and role in the work environment, have what they need at work, and have opportunities to make an impact and feel fulfilment in their work. Employees can be emotionally engaged when they perceive that they are a part of something important, can form trust-based relationships with co-workers and also have the chance to improve and develop in their work (Aggarwal et al 2007). Physical engagement is related to the amount of physical energy that a person is putting into their job.

Aggarwal et al (2007) advocate Kahn's initial definition by stating that: "EE is defined as physical, cognitive and psychological absorption in one's work roles" (p. 315). In their definition however, it is unclear whether they mean by psychological engagement the same thing as Kahn's emotional engagement.

Some other authors have provided a more simple and perhaps accessible definition of engagement. Hewitt and Associates (2004) provide one definition of engagement as:

A measure of the energy and passion that employees have for their organisations. Engaged employees are individuals who take action to improve business results for their

organisations. They “stay, say and strive-stay with and are committed to the organisation, say positive things about their workplace, and strive to go above and beyond to deliver extraordinary work” (p12).

Gibbons (2006) provides a definition in the same style by stating, “employee engagement is a heightened emotional and intellectual connection that an employee has for his/her job, organisation, manager, or co-workers that in turn influences him/her to apply additional discretionary effort to his/her work” (p. 5). Towers Perrin (2006) use a similar definition of engagement as “bringing discretionary effort to work, in the form of extra time, brain power and energy”. Schaufeli’s (2008) definition of engagement follows the line of Gibbons (2006) and Towers Perrin (2006). According to the author, engagement is a positive, fulfilling, and work-related state of mind that is characterised by vigour, dedication and absorption.

To be more specific, Schaufeli et al (2002) describe the three characteristics of engagement as (1) vigour is related to a high level of energy and mental resilience at work, and the willingness to exert extra effort, (2) dedication is related to for example enthusiasm, inspiration and pride and (3) absorption is related to a full concentration in one’s work, where detaching from it may be difficult.

For the purpose of this research drawing on the definitions I have described above, Schaufeli’s (2002, 2008) definition seems to be the most relevant one considering the company that the research takes place in. The company wants to know whether their talents are more engaged in their work due to them being part of the corporate talent pool. By this they mean that they want to explore whether the people are giving *extra effort* and *energy*, and if they are more *motivated* to perform their tasks in their role now that they have been made part of the talent pool and been given development opportunities.

As Aggarwal et al (2007) point out; engagement is a mechanism of motivation, even though it is not the same thing. According to the authors, engagement views relationships between individuals and the organisation at a more day-to-day level compared to

the other related concepts of organisational behaviour theory (such as job satisfaction, job involvement, organisational commitment, organisational citizenship behaviour).

### **4.3 Engagement and organisational outcomes**

The question of why organisations would want to know the level of engagement of their employees is embedded in the results of studies made about the relationship between high engagement and organisational outcomes. One of these is increased retention. According to a study done by Towers Perrin (2003), 66% of highly engaged employees plan to stay with their current employer.

Highly engaged staff has also been linked to higher employee productivity, customer engagement levels, revenue growth and higher operating and profit margins (Christensen Hughes and Rog 2008). Hewitt and Associates (2004) found that as levels of employee engagement increased, so did the indicators of financial performance. So from looking at the issue from an organisation's point of view, engagement can make a difference in organisational performance, and therefore the mechanisms behind this construct need to be understood, in order to construct processes that might support engagement.

However, looking at this from the point of view of an individual employee, it is important to note that engagement is a personal experience. An environment that enhances the engagement of one employee, may not be experienced in the same way by another employee. From the data of this study it is interesting to see whether talent pool inclusion might be something that has a positive effect on the engagement of the employees chosen for that pool.

### **4.4 Implications of EE for talent management**

The link between talent management (TM) and engagement has been explored to some extent. One of the largest of these studies is the one conducted by Towers Perrin (2006, p. 7), whose survey of 86,000 employees around the world set out to explore "what matters and why" in gaining focus, dedication, energy, brainpower and full commitment of employees. According to the survey only 14% of the employees were highly engaged.



The authors point out that a moderately engaged employee can be a threat as well as an opportunity for the employer, and a challenge for the HR team is to work out how to influence the level of engagement.

For this research one aim is to explore whether talent pool inclusion is something that can have an effect on the engagement level of an employee. The talent program of company X is such that it contains a lot of different development opportunities for those included. This is important to note since across the sample in Towers Perrin's study, the most important element to affect EE was "sufficient opportunities to learn and develop new skills". If the talent program is able to provide this, then the chances are that it will positively affect the engagement level of those involved.

## **5 ORGANISATIONAL COMMITMENT**

After reviewing existing academic research on employee engagement, I move on to the concept of organisational commitment (OC). As with engagement, I first provide various definitions given to the concept and then point to the one that I feel is most relevant for this study. I then move on to establishing a link between OC and employee development. As described in the chapter related to the talent process of Company X, the aim of the talent program is to develop high potential individuals by providing them with targeted development initiatives. Therefore the connection between existing literature on OC and employee development is extremely relevant.

In this chapter I also describe the behavioural implications of OC. One of most consistent consequences of organisational commitment has been shown to be retention. Therefore, I have written a separate section on retention and how differentiated retention strategies can help increase the retention of top performers of a company.

### **5.1 Definitions of organisational commitment**

Organisational commitment is a concept with quite a few definitions as well, and according to Meyer and Herscovitch (2001) there seems to be considerable confusion and disagreement on what is commitment, where it is directed, how it develops and how it affects behaviour (p. 299). First of all, commitment has been conceptualised either as one-dimensional (eg. Blau 1985, Brown 1996) or multidimensional (eg. Allen and Meyer 1990, Angle and Perry 1981, O'Reilly and Chatman 1986, Penley and Gould 1988). Both of these conceptualisations have emerged with a different set of measures (Allen and Herscovitch 2001). Workplace commitment has also been related to different targets, such as the organisation (eg. Mathieu and Zajac 1990), occupations and professions (eg. Blau 1985, Meyer et al 1993), teams and leaders (eg. Becker 1992, Hunt and Morgan 1994), goals (Locke et al 1988) and personal careers (eg. Hall 1996).

In this study I explore the expressions of commitment of the members of the talent pool of Company X. For the company, one of their biggest HR concerns is how committed their talents are to the organisation, because they feel that this is most logically related

to their intention to stay with the organisation. This logic has been confirmed in a number of studies as well (eg. Lee and Bruvold 2003, Hausknecht et al 2009). However, it is quite likely that being included in a corporate talent pool can have an effect on other targets of commitment such as occupations, goals and personal careers. The commitment of talents will be explored through qualitative interviews that may show that actually the talents may be committed to other foci besides the organisation.

Meyer and Herscovitch (2001) assert that despite the confusion about the definitions and characteristics of organisational commitment, a core essence of the construct must exist, which distinguishes it from other related constructs. The authors drew on a large set of definitions given to commitment, and based on those definitions tried to establish what is common in all of them. They came to the conclusion that organisational commitment is a) a stabilising or obliging force and b) it gives direction to behaviour (p. 301). From the different definitions, there seems to be consensus that commitment is driven by a mind-set (i.e. frame of mind or psychological state that compels an individual towards a course of action) (p. 303). The argument for a multidimensional conceptualisation of OC is grounded in the premise that different dimensions are characterised by different underlying mind-sets.

Meyer and Allen (1991) have developed a three dimensional construct of organisational commitment that has been used as the basis of many commitment studies (eg. Lee and Bruvold 2003, Meyer et al 2004, Kuvaas and Dysnik 2009, McInnis et al 2009). They based their distinctions on the different mind-sets underlying commitment: affective attachment to the organisation, perceived cost of leaving and obligation to remain. They labelled these mind-sets affective commitment, continuance commitment and normative commitment respectively. In a research attempting to evaluate their model, Allen and Meyer (1996) conclude that evidence seems to support their conceptualisation of a three dimensional construct. Even though high correlations between affective and normative have been found, confirmatory factor analyses consistently show a better fit when affective and normative commitment are defined as separate factors (eg. Dunham et al 1994).

Even though Meyer and Allen (1990) put forward the notion that commitment is a multidimensional construct, Meyer and Herscovitch (2001) assert that labelling the dimensions may be dangerous, because they do not capture the richness of the concept. Meyer and Allen (1991) assert that the three dimensions should not be seen as types of commitment, but rather as components of commitment, which can co-exist in various strength in the commitment an employee feels towards an organisation (or other foci, examples of which were already listed earlier).

After reviewing some of the extensive literature on organisational commitment, I will choose to use Meyer and Allen's conceptualisation of commitment as a multidimensional construct, because it is by far the most cited one by other commitment researchers, and as according to Meyer et al (2004) it is "the model that has been the subject of greatest empirical scrutiny, and also received the greatest support" (p. 993).

## **5.2 Commitment and perceived investment in employee development (PIED)**

Company X's talent program content is designed in such a way that the participants are offered a number of development opportunities following their inclusion in the pool. One of the criteria of including a person in the pool is that they are seen to have the potential to move into a new position within the company in a given time frame. The data for the study will be collected from the employees' themselves and so the data will be based on their personal assessment of the talent program.

From looking at the content of the company's talent development program the concept of perceived investment in employee development (PIED) shows to be quite relevant. The concept of 'investment in employee development' is defined as equipping employees with new knowledge and skills, and it can be used to prepare employees for new job requirements (Rothwell and Kazanas 1989, see Lee and Bruvold 2003, p. 983). PIED develops through employees' assessment of the organisation's commitment to help them learn and obtain new skills and competencies that will allow them to move into new positions either inside or outside the organisation (Lee and Bruvold 2003, p. 983).

From this description, the connection between PIED and the talent program of this company can be established.

The study conducted by Lee and Bruvold (2003) found that affective commitment is a dimension of commitment that is enhanced by perceived investment in employee development (PIED). According to a number of researchers (eg. Ichinowski et al 1997, MacDuffie 1995, Snell and Dean 1992) investment in employee development is a high-commitment strategy, which effects employee commitment and motivation.

### **5.2.1 Normative commitment and PIED**

Lee and Bruvold (2003) base their research partly on theory of social exchange, which was conceptualised by Blau (1964). The theory is based on the conception of an exchange where one person does another one a favour, with the expectation that this favour will be returned in the future. According to Blau (1964) employees usually take a long-term approach to these exchange relationships at work. These exchanges have been described as perceived organisational support (POS) (Eisenberger et al 1986). POS has also been used to explain the development of employee commitment. According to Eisenberg et al (1986) high levels of POS create feelings of obligation, where employees feel that they need to reciprocate their employer's commitment to them by engaging in behaviors that support organizational goals. Tsui et al (1997) also point out that when the organisation has shown an "overinvestment" in an employee, the employee will feel the need to reciprocate this investment.

Lee and Bruvold (2003) in their study do not specifically refer to normative commitment but rather it seems to be included in their description of affective commitment. They write about the need of the employee to reciprocate the developmental investments made in them by staying with the organisation. This assumption of a social exchange is characterised by the obligation to reciprocate an individual may feel towards the organisation. The feeling of obligation to stay and the need to reciprocate is described to be characteristic of normative commitment (eg. Scholl 1981).

Meyer and Allen (1991) discuss the relationship of normative and affective commitment with reciprocity in a way that illustrates its connection with both of these dimensions. According to the authors, the difference between reciprocity arising from either affective or normative commitment is embedded in the motive of the reciprocation. The motive related to affective commitment can be described as the desire to enhance the well-being of the organisation in order to maintain equity, while the motive arising from normative commitment is characterised by the obligation to do what is right. The authors assert that these two motives may be difficult to distinguish. As I already noted earlier, it has been shown in previous research that affective and normative commitment are clearly linked to each other even though I discuss them discussed separately.

In the context of a talent pool process, Company X is making an investment in the people that they see as their key employees, and the talent program can be interpreted as an indication of the commitment that the employer has made towards the individual. If we follow the theory of social exchange and POS, those employees included in the pool may feel the need to reciprocate by behaving ways that enhance the goals of the organization. In this study I examine the logic of exchange from the perspective of normative commitment, even though it is likely that an element of affective commitment can be embedded in it as well.

If we look at the employment relationship from the perspective of social exchanges, it is worthwhile to also ask the question of what might the talents expect in return for being through the talent development program? One risk related to talent pools according to Evans et al (2010) is that talent pool inclusion may raise false expectations of career progress. This is an issue that the HR of Company X is worried about. Talents are not given any promises of career progression, even though it is one of the aims of the program. The authors also point out that often it is accepted that one consequence of being labelled as talent is that there will be challenges that require the person to stretch. If this is something that the company is being open about, then it should send a message to the individuals that they need to continue to prove themselves in order to progress in their careers.

According to Evans et al (2010) one of the best ways to handle issues related to the expectations of talents is to have periodic reviews where potential is assessed. This is what Company X is also doing by being open about the fact that inclusion in a talent pool is not permanent. Those included are periodically assessed again to determine whether they fulfil the criteria of a talent. This means that there is also the possibility that a person included may also be taken out of the pool.

### **5.2.2 Affective commitment and PIED**

Meyer and Herscovitch (2001, p. 308) assert that affective commitment is related to an individual's *desire* to stick to a course of action (eg. staying with the organisation). According to the researchers it is related to a strong positive emotion. The authors however assert that it should not only be measured as the individual's affective state, but that it also has an important cognitive component (eg. the recognition that there is an important purpose in what one is doing, p. 308). In the Organisational Commitment Questionnaire a 15-item scale is used to measure a person's affective commitment. It assesses the person's acceptance of organisational values, willingness to exert effort and desire to maintain membership in the organisation (Meyer and Allen 1991, p. 64)

A number of studies have investigated the relationship between training and affective commitment. For example Saks (1995) conducted a study where the results showed that affective commitment for entry-level accountants increased after training. Along the same lines, Naumann (1993, see Lee and Bruvold 2003 p. 984) found that training was related to affective commitment. In a similar vain, since the talent program of Company X is also targeted at training and development of their talents, it is interesting to see whether the program can have the effect of increased affective commitment as I have described.

Based on previous research relating to commitment and employee development, I attempt to explore the affective and normative commitment of talents of Company X. For the data generation process, I use differentiated interview questions to address affective and normative commitment. However, it is important to underline what other researchers have already asserted: the dimensions of commitment are not types of commitment,

but rather they are components of commitment that coexist and form the overall organisational commitment of an employee. The most important contribution of this study is to explore the organisational commitment of talents, not to compare the dimensions against each other.

### **5.3 Behavioural implications of commitment**

Meyer and Herscowitch (2001) discuss the behavioural implications of OC. Some of the expected consequences of OC have been lower turnover, reduced absenteeism, improved performance and increased organisational citizenship behaviour. According to Meyer and Allen (1991), the behavioural consequences of normative and continuance commitment are more specific and narrow than those of affective commitment. For normative and continuance commitment, the most obvious outcome is continued employment, while for affective commitment it can also be enhanced attendance and performance.

In the context of training and development, Lee and Bruvold's (2003) research specifically addressed the relationship between OC and intention to leave the organisation. According to the results of the study, employees that were more affectively committed expressed lower intentions to leave the organisation. Affective commitment in turn was enhanced by PIED. The intention of an employee to leave an organisation is extremely relevant in the case of Company X, because one of the main objectives of the talent program is to increase retention (i.e lower the intention of the employee to leave).



## **6 TALENT RETENTION**

In this section I discuss retention of talent. As I state in a previous sections of this report, both engagement and commitment have been shown to have a direct effect on an employee's willingness to stay with an organisation. From the point of view of the company in this study, retention of their key employees is an important factor they want to address in their talent management strategy. I discuss the findings of a couple quite recent studies, which have found that high performers have been shown to stay with an organisation for different reasons than low performers or people from lower organisational levels. I will also discuss how certain aspects of talent management have been found to have an effect on talent retention.

### **6.1 Reasons for staying**

When it comes to talent retention, Towers Perrin (2006) made an important finding in their study that is closely related to talent management practices. According to the survey, the number one driver of retention was that the organisation retains people with needed skills. In Company X, one of the aims of the talent program is exactly this. If the findings of the survey apply also in this company, then the talent program may be expected to do what it is aimed at doing. The second most important driver of retention in the survey was employees' satisfaction with the organisation's people decisions. If this is to be applied to the context of talent pool processes, the fact that the talents' themselves are satisfied with the organisation's decision to have this process, then this should ultimately also drive the retention of these employees.

### **6.2 Retention of different employee groups**

There is a vast literature on employee turnover that have been aimed at identifying why employees quit their jobs. According to Hausknecht et al (2009), a lot less is known about the reasons why employees stay. As has been pointed out by for example Steel et al (2002), the reasons for leaving and staying are not necessarily the same. The authors conducted a study that explored the reasons why certain employees stay with their employer. They set out to explore whether there were differences between reported reasons

for staying by employees at different job levels. According to Steel et al (2002), organisations will want to contribute to the retention of their most valued employees. A lot of these employees are part of the talent management programs that emphasise the development of employees with future leadership potential. When it comes to the talent program of Company X, it is very valuable for them to know, what their talents' reported reasons for staying are.

In a similar manner, Aggarwal et al (2007, p. 313) point to the fact that a “one size fits all” approach to managing talent is being replaced by more individual employee approaches. The psychological state of the employee has been recognized as a determinant of behaviour and responses at work. For example, the psychological construct of employee engagement has been recognized to be a factor in developing and retaining talent (eg. Bhatnagar 2007). Furthermore, research shows that HR practices have significant impact on employee attitudes and behaviours (eg. Towers Perrin 2006). If this is true, then the HR practice of talent pool formation processes may also have an impact on employees and their attitudes and behaviours, and it is also one aim of this study to explore the impact of this specific HR practice. The research in the area of this practice is very scarce, and therefore the study truly will be explorative in nature.

The relevant finding of Hausknecht et al (2009) was that retention profiles differ between high performers and low performers. As job level of the employees increased, so too did the reports of staying for relational rather than transactional reasons. According to the authors relational reasons can be related to for example advancement opportunities, organisational commitment and organisational justice. If I relate this to Company X's talent program, the talents have been indicated as high performers who might then be more interested in advancement opportunities that may arise through their inclusion in the talent pool. Even though the talents are not given any promises about advancement, the organisation is still sending a strong message to show that they consider their talents to be eligible for future advancement.

## **7 SUMMARY AND PROPOSED THEORETICAL FRAMEWORK**

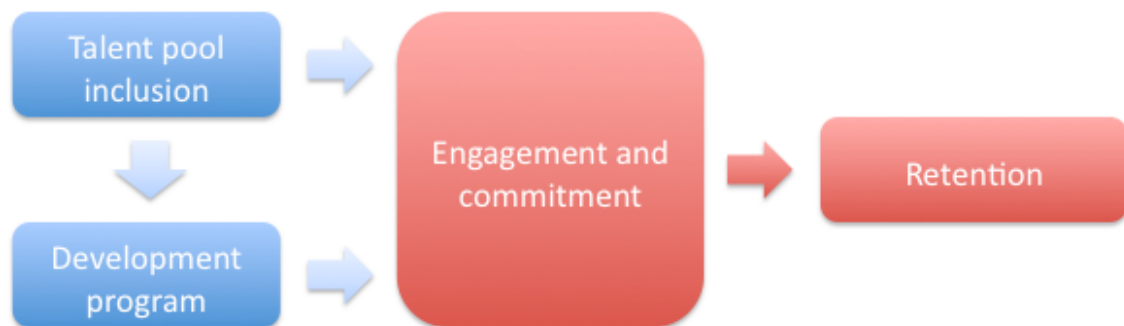
In previous chapters of this report I have described talent management, and more specifically the process of forming talent pools. These pools consist of employees that have shown high performance in their current position, as well as the potential to grow into new positions within the organisation.

According to research, organisations that manage their talent effectively outperform those competitors that don't have specific processes in place to do the same. From the perspective of the organisation, retaining these key individuals is crucial in order to guarantee high performance in the future. The concepts of employee engagement and commitment have been shown to be among the strongest predecessors of employee retention. This is what makes exploring the engagement and commitment of these certain individuals so important.

Previous research on talent pools has focused more on the identification and selection of individuals. This study aims to create an extension to the literature by exploring what happens after individuals have been selected, and made the target of development initiatives. Studies have shown that engaged employees strive to perform well in their jobs by showing vigour, dedication and absorption in their day-to-day work (eg. Schaufeli 2008). The link between talent management and engagement according to Towers Perrin (2006) is related to their finding that the number one driver of engagement is the organisations way of handling people issues. The most important one of these was retaining those employees with needed skills.

Organisational commitment on the other hand, has also been shown by numerous researchers to have a connection with development opportunities that have been offered to employees. Lee and Bruvold's (2003) research in this area is a good example of how development opportunities lead to higher commitment, which in turn increases the probability of employees staying with the organisation despite the possibility of heightened opportunities of employment outside the organisation.

However, to be more specific, the relationships between talent development programs and work engagement and commitment are yet to be explored academically. Previous studies have shown an indication that talent development may indeed contribute to engagement and commitment, which in turn may lead to higher retention. The aim of this research is to explore how the talents themselves express their engagement and commitment towards the organisation. Figure 3 shows the proposed relationship between the talent pool process and employee related outcomes. This comprises the theoretical framework I use to explore my research question.



**Figure 3. Proposed theoretical framework**

## 8 METHODOLOGY

In this chapter of the report, I discuss the method used for obtaining the data. I begin by describing the case study approach to conducting research, since this study was conducted in one company. Then I describe semi-structured interviews as a data collection method, and elaborate on how it was used for this particular study. After this I briefly describe the sample of the study, and method of data analysis.

An important aspect relating to this study is that it explores engagement and organisational commitment using a qualitative approach. Previous research has almost solely focused on investigating engagement and commitment using a quantitative approach. However, there are a number of reasons why for this study, a qualitative approach is more appropriate. First of all, quantitative research is usually aimed at explanation, testing hypothesis and statistical analysis while qualitative methods are usually aimed at collecting and analysing data in its context, and at the same time forming a holistic understanding of the phenomenon under study (Eriksson and Kovalainen 2008). Also, quantitative research usually involves a sample large enough to conduct statistical analysis. However, in the case of talents of Company X, the number of talents adds up only to just 35 employees. The lack of a larger sample size rules out quantitative data analysis.

According to Eriksson and Kovalainen (2008) qualitative research gives the researcher an opportunity to explore a phenomenon under study in its own context. I believe this is relevant in for my study, since it takes place in the context of a specific organization. Also Ghauri and Gronhaug (2005, p. 202, see Eriksson and Kovalainen 2008, p. 5) make a statement about qualitative research, which can be used as an argument for why my research question is appropriate to be explored in this manner:

*Qualitative research is particularly relevant when prior insights about a phenomenon under scrutiny are modest, implying that qualitative research tends to be exploratory and flexible because of “unstructured” problems (due to modest insight)*

Although prior research on engagement and commitment are not modest, prior research in the context of talent pools is. Exploration of engagement and commitment related to a specific employee group and in relation to this specific context is very scarce.

### **8.1 An Interview-based study**

According to Eriksson and Kovalainen (2008), case studies are more of a research strategy than a method. The method used, and sources of data can vary according to the phenomenon under investigation. The authors also state that probably the most common method for collecting data in a case company setting is in-depth interviews. This is also the approach I take when collecting data.

What is characteristic of a single case study is that the findings from that case cannot and are not even aimed at making generalisations about how things are in the social world (Eriksson and Kovalainen 2008). It can only provide insight into what the social world looks like in the context of that company. However, for example Mäkelä et al (2010) noted that they had chosen a company that represented a so-called “typical case of talent management processes” in their exploration of the talent pool identification processes of a single company. The process that Mäkelä et al (2010) described was very similar to the talent process of Company X.

### **8.2 Semi-structured interviews**

The method I use for data collection is interviews. Silverman (2001, see Eriksson and Kovalainen 2008 p. 79) has created a typology for interviews, which divides them into three categories: positivist, emotionalist and constructionist. According to the author the emotionalist approach is focused on the authentic experiences of the person being interviewed. The questions I use in data collection are focused on the perceptions, viewpoints, understandings and the emotions of the interviewee. Since I interview the participants on their perceived and subjective understandings and viewpoints on talent pool processes, the interviews fall under the emotionalist category.

To be more exact about the method, I use the method of semi-structured interviews. These interviews have an outline of predetermined questions or themes to be discussed

during the course of the interview, but the interviewer is free to moderate the wording and sequence of the questions. Another important characteristic of semi-structured interviews is that while each interviewee may be asked the same questions, there is a possibility to ask clarifying and supplementary questions to form a better understanding of interviewee's views on the topic. The important objective is to cover all topics or themes that have been predetermined before the interview, but the questions posed to each interviewee do not have to be identical (Eriksson and Kovalainen 2008).

### **8.2.1 Formulation of interview questions**

The questions that I choose to use in the interview have the most effect on what sort of data I am able to collect for my research. Eriksson and Kovalainen (2008) discuss a typology of different kind of interview questions, of which some I use as guidelines when formulating the questions.

According to Glesne (1999, p.69, see Eriksson and Kovalainen 2008) inexperienced researchers often confuse research questions and interview questions. The interview questions should be related to the research question, but they should not be identical. If the research question can be answered directly, then it most likely is not a proper research question. Through the interview questions the researcher should be able to find answers to the research questions, but only after careful analysis.

For example, in my study I asked the interviewees a question like "What motivates you in your job". Even though this study does not address motivation directly, it is a question that directs the interviewee to talk about their work, and the sort of things that can have a positive effect on their energy and effort which can then be more easily linked to factors that affect engagement. A more direct question following the question about interviewee's current motivation in their job was "what kind of things affect how much you put energy and effort into your job", which I use to gain insight into how engaged they are with their work at the moment.

Eriksson and Kovalainen (2008) discuss interview questions by dividing them into simple and complex questions, neutral and leading questions, direct and indirect questions,

and primary and secondary questions. The writers make a good point about using simple and complex questions, by saying that sometimes it may be better to use a series of simple questions rather than having the interviewee answer one complex question. In my research I use questions that are more open ended, so that I get the participant to talk more freely. I also use a combination of the two, by asking more general question like “What kind of things do you appreciate in your employer”, and then moving on to more targeted questions like “Has being included in the talent program had an effect on the way you think about your employer?”.

The matter of neutral and leading questions is also something I had to think about carefully. By using neutral questions, the interviewer tries to avoid making assumptions and pre-given typologies (Eriksson and Kovalainen 2008). Leading questions on the other hand usually provide the participant with a typology to which they are expected to relate their answer. An example from a question I use in my study is “What does it mean to you, that Company X has invested in your development?” and a follow-up question of “Do you feel that you should do something in reciprocation for this investment?” These questions, especially the second question, do give the interviewee a pre-given typology to discuss the talent program from the point of view of investments and exchange. However, many interviewees did bring up the notion of reciprocation before this question was asked. Still it was a relevant question to ask in order to make sure that the normative dimension of commitment was covered in all interviews.

In my research I aim to find a balance between neutral and leading questions. On the one hand I think the researcher should not direct the participant to give the sort of answers that the researcher wants to hear, because that will deteriorate the objectivity of the research. On the other hand, the researcher needs to give some sort of indication of what is being studied, so that the answers elicit the sort of data that can be used to answer the research question through analysis. The full list of interview questions is available in Appendix. A.



### **8.2.2 Building rapport in the interview**

Interviews as a data collection method are different to for example surveys and other quantitative methods in the way that the researcher participates in the data collection process. The interviewer's voice, body language and facial expressions have an effect on the way the relationship between the interviewer and interviewee is constructed. It is always a personal interaction between two people, and therefore it is very important that the interviewer is well prepared for the event (Hirsijärvi and Hurme, 2001).

In the actual interview situation, it is very important to be able to build rapport between the interviewee and myself. According to DiCicco-Bloom and Crabtree (2006) in qualitative interviews rapport needs to be developed in a short period of time, if you compare it to for example ethnography where rapport can be built over time. Rapport involves trust and respect for the interviewee and the information that they are sharing. Since in many cases the experiences that are shared are quite personal, the interviewee needs to feel safe and comfortable in the situation. For example Spradley (see DiCicco-Bloom and Crabtree 2006 p. 316) has described the stages of building rapport as a four-stage process: apprehension, exploration, co-operation and participation.

The apprehension phase happens at the beginning of the interview, when there is still some uncertainty caused by the strangeness of the context. The first question should be broad and open-ended as well as non-threatening (DiCicco-Bloom and Crabtree 2006, p. 316). For my research this is something like "can you please describe your background in Company X?" After the apprehension phase follows the exploration phase when the interviewee starts describing something in depth. From this follows learning, listening, testing and a sense of bonding and sharing. A level of comfort where the interviewer and interviewee are not afraid of offending one another is then characterized by the co-operative phase. At this stage it is also possible to ask those questions that may have been too sensitive to be asked at the beginning of the interview. An example of this kind of question could be "What kind of expectations and aspirations do you have in relation to your future career?" If this question were to be asked at the very beginning of the

interview, the interviewee might not have been as comfortable with sharing their personal aspirations with an interviewer they have just met.

The participation phase may not occur in all interviews, but at this stage the degree of rapport is so strong that the interviewee starts guiding and teaching the interviewer. An example of this kind of situation was when an interviewee voluntarily shared information about the company's talent process and what the reactions of the employees not selected for the program had been. This was information that I would not have queried in a straightforward manner, but the interviewee felt comfortable enough to talk about it.

In the context of my study building rapport starts from the first contact with the interviewee. For me this was when I first called them to agree on a time for the meeting. At this stage the participants were already able to ask questions about the study. In the actual meeting one way I use to build trust is going through the details of assuring the interviewee that everything they say will be anonymous. Being specific about how the all notes and interview tapes will only be available to me is also important. On a general note, all the interviews were conducted in quite a relaxed atmosphere, and all the participants answered the interview questions without hesitation. From this I interpret that the questions were not too personal or intrusive.

### **8.3 Sample**

The sample of this study consisted of talents both in the company's EP talent pool, and the LT pool. Four people were interviewed from the EP pool and three people from the LT pool. The company's HR manager nominated the interviewees, and I contacted the individuals to schedule the interviews. As a general guideline, the interviewees were sought to present a diverse sample of the group (related to work history, age, function, time in the company). An overview of the participants is listed below:

#### Emerging Professionals

- Gender: two males, two females
- Function: marketing, accounting & finance, production, sales
- Years of service in the company: between two to 13 years

## Leadership Talents

- Gender: two males, one female
- Function: marketing, sales, customer marketing
- Years of service in the company: between 8 to 17 years

The interviews were all conducted in April 2011. Even though this study is presented in English, all interviews with participants were conducted in Finnish, which is the native language of the researcher as well as the interviewees. The interviews lasted between 35 to 50 minutes, with an approximate average of 40 minutes. All interviews were conducted at the company headquarters in Helsinki, except for one interview that was held at a production facility approximately 100km north of Helsinki. All interviews were recorded with a digital voice recorder with the permission of the participants. Permission to use quotations anonymously in the analysis part of this report was also confirmed from the interviewees themselves. Quotations have been translated from Finnish to English in this report, but I have made an effort to keep the translation as close to the original Finnish version as possible.

In addition to these interviews, I used company documents to learn about the details of the company's talent process and development program. Also, one 50-minute interview was conducted with the company's managing director to gain insight and into how the top management of the company sees the talent process and its contribution to the organisation's objectives.

In the process it is very important to make sure that no harm is caused to the interviewees due to their participation in the study. For example, it is very important to make sure that the participants stay anonymous in the written report. However, I am not able to keep these people completely anonymous inside the organization since the HR manager in charge of the process nominated them. Moreover, the actual data, interview tapes and transcripts are only available to me. In this way the not even the other company representatives will should be able to identify which person has said what in the interviews.

## 8.4 Data analysis

According to DiCicco-Bloom and Crabtree (2006, p. 317) data analysis in qualitative research ideally occurs at the same time as the data collection so that the researcher can generate an emerging understanding of the data. They also assert that this is an iterative process and eventually leads to a point where no new themes or categories seem to emerge which is called saturation. In this study, a point of saturation was achieved after seven interviews. In the last interview new themes or issues did not emerge.

For the analysis of data, I used guidelines presented by Saaranen-Kauppinen and Puusniekka (2006). According to the authors there is no single way to conduct analysis. However, it is quite common to first break down the data into smaller pieces, and then trying to find common themes and categories that emerge in more than one interview. Also, it is important to be able to summarize the data. After summarizing and breaking down the data, it is as important to try and form a bigger picture of what the data reveals. The researcher should try to do more than just describe the parts of the whole. By commenting and critically evaluating, while at the same time reflecting on previous literature this can be done most efficiently.

According to Saaranen-Kauppinen and Puusniekka (2006), the most important thing to do in the analysis stage is to be able to give reasons for your choices. The choices should all be based on the research question, and the part of the data that is most relevant for answering this question.

I conduct analysis by first transcribing each interview. I then read through the text first looking for commonalities in the answers. In this way I am able to form an overall picture of what constituted the strongest themes in the interviews. I felt that the answers that came up in most interviews were the ones that should gain most focus when conducting further analysis and presenting the findings. After identifying common themes in the answers, I aim to identify how they can be used to address the research question. Answers that were related to the way the interviewees talked about their work were categorised under engagement, while answers related to their thoughts about the employer were categorised under commitment. After putting the answers in these catego-

ries I further broke down that data to examine how the interviewees linked the talent pool process into their answers. This way I was able to focus the analysis more towards answering the research question.

When it comes to making a distinction between affective and normative commitment, discussion about reciprocation I interpret as normative commitment, while indication of a high or heightened appreciation for the employer is categorised as affective commitment. In research, affective commitment has also been linked to positive work experiences. Positive answers to the question “What do you think about the content of the development program?” are one example of how the answers could be interpreted as having an effect on affective commitment of the interviewees. Overall, during the entire analysis process I aim to constantly identify how the themes and interview data relate to literature on commitment and engagement.

On a final note, a very important aspect of doing any kind of research is the reflexivity of the researcher. This means that I try and become aware of the factors that may relate to the way I interpret the data. In the previous paragraphs I have aimed at being explicit about the way I interpreted the answers of the interviewees. My interpretations may be related to my own experiences and possible biases in thinking, and my interpretations are not the only interpretations that can be made from the data. Even though I may not be able to set myself free of the way I think about things, it adds to the quality of my research if I try to at least acknowledge that my personal experiences and possible biases exist.

## **9 ANALYSIS AND FINDINGS**

In this part of the report I analyse the data generated in the interviews. I describe the main themes in the interviews that emerged as being relevant for answering the research question of this study. I present the analysis and findings by breaking down the data in a way that describes the different organisational constructs outlined in the theory part of this study. First, I begin by describing the themes related to the interviewees' engagement with their work. Then I move on to analysing their expressions of affective and normative commitment, describing what this all might imply for the retention of these employees. As a summary, I form an overall outline of how the data relates to the theoretical framework presented earlier in this study, and highlight the main findings that form an answer to the research question.

### **9.1 Talent engagement**

One of the objectives of this study is to answer the question of whether being included in a corporate talent pool has an effect on the work engagement of the people that have been included. From the interviews, a few, quite different themes related to this topic emerged. As previously described in the theoretical part of this study, engagement is related to the energy and effort that a person is putting into their daily work (eg. Schaufeli 2008) On the one hand, the interviewees described themselves as having been engaged in their work already before being included in the pool, and therefore described it as not having a direct effect on their daily work. On the other hand, the interviewees did report certain effects of talent pool inclusion, as well as participation in the development program that could be interpreted as having a positive effect on daily activities in a certain role. In the following section, I describe these two themes separately and provide quotations from interview transcripts that support them.

#### **9.1.1 Drivers of engagement – self development**

When exploring the expressions of work engagement of the individuals selected for this study, I first seek to determine what factors have an effect on how much these people

put energy and effort in their work, and what motivates them to work hard in order to perform better.

A common theme that emerged from the interview data was that the opportunity to develop oneself was a factor that the interviewees reported as having an energizing effect on their work. This is in line with what for example Christensen Hughes and Rog (2008) have asserted about employee development being a key driver of engagement. For example, the theme of employee development was expressed as the possibility to meet new challenges and having learning opportunities. The learning aspect of the job is illustrated by the answer of one of the interviewees, when asked what factors contribute to their motivation in the job:

*“For me it is important that I can constantly learn something new and perform better. And yes, results motivate me, the fact that I can reach better results is something that gets me going”*

The following quotations from another interview illustrate the importance of having new challenges:

*“I guess it is when there is a challenging situation, or when you are put into a new situation to solve something, when you get to do things right from the beginning and make a difference at the level of the whole organisation”*

*“I have always liked situations where I am faced with new challenges.”*

The above-described topics of learning opportunities and facing new challenges are something that came up in a number of interviews. This theme is an important finding for Company X, because ideally they want their talents to be engaged in their work in order to achieve some of the positive organizational outcomes that were discussed in chapter four of this study. Since the talent development program is designed in a way that the participants are given opportunities to learn and challenge themselves, it should contribute to their engagement in a positive way. As a follow-up question to whether an interviewee felt that they had been provided with these opportunities that they had expressed as being important, the answer was in majority of the answers affirmative.

### 9.1.2 Talent pool inclusion – positive impacts on engagement

If I look at the themes that emerged as having a positive effect on the work of interviewees, they were related to an overall positive feeling, as well as a heightened self-confidence that could lead to courage to take on new challenges and speak one's mind.

When the interviewees were asked directly about what the effects of being included in the talent pool could have on their work, all of them indicated that they see it in a positive light. Some of the below quotations illustrate the thoughts of the interviewees when asked if being included in the talent pool had had an effect on the way they see their daily work:

*“Of course it gives you a positive feeling when you see that you are being trusted”*

*“...but does it affect me? Of course it does. I would be lying if I said it doesn't matter.”*

*“It blew spirit into me”*

Some more concrete consequences of being included had to do with a heightened self-confidence, and through this, the courage to speak one's mind and face new challenges. The below quotations illustrate some of the respondents' views:

*“Maybe more self-confident in certain aspects. That someone appreciates that I do my job and take care of it, maybe more courage to bring out my own opinions and issues. Let's say to someone in top management, because I know that they know I am part of this pool. I have trust that they think that I will do my job. Maybe through that you could say yes”*

*“...but maybe the fact that I have courage. It is that you get noticed if you do a good job and that it is worth trying, even though you have bad days, that you manage”*

*“When I think about it, it is the confidence in what you are doing that grows”*

*“It is the fact that you still have the courage to get out of your comfort zone and face new challenges, and you know you can face them. So that you are not afraid.”*



When examining the link between talent pool inclusion and work engagement, it seems that the overall drivers of engagement of the interviewees are the ability to learn and grow as individuals, as well as being able to challenge oneself. If we look at researchers' definitions of engagement, Kahn's (1990) point about employees that are cognitively engaged as having opportunities to make an impact and feel fulfilment in their work is illustrative of what the interviewees expressed. Since the talent development program is designed in such a way that the participants are offered learning opportunities and challenges, it is appropriate to assume that the program can have the effect of at least maintaining the engagement of the employees. In the interviews, the respondents indicated their conditions for being engaged, and the talent program is designed in a way that these conditions are met.

### **9.1.3 Talent pool inclusion – limited effects on engagement**

Even though talent pool inclusion and the development program seem to have a positive effect on how the interviewees feel about their work, showing concrete consequences of engagement on a daily level was more difficult. Besides positive expressions and heightened self-confidence, many interviewees pointed out that being included did not have any direct effect on how they work. Rather, they asserted that they had already been engaged in their work, and putting in as much energy and effort as they could.

*Some of the below quotations illustrate this. The question they were asked was whether being included in the talent pool had had any effect on how they saw their daily work:*

*“I don't wake up every morning telling myself that yay I'm a talent. That's not how it goes”.*

*“No it doesn't. The investment has stayed the same. It hasn't changed my daily work, or the attitude I have towards it”.*

*“ Really, when your daily work is what it is, you sort of have to take care of it anyway, and that's what I would take care of even though I wasn't included in the pool. I would do it exactly the same”*

*“...I have not changed my behaviour in any way, I work just as hard as before”*

The two-fold theme of engagement in daily work of the interviewees, firstly as being a positive and confidence boosting element, and secondly not having any direct effect on work, is well illustrated in the following quotation:

*“No it has not, I mean the way I see my work, no...Umm work, if it motivates me (being included in the talent pool) then of course it can have an effect. But if I had been dropped out, I don't think it would have had any effect on my work. I still say no, but it has an effect on my overall motivation to work here. That's how I would say it”*

Overall, from the data, it is difficult to show an unambiguous relationship between talent pool inclusion and enhanced work engagement. Most participants in one way or another expressed a positive feeling towards their work and the organisation. If we look at Schaufeli's (2008) definition of engagement as a positive, fulfilling, work-related state of mind that is characterised by vigour, dedication and absorption, it can be inferred that most of the interviewees for this study are engaged in their work. However, whether being a talent has an effect on this, is more difficult to establish.

When I heard what the interviewees had to say about their work and the organisation, it seems that most of these people were highly engaged to begin with, whether they were included in a talent pool or not. The following quotation is very much in line with what Donahue (2001) points out as being the essence of employee engagement. The interviewee was asked about how their appreciation for the employer shows in their actions:

*“Well I would say that it shows in the way how I do these things with a big heart, and nothing ever gets neglected...I have never counted the hours I have done at home, or the freedom that the employer gives, that also brings commitment along with it”*

Another quotation also illustrates the general attitude that a participant expressed towards work in general:

*“I have always been very work-oriented...Even though I have a family, work is still very much present in my life, work has a very big part in my personal motivation”*

All in all, if I look at the themes that emerged from the interviews, it seems that some level of connection between talent pool inclusion and engagement exists. First of all, the interviewees did see talent pool inclusion in a positive light, most probably because it can offer these people the possibility to fulfil the needs they have at work, such as the possibility to develop themselves. However, whether being included has a direct impact on their daily work seemed to be a difficult question. The overall attitude seemed to be that the interviewees felt that they were already putting a lot of energy and effort into their work, and being nominated for the pool was seen as an acknowledgment of their hard work on part of the organisation. The impact of talent pool inclusion and the development program showed a stronger link with organisational commitment and retention, as I will describe in the following chapters of this report.

Answers to questions related to participation in the development program revealed that being involved with the actual development initiatives could have several positive outcomes in terms of how the interviewees saw their work. These were related to the possibility of gaining a broader perspective on the level of the company, developing oneself as a leader and networking with other talent pool members. Gaining a broader perspective was related to participating in the business case workshop and having a mentor. Leadership development was mostly related to the interviewees from the LT pool that had participated in the week-long training abroad. Possibilities for networking were mainly produced in the information sessions held for the talents, as well as the business case workshop where the talents work in cross-functional teams to solve a business case.

## **9.2 Organisational commitment**

In this section, I describe the expressions of organisational commitment that the interviewees showed. My aim is to tie this to the theoretical constructs of affective and normative organisational commitment discussed in the theory section of this report. As an

overall finding, it shows that the interviewees are affectively committed to the organisation, to which the talent program can have a positive effect in varying degrees. Moreover, normative commitment and the logic of transactional relationships between the interviewees and the organisation became evident when the respondents described the obligatory feelings that being included in the talent pool had invoked.

### **9.2.1 Talent pool inclusion and normative commitment**

As described in the theoretical part of this report, I link organisational commitment and perceived employee development (PIED). As the talent program can be seen as an investment in employee development, and also interpreted as such by the participants, it is worthwhile exploring whether the perceived development opportunities have an effect on commitment of the talents. In this section I focus on normative commitment, and its connection with talent pool inclusion.

Normative commitment is described by the feeling of obligation, and the need to reciprocate (Scholl 1981). Also Eisenberg et al. (1986) have referred to developmental activities as being the basis of exchange relationships where the two parties (employer and employee) engage in transactions where one invests in the other and then expects something in return. From the data of this research, it was quite evident that talent pool inclusion and the developmental activities that come with it, can on the one hand increase the talents' need to reciprocate the investment made in them, but also raise more expectations of what the company can do for them in reciprocation.

#### **9.2.1.1 Expectations for the employee**

The way the interviewees of the study expressed the obligation to reciprocate developmental investments and how they might do this, is illustrated in the following quotation from one of the interviews:

*Interviewer: Has being included in the talent pool contributed to any feeling of a need to reciprocate the developmental investment that has been made in you?*

*“Of course it sets the bar higher all the time in how you act as an example in the workplace...In a way as a pioneer and bringing professionalism for example in*

*our internal meetings...It also requires morally that you use them (skills obtained from development activities), and that I develop myself. It matters, yes."*

This quotation is a very strong expression of normative commitment as the participant even goes out to say that there is a moral imperative invested in being part of a talent pool. As Meyer and Allen (1991) have asserted, reciprocation arising from normative commitment is reflected in the need to do what is right. Two other participants also expressed the transactional nature of the employment relationship by answering the question about a possible need to reciprocate developmental investments:

*"Well yes the expectations from us are that we work harder and better because we're in the program, which is of course fair, because the firm invests in you so you invest in the firm"*

*"Most likely they require more because we have been admitted to this group. How does it show, do they require longer days, better results, do they require longer commitment? Most likely they at least expect it."*

*"With the level of commitment I have never had a problem, if you think that I have been in this organisation for over ten years and I still have no interest to leave elsewhere. Do I work longer hours? I pretty much cannot work any longer than I already do. Can I reach better results? Certainly, with the know-how that I have and will increase by being through the program. Probably I can do better results"*

However, not all participants were as straightforward in their expressions of normative commitment. The following quotation shows the somewhat ambivalent nature of an interviewee's view on the subject of a transaction being embedded in the relationship:

*"An investment, that's true...Hmm how do I respond to that? Input-output, I guess it should be right. But how can you evaluate it, by means of input, if you think about the output? On a personal level it is a difficult concept"*

The previous extracts from the interview transcripts have been illustrative of how the interviewee may feel a certain sense of obligation towards the employer because they have been made a part of the talent pool. This reciprocation can take many forms, but as

a common theme they were related to expectations of better performance and working harder for the organisation.

### **9.2.1.2 Expectations for the employer**

Moreover, it is important to note that if we think of the employment relationship in terms of exchange, it was also evident that the interviewees expect something in return for the hard work that they are willing to do. This reciprocation can take many forms for each individual employee, but some common themes from the interview data were that a) the employees expect that they will have their voices heard, and b) they expect career progression in the future.

The following quotation is descriptive of how an interviewee expects to be treated in return for being in the talent pool:

*“In my opinion you should be more ready to put yourself on the line in relation to what is done about certain things, or what your opinion about them is. Maybe in a way I feel that because I am an EP they have the obligation to listen to me, in a way more, if I have something to say then I am also heard. In a way, what benefit can I bring otherwise?”*

When it comes to expectations of the interviewees about the talent process, they clearly expect career progression as a result of having gone through the development program. There was variation in the extent to which the interviewees saw their expectations as being realistic, but on a general level the theme of career progression was very strong. Some of the below quotations illustrate this. The interviewees were asked about their expectations for the future:

*“It is career progression, so that I get to progress in a sensible timeframe”*

*“First of all, relating to the talent program I expect next steps, that being a talent and being included in the program should provide next steps and new things, development or other. Expectations overall, if my performance gives me the right to stay in the group, then through that it should show as progression inside the organisation”*

*“Of course it relates to the fact that you can constantly develop yourself. The fact that I have done most of my career in marketing, if you think about it from the perspective of Company X the next natural step would be in a managerial position in sales, and later on being ready for the EMT”*

The expectations of what the interviewees expressed are very illustrative of what Evans et al. (2010) discuss about the risks involved with expectations of career progression. Even though this is the aim of the program, the reality is that not everyone in the program will have their expectations fulfilled. How this impacts motivation and morale of those individuals is something that the company needs to be realistic about as well. However, as Evans et al (2010) note, periodic reviews of assessing potential are one way to combat this risk.

A few of the interviewees also brought up the so-called “other reality” of the talent program, and the kind of expectations that can be attached to it:

*“I do understand the reality that isn’t the maximum that you can be in the program for three years? I understand it perfectly well that the talent program alone does not generate opportunities, so if you are dropped out for one reason or another, it can’t be the only thing. Or at least I hope it is not the only thing”*

*“Of course the competition gets harder, people coming from left and right. When you go down the funnel, the competition gets harder. You have to give more of yourself”*

### **9.2.2 Talent pool inclusion and affective commitment**

In this section I discuss the expressions of affective commitment that the interviewees showed. To recap, affective commitment is an expression of affective attachment to an organisation, and can be characterised by a notion of an individual wanting to stay with the organisation (eg. Meyer and Allen 1991), rather than feeling obliged to, or feeling that the costs of leaving are too high. The talents interviewed for this study expressed normative commitment as discussed in the previous section of this chapter, but a strong component of affective commitment to the organisation emerged as well.

### 9.2.2.1 Appreciation for employer and employee

There were several issues that the interviewees listed as contributing to their appreciation for their employer and organisation, and through this, contributed to their desire to work for the organisation. For example, as Lee and Bruvold (2003) have showed, development opportunities can be a major contributor to the commitment of employees, but it is important to note that this is not the only factor that contributes to commitment. The focus of this study is on talent pools, and therefore I will discuss the kinds of contribution these processes might have on the affective commitment of talents. However, I will also point out some of the other topics that contributed to the interviewees' appreciation for the organisation, as well as alternative foci of commitment.

Looking first at how the talent program could have contributed to affective commitment of the talents, below are a few examples of how the interviewees responded when asked whether the talent process had contributed to the way that they perceived their employer:

*“Yes it has changed, I think about Company X in a more positive light now, or let's just say that there was a time when I had no idea whether this company appreciated my work. Since I have invested a lot of my time to this firm and reached good results it has helped with the employer image, and also that it is worthwhile to stay here”*

*“Yes it has raised my opinion of Company X. I think Company X is more professional in how different units are developed and how they see human resource development.”*

*“It is quite unique, not all companies can offer this, in terms of my own development all this training and everything that is offered enhances my commitment very much”*

Also, when asked about what they appreciate in an employer, the value of development and the talent program was underlined by one of the interviewees:

*“..and also that the employer shows appreciation, and they want to develop employees. That is important”*



*Interviewer: "And how do you think this appreciation should show?"*

*"Well I think the talent program is a good example of this, and everything that has come with it"*

Overall, the interpretations that the talents gave to the fact that they had been nominated for the talent pool were that they a) took it as a sign of appreciation from the employer, and b) as a signal that their hard work had not gone unnoticed. One of the interviewees went as far as to say that the nomination can be seen as a form of reward. However, there were many other issues that the participants listed as being important in the workplace, such as co-workers, good atmosphere, equal treatment, and the actual business that the company operates in.

#### **9.2.2.2 Importance of values**

According to Meyer and Allen (1991), one element that contributes to affective commitment is the values that the employee feels that the organisation represents. If they are in line with the personal values of the employee, then they can contribute to the affective commitment of the employee. This also came up in the interviews. As an example, when asked "What will it take for you to stay with Company X in the next five years", one of the interviewees responded with the following:

*"Of course that the employer stays as an organisation at whose service I want to stay with, and whose values are such that I accept them. I am quite a typical honest Finn in the sense that it is important for me that I believe in what I am selling and, that the company operates in line with my values. So if there is a radical change in this, it doesn't matter whether they offer me a place in the EMT if I myself don't believe in the things we do"*

Another example relating to values came up with an interviewee when asked whether there is something that they would like to change in their employer:

*"Well maybe in this business in general people usually have taken pride in what they do, but little by little you start noticing that these industrial, commercial terms take over the set of values of what this industry has previously represented. Because of this it would be good to get some of those old values back and bring*

*them to the front. So that people would be committed to those as well, or they would be more proud than they are now about this workplace and the products.”*

These quotations serve as reminder of the importance of getting the basics right. As Towers Perrin (2006) assert, it is also about culture and not just programs. Even though the talent program can contribute to employee related constructs in positive ways, it cannot alone account for commitment or engagement for that matter.

### **9.2.2.3 The development program and work experiences**

When it comes to participation in the actual development programme, its effect on affective commitment can be argued from the perspective of positive work experiences. According to Meyer and Allen (1991), previous research suggests that the desire to maintain membership in an organisation is largely based on work experiences. If I assert that the development program provides the members of the program with certain kind of work experiences, then positive reactions to these experiences might have effect on the affective commitment of these people. Overall, all the participants that were interviewed thought that the development programme was good. The interviewees had not all participated in the same activities, but overall the feedback was very positive. One interviewee went as far as to say:

*“I really don’t have anything but positive things to say about the program”*

Other more specific comments about the development program content were related to possibility to gain a new and broader perspective on the level of the whole organisation. Participation in the business case workshop, as well as having a mentor from another function were listed as very useful, because of the opportunity to gain perspective into how other functions in the organisation see things. Two of the interviewees from the LT pool had also participated in a week-long leadership training abroad, and their comments about the module show this to have been a very positive experience:

*“The biggest benefit for me personally has been that I got to participate in this training, in March, which was a really good thing. And it has greatly contributed to my motivation because I got a lot out of it and thought it was a very good week”*

*“Well yes, I would say the leadership training was the most memorable of these... this training has essentially been the best part for my own managerial development,”*

#### **9.2.2.4 Emergence of continuance commitment**

An important observation related to the multidimensionality of commitment is that even though, for this study, I choose normative and affective commitment as the objects of study, an element of continuance commitment emerged in some of the answers provided by the interviewees. Here are a couple of quotations that illustrate how the talent program was described as a unique opportunity that cannot be taken for granted:

*“...not all firms can provide you with these opportunities, no matter how much you want training. But in this company it is possible. Especially in this program there are these so-called services like coaching and mentoring, it is not a foregone conclusion that you have those elsewhere.”*

*“It enhances my commitment very much, if you think that you would go work for a new firm, it would take time before you would get into the same position as here. I mean the same kind of trainings, and most likely not very many firms are even willing to arrange something like this. At least that’s the impression I have, that this does not apply everywhere”*

So if continuance commitment is characterised by costs of leaving the organisation, then these two quotations show that the talent program could increase the cost of leaving for an employee, because of the possibility of losing all the opportunities provided by the program.

### **9.3 Retention – driven by career progression**

In this section of the report I discuss the findings that emerged from the data in relation to the retention of talents. The data showed that all the people who were interviewed expressed quite strong willingness to stay with the organisation in the future. The findings were in line with what Hausknecht et al. (2009) found in their study that career progression can be one answer to the retention of talent. As I already discussed in the section on normative commitment, the talents expect development opportunities and

possibly career advancement in the future in order to stay with the organisation. As all of the interviewees expressed commitment to the organisation, there was also a strong indication that they plan to stay with the organisation in the future if certain conditions are met.

Some examples of how the talents expressed their intention to stay with the organisation were:

*Interviewer: "What will it take for you to stay with this organisation for the next 5 years?"*

*Interviewees' responses:*

*"The same mentality, I have no need to leave. Of course I also need to be offered new challenges, stick and carrot in the right proportion...Do I see myself doing this same job for 5 years? Maybe not. But during my years of service here it has gone in steps of 2-4 years forward. If it continues the same path, I don't mean going upwards and upwards but that it can also be sideways"*

*"I think certain kind of challenges need to be thrown in, whether they are projects or other. In this organisation there really isn't a direct position that I want or aim for. But I do see myself in this company in the next five years, no problem there"*

*"It is career progression, and that I am able to progress in a sensible timeframe, because Company X's problem has been the fact that one person is held in the same position for insensible amount of time, many years"*

## **10 SUMMARY, DISCUSSION AND RECOMMENDATIONS**

In this section of the report I summarise the main findings of this study in relation to the research question presented at the beginning of the report. I will also show how the findings relate to the theoretical background presented at the earlier section of this report. I then discuss some implications that the findings may have for talent pool processes and HR. After summary and discussion I identify negative implications of talent pool processes and present recommendations on how these implications could be addressed.

### **10.1 Main findings**

First of all, the answer to the question of whether talent pool inclusion and the development program had an effect on the engagement of the people included was two-fold. On the one hand interviewees expressed the nomination to have had an overall positive and motivating effect, which showed for example as enhanced self-confidence and courage to face new challenges. On the other hand, interviewees signalled that they were already engaged even before being included in the pool, and therefore it was difficult for them to name concrete examples of how this might have affected their daily work. When it comes to the actual program, many interviewees named several modules of the program to have been excellent, and providing them with new perspective in their work.

Findings related to the question of whether being a part of the talent pool and the program had an effect on the organisational commitment of talents, showed that the interviewees did feel more committed to the organisation. As this research is based on Meyer and Allen's (1991) multidimensional conceptualisation of commitment, the interviewees expressed commitment on all the dimensions. For this research affective and normative commitment were chosen for closer examination, based on findings of previous studies where these two closely related dimension have shown to have a connection with training and development.

Many interviewees expressed normative commitment. The overall theme was that they felt obligated to do more work and show better performance in reciprocation for the

investment that had been made in them through the talent program. However, many participants also wanted to underline that they felt this need to reciprocate as a positive issue. In a way, they felt that the word obligation had a negative tone for describing how they thought about the need to reciprocate.

Relating to the transactional nature of the employment relationship, as described by Blau et al (1964), the talents' expectations of their future with the company can be interpreted as an expectation of reciprocation from the employer in return for the work that the talents were willing to invest in the company. This is an important finding for the company, because as Evans et al (2010) suggest, there may be a risk embedded in the form of false expectations of career progression. How to manage this risk, so that people whose expectations are not fulfilled do not lose morale, is an important question for the company to address.

When it comes to the affective commitment of talents, a number of interviewees expressed that they thought more highly of their employer now that they had been made a part of the talent pool. They interpreted it as a sign of appreciation on the employer's side, and as one interviewee expressed it, also as a sign of commitment that the employer was showing towards the employee. However, it is important to note that the talent process alone does not account for the affective commitment of the employees. Interviewees emphasised for example the importance of a good atmosphere at work, co-workers, and the business that the company operates in. Also, some interviewees expressed the importance of values. In a way, if the employer does not get the basics right, a talent pool process cannot fix that. But if these basic conditions are met, then the talent process can be interpreted as a value-adding component for commitment.

As for the retention of talents, as expressed by the intention to stay with the organisation, all interviewees expressed a willingness to stay with the organisation. This willingness to stay was however conditional. The interviewees indicated that they would stay with the organisation if it continued to provide them with what they wanted, which in most cases was new challenges and development opportunities as well as new possibilities in terms of career progression.

From the company's perspective, the findings of this study shows that their talent pool process has added value to them, in the form of enhanced organisational commitment of their high performing employees and through this also retention. The development program can also add value in the form of increased performance and engagement from the employees.

## **10.2 Discussion**

This study has been clearly linked with employee development, and how it can contribute to engagement and commitment of employees. However, I think it is worthwhile to ask the question of what sets a talent program apart from so called traditional training and development initiatives? As I outline in the chapter that presents analysis and findings, the meaning of being included in a selected group of employees can be make a difference. What is characteristic of a talent program is that it is exclusive, even to the extent that other employees in the organisation do not know who the people in the pool are. Exclusivity may be very meaningful to the people included in the pool, but it can also have a negative impact on those who are not. This is a risk that I discuss in the next section of this chapter.

Another important factor that relates to the findings of this study, is that the talent pool process can be a tool for systemising and structuring HR and how they conduct career planning in the organisation. Some of the interviewees indicated that the talent pool process had contributed positively to their image of the HR function of the organisation, and the way they can improve career planning. There is a risk embedded in this assumption as well, which relates to possible false expectations of career progression. This is also an issue I discuss in the following section of this report.

## **10.3 Risks and Recommendations**

At the moment, there does not seem to be a problem with the organisational commitment of the talents that were interviewed for this study. Also, they expressed quite strong intention to stay with the organisation in the years to come. For some, the talent program had played quite a strong role in their assessment of how they thought about

their employer now that they had been made a part of the talent pool and also taken part in some of the activities related to it. Some of the participants also pointed out, that there had been significant improvement in how the program is being run in terms of communication.

The talent program of Company X is very young, and at the moment the HR department is very keen on spotting any development areas that should be addressed at this point in time. Up until now, the interviewees expressed commitment to the organisation as well as engagement in their work roles. In terms of gaining the commitment of their talents, the HR and management of Company X have done a good job of providing these people with what they need to stay engaged and committed.

When I assess the talent pool process of Company X, it is important to outline some of the possible negative implications that their talent pool process may have for the organisation. I refer to these implications as risks, and propose some recommendations on how to address them. Even though the findings of this study have shown that the talent management strategy of Company X has brought many positive outcomes in terms of employee engagement and organisational commitment, it is important to have a look at the other side of the coin. Mellahi and Collings (2010) have outlined some possible negative outcomes of talent pools, which they refer to as talent management failures:

“These failures include: an overemphasis on individual performance which undermines teamwork and has the potential to create destructive internal competition; the creation of a self-fulfilling prophecy where those identified as less able are excluded from development opportunities and become less able; neglecting the systemic, process and cultural problems which may exist in the organisation as the organisation overemphasises the search for the “star players” that will ensure success and; the potential development of an elitist arrogant attitude” p. 145

In this section I address the risks related to false expectations of career progression, increased need for challenges that may arise as talent pool members have the opportunity to develop themselves, the negative impacts of internal competition and possible effects on employees not selected for the pool.



As I have pointed out several times before, employees' expectations related to their future career with the company need to be managed. If these people are willing to work harder for the company, they expect something in return for their investment. The reality of the talent program however is, that most likely not all of the participants will have their aspirations about advancement fulfilled. When the expectation of these people are let down, there is a high risk of them leaving the company.

As I have stated before, one way to address this risk is having periodic reviews where the suitability of the people in the talent pool against the criteria is assessed. From the beginning it is important to be open about what the criteria for staying in the program is, and also being open about the fact that a person can be taken out of the pool. Another important point is that the participants need to be well informed of the fact that the program lasts for three years.

Another risk related to the talents is that when they are provided with a number of development opportunities is that they may "outgrow" their current positions in a shorter time. As many of the participants expressed, they thrive on new challenges and possibilities to develop themselves. Even though the program is providing them with this, there is the risk that they will need more challenges in their current role as well in order to put into practice what they have learned. If the company is not able to provide them with extra challenges in their daily work as well, the talents may grow impatient and look for something more challenging outside the organisation. The key to addressing this risk could be the managers of these people. They should try to offer these people more challenging tasks where they can take advantage of the knowledge and skills that they have gained by participating in the program.

A third risk related to talent processes is increased internal competition among employees. There is only a certain amount of people who can fit into the talent pools, and there are bound to be people who feel that they should be in that pool, but are not. This again raises the probability of losing important people whose contribution to the organisation is valuable. A key to addressing this risk is to be as open as possible about what the criteria for being included is. At the moment, Company X has published these criteria in

their intranet, but as some of the interviewees pointed out, the company should communicate even more openly about what the talent program is about. This would increase other employees' understanding of it and also kill wrong information and rumours related to it.

Moreover, the company should avoid developing a culture of career planning where only the people in the talent pool are the ones who are primarily offered opportunities for career progression. Since a majority of the employees are the ones who are not included in a talent pool, it is important not to get too focused on just the talents. One way of avoiding this risk is to make sure that there is systematic career planning targeted at other employees as well. At the end of the day the HR accounts for all the employees in the organisation, and not just a selected few. As literature on organisational justice suggests, HR should be the function to contribute making a just workplace (eg. Simmons 2003).

To the extent in which these risks can be managed is something that Company X has to be realistic about as well. An issue that came up in an interview with the managing director of Company X, was that the company and managers need to be aware of the fact that they will lose people along the way. The objective of the talent program is to find and groom internal talent that can be the future leaders of the company. The people who lead this company are only a handful of people, and so not all talents will become, or might even want to become the future leaders of the company.

## **11 CONCLUSIONS**

In the final chapter of this report I provide conclusions related to the study by means of addressing its theoretical and managerial implications, limitations and suggestions for further research.

### **11.1 Theoretical implications**

This study has contributed to the field of talent management, which has suffered from a lack of academic research (Lewis and Heckman 2006). The study has focused more specifically on one talent management process, which has been the target of an even smaller number of studies. As Lewis and Heckman (2006) assert, research in this field has been practitioner driven, and academia has lagged behind in providing insight into the phenomena associated with these processes and the field in general. This study has addressed one gap in this research, which is related to the employee related outcomes of talent pool inclusion and development program participation.

This study also affirms what previous studies relating to organisational commitment have found, which is that perceived investment in employee development contributes to the organisational commitment and retention of employees.

### **11.2 Managerial implications**

The managerial implications of this study point to ways in which talent management processes can be utilised to enhance positive employee related outcomes, such as engagement and organisational commitment. Especially for the HR of the company, this study has provided valuable feedback from the participants in the program. Their talent pool process could be used as a tool to systemise career planning for the organisation, which according to many interviewees until now had worked more on an ad hoc basis. As one of the interviewees stated, before the talent process it had been mostly a result of coincidence whether an employee was in the right place at the right time in the organisation. The HR as a function had gained more respect from the employees by having a

systemic and professional process for conducting human resource development in the organisation.

This study has also pointed out some of the risks related to the talent management process, such as raising false expectations about career progression and increased internal competition. These are just some of the possible negative outcomes of “the war for talent” as asserted by Mellahi and Collings (2010). Acknowledging these risks is already an important contribution to the further development of a talent pool formation process in the future.

### **11.3 Limitations**

For this study, seven people from the talent pools of Company X were interviewed. As such, it only represents the personal views of these seven people and therefore the findings cannot be used to generalise over other participants of the program. Because this study was conducted in one company, it is tied to the context of a specific organisation. Therefore the findings only relate to this company and may not apply in other organisational settings.

### **11.4 Suggestions for further research**

Talent management has quite recently gained the attention of academia. Until recently, especially research on the processes related to talent pool formation has been scarce. There are many aspects of this process that could be studied further. For example, it would be very valuable to gain insight into how employees not included in the pool interpret the process. Other stakeholders’ views, such as the HR, line managers and top management could be studied to get a sort of 360°-perspective on the subject. The issue of perceived fairness of the process could also be valuable for academia as well as practitioners.

So far, studies on talent pool processes have mostly been conducted in the context of a single company. To get more of a macro level perspective on the subject, it might be useful to conduct the same study in multiple organisations. This way, a more general view of the issues and challenges related to talent pool processes could be identified. By

increasing the number of respondents, the phenomenon could also be investigated quantitatively to determine relationships between talent pool processes and employee related constructs such as engagement and organisational commitment.

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## **13 APPENDICES**

### **13.1 Appendix A – Interview form**

#### **Background:**

- Can you briefly describe your background in Company X, and the role that you work in at the moment?

#### **Motivation and engagement in the job:**

- What motivates you in your job?
- How would you describe your current motivation in your job?
- What kind of things affect how much you put energy and effort into your job?
- What makes you strive to achieve better results at your job?

#### **Employer related questions:**

- What kind of things do you appreciate in your employer?
- To what extent does Company X have these qualities?
- What kind of development opportunities do you appreciate?
- How does the fact that you appreciate your employer show in your behaviour?

#### **The talent process (nomination and the development program)**

##### *Nomination*

- Has being nominated for the talent pool had an effect on the way you see your work?
  - If yes, how?
- Has being labelled a talent had an effect on how much energy and effort you put into your job?
  - Why yes/no?
- Has being included in the talent pool had an effect on how you think about Company X?

- Why yes/no?
- What meaning does being a talent have for you?

### Development program

- What activities in the talent program have you been involved in?
- What do you think about the content of the program?
- What modules in the program have you found most useful?
  - Why was this most useful
  - Is there something you would like to add or change to make the program more useful?

### Expectations (employer)

- What does it mean to you, that Company X has invested in your development?
  - Do you feel that you should do something in reciprocation for this investment?
  - If yes, how does it show in your behaviour?

### Expectations (employee)

- What kind of expectations and aspirations do you have in relation to your future career?
- Do you feel that Company X can support you in fulfilling your expectations or aspirations?
  - Why yes/no?
- Do you feel that the talent program can support you in the future?
  - Why yes/no?
  - If yes, how?
  - Is there something you would like to change in order for the program to be more supportive in achieving your goals?
- What will it take for you to want to stay with Company X in the next five years?