Talent

-something, anything, everything or nothing?

A voyage towards the heart of the meaning of one simple word.

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Abstract

An organization or company desires capable employees. Many theories and models have been developed to identify what an organization regards as capable employees. A practice called talent management has emerged for this purpose, and what this model is searching for is called “talents”. There have been many studies on how to organize a talent management system, but few on what the system actually searches for. What does “talent” actually mean? Using a qualitative case study approach and a hermeneutic view, this paper aim to study three multinational organizations’ usage of the term. The aim is to understand how and why “talent” is used in practice, in order to be able to understand which potential problems the usage of the term talent solves for organizations and companies. In order to broaden the paper’s perspective and understanding it includes what has previously been written about “talent” together with relevant management theories concerning evaluation of employees’ capabilities. The paper discusses how reasonable the usage of this term is; starting from an understanding of how it is used, and ending with a suggestion as to why it is used. This is a relevant topic today due to the large number of organizations that use this term to describe what kind of employees they want in their organization. In very few instances, one can find some sort of definition of what talent actually means. The authors of this paper conclude that talent is an umbrella term for desirable characteristics amongst managers and the word is used because people implicitly seem to understand its meaning.

Keywords

talent, talent management, employee, recruiting, competence, management accounting, case study research
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1. Introduction

In this chapter we aim to present the topic we will investigate, the reason we find it relevant and interesting, and what we hope to accomplish with this study.

1.1 Background

The idea for this thesis came up when a professor\(^1\) in international business told an anecdote about what Steve Balmer, the CEO of Microsoft, and Bill Gates, the founder and Chairman of Microsoft, work with these days. The anecdote was; “every morning Billy came to Stevie and said: ‘Hey Stevie! Have you found any talents today?’ and Stevie answered: ‘Yes, I have.’ In the afternoon Billy went back to Stevie and said ‘Have you found any projects these talents can work with so they can develop their skills further?’ This was, according to the professor, how Steve Balmer and Bill Gates ran the company: “Their strategy is to recruit talents they can develop in order for them to develop the company.”\(^2\)

This seemed quite odd when taking into account that Microsoft works with developing the software used to write this paper, and not with people development. What we concluded was that what Microsoft wanted was not to be restricted to where they are today, but to be open to change. The way to accomplish this, according to them, is through continuously finding new people, or “talents,” as they call it. They seem to believe that the leverage for them and what will keep them in business in the long run is to continuously find people who can develop the company’s products and services.

This seemed like an innovative approach to creating competitive advantages; so we followed this trail and looked at other companies’ and organizations’ approaches to this. This process in combination with previous experiences in leading and working with different projects, teams and organizations made us reflect about the usage of the term “talent.”

\(^1\) Prof. Sten Söderman
\(^2\) Ibid
1.2 Problem discussion

The word talent is, according to us, used in many contexts in day to day life, usually to describe someone who has a prerequisite to become very good at something. The word has now emerged as a term used by organizations to describe what they regard as a “capable employee”. On almost every larger corporate home page (e.g. Electrolux, Microsoft and HSBC Group), there is a “career” link under which there is a text saying that this specific company wants “talents.”

It can be perceived as a matter of common sense that a company desires good, hard working people who can help the company develop and increase profit. An interesting phenomenon occurs when the term used to describe these employees is a word already used in other contexts – namely “talents”. Does the word have the same meaning in the context of management as it has in, for example, sports? We haven’t been able to find a clear definition of what a talent is in a management context, nor what it entails. Is there a definition, or do organizations using the term believe that to be common sense?

We both have a background in sports, and in that context we have heard many of our coaches talk about talents, and talents who never became something. Emanuel, one of the authors, who was himself considered a talent in soccer, never realized his potential to develop that talent further. According to our interpretation, talent in a sports context is someone who has good prerequisite to become a very good player or a star.

In the book “The war for talent”⁴, the authors argue that “talent management” should “imbue all activities”⁵ and when “strategies fail you can always fall back on talent”.⁶ Many best case practises of working with “talent” are presented, several being from a company called Enron. Many of Enron’s managers were, according to the book, “talents”; and Enron had a “well developed” system for working with “talents”.⁷ The leaders at Enron were talents and did not have prerequisites for becoming great leaders: they were already stars from the outset, as opposed to having an innate talent to be developed. So “talent” seems to have a different

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³ AIESEC, Electrolux, HSBC Group, Microsoft, NovartisPharma, Procter & Gamble, StoraEnso, Unilever
⁴ Michael, Handfield-Jones and Axelrod, 2001
⁵ Ibid
⁶ www.fastcompany.com, 20060315
⁷ Ibid
meaning here than in, for example, a soccer context. The ultimate goal as an ambitious soccer player is to develop and nurture one’s talent after having been discovered, while in a management context it seems like the ultimate goal is to become a “talent”.

It is a fact that the term “talent” has started to grow in business communities around the world. A large number of companies and organizations use a similar vocabulary [talent, talent management], for describing the desired nature or their future employees. Despite the fact that Enron could not fall back on their “talents” when strategies failed, it seems like faith in the term is still very high. Companies design “talent management systems”, which refers to attracting, retaining and developing talents. These systems are built around “talents”, which within this context seems to have a different meaning compared to other contexts. The term has not emerged out of the blue, but for some reason, what do organizations solve by using the term “talent”?

The examples are many: the usage of the term is represented by organizations with a wide diversity of services and products, from Microsoft to HSBC Group, from Electrolux to AIESEC. Despite the extensive usage of the term, it seems like no one has studied and analysed it before. There are many ideas and studies concerning “talent management”, i.e. how to construct and maintain a talent management system, but none regarding the actual term. This is the reason why we regard our problem as highly relevant today.

1.3 Research question

Above is our problem and the research question is thus as follows:

*How can the term talent be understood based on how and why it is used in practice?*

1.4 Purpose

The purpose of this paper is to understand and explain the term talent from how and why it is used in practice, to be able to understand which potential problems the usage of the term talent solves for organizations and companies.

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8 www.google.se, 20060606
9 Armstrong, 2003
10 According to the observations of Monica Redolfi, Inger Thorén, Maria Klockare Johansson, Dan Engelbrektson and Emanuel Gävert.
1.5 *Our approach*

This paper will consist of six main parts. The first part will explain the background of paper, what our problem is and why we regard it to be relevant. The second part explains the needed methodology for our study. The third part consists of what is previously published on talent which will increase and broaden our understanding. The fourth consist of a theoretical framework which consists of existing theory about this subject. The fifth part contains the results of our empirical study. The sixth consist of our analysis, where we analyze and discuss the term “talent. In the seventh part we will present our conclusions on the topic.
2. Methodology

The methodology applied in this paper will be described and explained in this chapter

2.1 A qualitative paper

The purpose of this paper is to understand how and why the term talent is used in organizations and companies; to be able to understand which potential problem the phenomenon talent solves. The first choice we have to make in order to be able to study this, is if this study should be performed with a qualitative or quantitative approach.

If the main purpose would have been solely to find a definition to the term talent, then both the qualitative and quantitative approaches would have worked out fine. Our conclusions would possibly have been a bit different, but from a methodology perspective we believe it would have been possible to answer that question unconditionally. Through the qualitative approach we would have found a definition specifically for our cases, and with a quantitative approach we would have found a more general definition. However, this would only have been possible if there were more cases. Our purpose is different though and we find this choice easy to make. The qualitative method’s goal is to create an understanding of a certain problem in its specific context.11 This is what we have stated in our purpose and for this reason a qualitative approach is chosen.

Qualitative methods are characterized by the communicative skills of the scientist, how we as scientists can communicate the interpretation to the reader. It is less focused on numbers and statistics. We will place emphasis on increasing the understanding of the term “talent” with a focus on the coherences and the specific contexts where this term is used. Because of the complexity of our problem, we believe this to be necessary and that it is well aligned with the purpose of this thesis.

According to us the term “talent” is not especially old in management terminology (read: 1997 and the release of The War for Talent), but for some reason the term has emerged. For us to understand this term and phenomenon, the reason for its existence, we believe a deep

11 Holme and Solvang, 1997
interaction with a few organizations will suffice. A common way for collecting qualitative data is through case studies. According to Engwall, the scientist should select a few acknowledged examples within the specific area. We believe our cases are acknowledged examples within this area of interest. (See chapter 2.7 Selection and Access) With this approach we can collect knowledge about reality and gain a deeper insight in the term “talent”. We will gather empirical data from meetings with individuals within these selected organizations and from written documents we have received from the respective respondents.

Our study is searching for a deeper understanding of how and why the term talent is being used. We do not search for general conclusions in this field of interest. We want to understand how the term is being used in a variety of organizations. This kind of information is about a social phenomenon, and not about numbers or statistics, it is not information that can be measured on a scale.

The quantitative approach can be described as a generalizing approach and the qualitative as an exemplifying method. Our paper aims to create an understanding about how and why the term talent is used from practical examples. Therefore an exemplifying qualitative approach is the most appropriate choice for us. We can then show how and why “talent” is used and increase the knowledge about the term. This information can then help others to understand similar cases. We will present a pattern we have observed in the cases we have studied, not a general definition. This could possibly be a limitation to our study, but not to the fulfilment of our purpose where understanding is emphasized. There is no contradiction in using both qualitative and quantitative approach. None is, all other things fixed, better than the other, but we believe a study including both approaches need more time than the ten weeks we have been assigned. Furthermore we believe it is more important to understand the reason for which the term has emerged, before presenting a general definition, because the term is from what we know not previously explored.

A qualitative approach suits the Hermeneutic view and this view will be the research methodology we will focus on and the next section will explain why.

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12 Gummesson, 2000
13 Engwall, 1995
14 Trost, 2005
15 Engwall, 1995
2.3 The hermeneutic view

A hermeneutic view is used throughout this paper. A hermeneutic view refers to interpretative science. Hermeneutics aims to understand a problem and it allows and encourages us to reach our own conclusions.\textsuperscript{16} When interpreting data we are allowed to use our earlier knowledge and our subjectivity. This view considers understanding of the whole to be something that cannot be found through the examination of pieces. The pieces have to be put together and be seen as a whole, and that is what creates an understanding of the subject or phenomenon.\textsuperscript{17} This refers to the basic contradiction of hermeneutics, often referred to as the hermeneutic circle.\textsuperscript{18} You have to study the pieces, but the pieces do not make sense unless you put them together into a context. It is like trying to put a piece of paper into a box. This do not make sense unless you put the pieces into a context, for example an election.\textsuperscript{19} The pieces are the box and the paper, the context is that it is an election and the combination of these two is what creates an understanding of the whole. The paper will then be a ballot and the action of putting the paper into a box is then comprehensible.

In this paper when we are trying to get an understanding of the term “talent” we study pieces. These pieces consist of earlier papers written about “talent”, other theories concerning evaluation of employees capabilities and our different cases. We will not get an understanding of the term by studying these pieces separately, but we need to interpret the pieces and put them together. However it is first when they are put in their context we can gain an understanding. In our case the different pieces will be put together in a management context.

We believe it is more or less impossible to illustrate society and social constructs in an objective fashion. We are critical to Positivism, the counterpart of Hermeneutics, which claims that studying social constructs can be objective\textsuperscript{20}. In our opinion, we lost our ability to be objective when we decided on our topic. By doing so, we immediately excluded other topics, and that choice was very much subjective. Instead of looking on our subjectivity as a limitation, we believe certain challenging situations can demand that we use all the knowledge, understanding and memories we have in order to interpret what we observe. Our subjectivity imbues all our interpretations in this paper and when performing a hermeneutic

\textsuperscript{16} Andersson, 2006
\textsuperscript{17} Gunnarsson, 2005
\textsuperscript{18} http://en.wikipedia.org, 20060520
\textsuperscript{19} Ibid
\textsuperscript{20} Holme; Solvang, 1997
study we have to consider the effects of that rather than try to exclude them.\textsuperscript{21} Our previous experiences will influence our interpretations, and so we will aim to be clear in our reasoning and argumentation so it does not affect our thesis negatively.

We are aware that we cannot reach an absolute truth, or a general definition of “talent”. We do not consider this as a limitation because our purpose is to \textit{understand} the term “talent” and not as in Positivism to reach an absolute truth consisting of “reliable knowledge”\textsuperscript{22} which consists of unbiased, measurable data. The information we need to \textit{understand} the term “talent” is very complex. We need to interpret and understand opinions, reasoning and actions amongst our respondents and we believe that this should not be translated into numbers and statistics.

For the reasons stated above choosing a Hermeneutic view was obvious.

\section*{2.4 Empirical approach}

A classification in science can be made through dividing the scientific approach in two parts: an empirical and a rational view. Where an empirical view claims that knowledge is acquired when the scientist observes occurrences [knowledge is created through our senses], the rational view emphasizes logic-theoretical thinking and analyzing as superior to experience when acquiring knowledge. This view emphasizes a logic-theoretical thinking and analyzing as superior to experience when acquiring knowledge.\textsuperscript{23}

In this paper we are using an empirical study with a qualitative approach and a hermeneutic view. We are doing this because we have not found any other extensive studies on the subject of the term and phenomenon “talent”. As stated in our problem discussion, there are many ideas and studies concerning “Talent Management”, i.e. how to construct and maintain a talent management system, but none regarding the actual term. Therefore we believe we need to study \textit{how} and \textit{why} organizations using it, use it.

\section*{2.5 Inductive approach}

There are in general two ways of drawing conclusions: \textit{induction} and \textit{deduction}. An \textit{inductive} approach starts from \textit{empirically} collected data whereas the counterpart, the \textit{deductive} approach...
approach, starts from existing theories. Our interpretation when studying the inductive and deductive approaches is that both ways of drawing conclusion belong to Positivism. The inductive approach aims to generalize from specific empirical data that objectively has been collected. Bearing in mind the fact our conscious choice of being hermeneutics excludes the usage of this approach when applied to its complete extent, we still believe that the inductive approach explains our way of drawing conclusions, with the limitations that our conclusions will not be generalizing and not objective. Having these limitations in mind we believe the usage of the inductive approach to the extent of having our empirical data as a starting point for our conclusions will help you as a reader to gain an understanding of how we are drawing our conclusions.

2.6 The Case Study Approach

We have chosen to deal with our purpose in this paper by using a case study approach. Not much has been written about the specific term and that is why we regard a case study to be a good choice for our paper. Gummesson presents a cartoon in his book “The qualitative approach to management research”: “the researcher pecks at practice and moves knowledge to theory.” This means we can formalize the data from the case studies and draw conclusions about the term “talent”. These conclusions will not be generally applicable in any way but our readers can as we said before use our conclusions to be able to interpret discuss and understand similar cases.

In a case study approach access is an important aspect. This means that we acquire enough information to be able to conceive relevant conclusions.

2.7 Selection and access.

We have chosen to study AIESEC, NovartisPharma and StoraEnso as cases. We believe these three can be considered as “acknowledged examples,” as Engwall recommend for a qualitative case study approach because of similarities with five other organizations using the term talent. The other companies could also have been good or even acknowledged, but

24 Ibid
25 http://dis.dsv.su.se/~chri-fox/itk.htm, 20060310
26 Ibid
27 Gummesson, 2000
28 Engwall, 1995
29 Ibid
30 HSBC Group, Microsoft, NovartisPharma, Procter & Gamble, Unilever
time limited us to only study three deeper and these were chosen for access reasons. These contacts enabled us to gain a deep insight in the organizations because of a mutual trust. This trust partly existed from the beginning but was also built up during the process of writing this paper. We conducted interviews at AIESEC and StoraEnso with individuals responsible for “talent management” in their respective organization. We were not able to perform an interview with a representative for NovartisPharma, but we do not believe this to be a limitation because we regard the material we have received from them as very extensive. Furthermore, one of us is a member of AIESEC which helped us to gain access there.

We have gathered information from several other organizations to broaden our perspectives with the ambition not to let our selection limit our understanding of the term “talent.” Amongst others, Electrolux was a potential case for us but they limited us in our way of using the material that we first received from them, and because of that reason we decided not to have them as a case. However, we will use a few quotes from Electrolux that we regard to be important to our analysis.

Those organizations that we did not study in-depth will not be presented within the frames of this paper but can be found in the appendix.

**2.8 Collection of data.**

The empirical data we have gathered consists partly from interviews with the respondents and partly from written documents concerning “talent.”

We performed semi-structured interviews.\(^3\) This method generated an open climate with good conversations. We asked open questions around the usage of the term “talent.” Questions we consider relevant for our purpose and received open answers which we have interpreted. We were also able to get back to our respondents in case of any confusion. Through this approach, we believe that we have been able to incorporate our respondents’ thoughts, values and experiences within this field of interest in the most suitable way.\(^3\) We decided not to record the interviews we conducted, because we believe it would have created a barrier between us and the respondents. We were aware that we might miss details but we considered the risk of missing material of any major importance to be very small since both

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\(^3\) Denzin and Lincoln, 1994
\(^3\) Trost, 2005
of us took notes, and because all organizations have been given the opportunity to add potentially missed data and make corrections.

2.9 Trustworthiness and Authenticity

Two essential terms when assessing the quality of the study are reliability and validity. Since we use a qualitative approach and a hermeneutic view we regard it to be impossible to assess the validity and the reliability of this study, given that such assessment tools belong to Positivism.33 Instead we have assessed this study in terms of trustworthiness and authenticity.

Trustworthiness has four criteria: credibility, transferability, dependability and conformability. All of them have a counterpart in the quantitative science. We have chosen to present these criteria and explain how we have taken them into account when carrying through our study. Our ambition with this explanation is to increase the trustworthiness of this paper by letting you as a reader in detail read how we have taking this into consideration throughout this study.

- **Credibility** corresponds to internal validity, which means that the researchers make sure the investigation is done according to existing rules. The researcher reports to other people in the same social context so they can confirm that the researcher has interpreted reality in the correct manner.34 For this study, this means that we will interpret our empirical findings separately before we discuss them together, in order to challenge each other’s interpretation of the interviews conducted.

- **Transferability** corresponds to external validity and this refers to whether or not the collected data is transferable to other contexts.35 Our purpose does not demand that we are able to transfer our data to other contexts, but we want to compare the different cases in order to increase our understanding of the term “talent”.

- **Dependability** corresponds to reliability. For this study, this means that we will have external people auditing the process we go through, in order for us to challenge our

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33 Bryman, 2002
34 Ibid
own interpretations.\footnote{Bryman, 2002} We will get external perspectives in form of opposition from our supervisor, from our thesis working group and several other individuals; including PhDs and master level graduates. We have also incorporated several editors/proof readers in this process.

- \textit{Conformability} corresponds to objectivity, and as stated above we are to our nature subjective believing that it is impossible to be objective. Furthermore our purpose is dependent on our subjectivity, although, we need to notify the reader of our perspective and background and be clear about what could be considered as facts and what is influenced by our subjectivity.

\textit{Authenticity} refers to the researcher giving a fair picture of the opinions within the target group.\footnote{Ibid} Relevant questions for us to consider are:

- Has the investigation given an additional understanding of the social environment the target group operates in?
- Has the investigation given the participants a better picture and understanding concerning how other targets interpret the situation?
- Has the investigation led to challenging the participants’ understanding?
- Has the investigation led to the participants having gained better possibilities to take action?

During our interviews we aimed to give a fair picture of the opinions of our respondents. We also hope to give the respondents a better understanding around the subject by sending the paper to the organizations when it is finished. By doing that, our respondents will, hopefully, gain additional perspectives concerning what the term means for other organizations that use it and be given the opportunity to challenge their own perspectives. We do not have as an objective to initiate change within the organizations we target, although they will have the opportunity to do so by gaining perspectives from other organizations view of the term talent.
3. Talent

This part of the paper will create an overview about what has been written about talent up till now.

3.1. What has been written about talent previously?

The information put forward in this chapter should not be seen as qualitative theories that will be used in order to understand our empirical data better, but as input to our overall understanding of the term “talent”.

It has been hard to find solid sources discussing the term “talent.” In close to every text we have read, people take the term for granted. The concept “talent” is regarded as it is written in the book “The war for talent”: “something people implicitly seem to understand.”\(^{38}\) We have, however, found definitions and these will be explained throughout this chapter. The criticisms against these are primarily that they are not especially thorough, the reasoning around the term is limited. Some of the sources origin from management consulting firms. This is of significance because consulting firms has an agenda itself – namely making money. This means that their conclusions might be designed to fit the goals of the firm rather than to construct a publicly useable definition.

The most thorough definition of the term “talent” come from a director at TFPL\(^ {39}\), a recruitment and leadership development firm, who in an article tried to define talent. This definition of talent was the first one we found. We interpreted her definition as very much her own opinion, and we are questioning that this could be used in a general sense. We believe, however, that we can use it to discuss and understand how and why talent is used. Her conclusion was that a talent is an individual who has the ability to learn: this individual is always curious in her environment, and she continuously seeks new knowledge and tasks to be responsible for. A talent is a self initiator, she is acting as a company of her own, and does not wait to be told what to do. Furthermore she is collaborative, a team player that is not driven by status. The talent has the ability to link intellectually, meaning that the talent sees

\(^{38}\) Michael, Handfield-Jones and Axelrod, 2001, page 22
\(^{39}\) www.tfpl.com, 20060329
the big picture and is able to make connections. The talent is humble, she recognizes that other people are capable as well, invites their contribution, and is open to learn from earlier mistakes. The talent has the ability to think and do with a focus on outcomes and results. Finally, a talent is committed to the organization and enjoys personal and organizational development; the talent seeks career opportunities and always strives to gain additional experiences and challenges.

Another definition comes from the book “The war for talent”. We regard the release of this book to be the starting point of how the concept “talent” is used in a management context today. In this book it is explained that talent, in general, is the sum of a person’s abilities. These abilities are to include a person’s intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. Beyond abilities it includes a person’s ability to learn and grow. This was the general description of a talent, a more specific description over managerial talents is provided and is explained as the combination and composure of a person’s strategic mind, leadership ability, emotional maturity, communication skills, ability to attract and inspire other talented people, entrepreneurial instincts, functional skills, and the ability to deliver results. It is, however, recognized that organizations are different between themselves and therefore need different talent, both by external (market, product, industry) and internal factors (company culture, organization), “…a successful manager at Home Depot might not fit the talent profile Enron needs…” It is further acknowledged that the concept of talent is unclear, but claimed that it is a “word people implicitly seem to understand.” In the book a ranking system is presented to distinguish whether an alleged “talent” is, what the authors call, a top-talent, talent or low-performer for this they have grading scale ranging from A to C, where A is best. This can be decided in either absolute or relative terms; where absolute terms are more interesting in understanding talent. There, A players are people who are “consistently delivering results and inspiring others“, B players are “solid performers who meet expectations but who may have limited upward mobility”, and C “barely deliver results”.

40 Michael, Handfield-Jones and Axelrod, 2001
41 Ibid
42 Retailing industry
43 Energy and engineering industries
44 Michael, Handfield-Jones and Axelrod, 2001, page 20
Further comments concerning talent has been made by Ed Michaels, one of the authors of “The war for Talent”, where he argues that the greatest advantage of talent is innovativeness: “strategies are transparent, they can be copied, the half-life of technology is growing shorter all the time.”46 “Things don’t always work out and when they don’t you can fall back on talent.”47 He argues that when you got talents in the company, you can always be one step ahead of competitors.

In an article by Holland and Astin,48 it is explained that talent is often defined in grades or aptitude tests, where it is easy to categorize an individual as “talented” or “not talented”. The authors here state this approach of determining talent to be limited and not showing the whole picture. Aptitude tests give misleading information about an individual’s potential because it does not, or not enough, consider social skills, leadership, vocational (professional) achievement, or creative achievement. 49

Hollan and Astin50 suggest a “criterion-oriented” method, which defines “talent” as the result of “talented performance”. “Talented performance” is in this case referring to the achievement which is judged to be of “intrinsic value to the self and to society”. In order to be measured, such a performance or act first needs to be identified. When this is done, the conditions necessary for the performance (opportunity, personal characteristics) can be identified; “talent” is then those personal attributes most appropriate for the performance.51 With this definition “talent” can only be distinguished retrospectively.

Their suggestions are as follows:

- “Human talent is the potential for excellent and creative performance having value for the individual and the society.”
- “Talented performance results from the interaction of personal potential for talented performance and favourable environmental opportunities for such performance.”

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46 www.fastcompany.com, 20060315
48 Holland and Astin, 1962
49 Ibid
50 Ibid
51 Ibid
• “There are many, not few, kinds of talented performance, each probably requiring somewhat different personal capacities and opportunities. A criterion analysis of these performances is a research need of the highest priority.”

3.1.1 Against talent

Malcolm Gladwell writes and argues, mostly from the case of Enron (where the guidelines from “The war for talent” were extensively applied) that the concept of talent is overrated, a management consulting selling point adding nothing or little value to management practice. Worth noting is the fact that in this article, the author assumes that the “The war for talent” guidelines and general McKinsey practice are more or less the same. Enron is, or was rather, a supposed role model in working with talent. His points are among others, that the rating from the start, which often originates from schools (universities) of different sorts, does not evaluate all that is needed in work life. IQ for example, does not measure your “effectiveness in common sense sort of things, especially working with people.”

He further argues that assessing managerial capabilities in an objective way is more or less impossible. Gladwell highlights the A, B and C ranking in the book “The war for talent”, and the fact that the authors use a ranking system for fighter pilots as the guidelines for this model. He argues that assessing fighter pilot talent is possible because there are relatively few parameters to consider, whereas in management there is an impossibly large number to take into account. The key question is, regarding to Gladwell; how should the assessment of “talent” be done, and who shall perform it?

He discusses the example of Lou Pai, the man who started Enron’s power trading business, a business that would become a disaster and lose billions of dollars for the company. After Pai was finished with the power trading business, he went on to energy outsourcing, in which he also lost billions of dollars. “Because Pai had talent he was given more opportunities, and when those failed, he was given even more opportunities; this because he was a talent.”

At Enron, managers could fail over and over again, and Gladwell asks, “If talent is defined as something separate from a person’s actual performance, what use is it?” He has spoken with a

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52 www.gladwell.com, 20060417
53 Ibid
54 Ibid
large number of psychologists. One conclusion he made was that when judgments of intrinsic skills (intelligence, for example) are regarded as absolute: “people work so hard on looking smart they act dumb.”55 In another test, devised by a group of psychologists, the subjects were praised either for their intelligence or their efforts in completing the designated tasks. The result was that the ones praised for their intelligence lied about their performance, adjusting it upward. The explanation to this is that they identify themselves with their label, and when the label later is questioned, they have nothing else to identify themselves with why they lie about their performance56

Another aspect is that if you focus on “talent”, everything else becomes secondary. If you fail at something, it is because you did not have the right talent. Gladwell argues that there are many other aspects than simply talent affecting organizational results, organizational structure and coordination for example. “The talent myth assumes that people make organizations smart. More often than not, it is the other way around.”57 He concludes by stating that the talent mindset risks ending up with an over-zealous focus on innovative growth: “[At Enron] [McKinsey consultants] were looking for people that had talent to think outside the box. It never occurred to them that, if everyone had to think outside the box, maybe it was the box that needed fixing.”58

55 www.gladwell.com, 20060417
56 Ibid
57 Ibid
58 Ibid
4. Theoretical framework

This chapter will present a theoretical framework. Our ambition with this chapter is to gain perspective on how and why the term “talent” is used in organizations and companies today, according to certain existing management theories.

We need to set up limits for what we mean when we refer to management academia and specify its content. We will construct a theoretical framework out of the management academia we regard to be relevant to our subject.

To construct this theoretical framework, we will identify the different areas of management academia and sort out which areas are relevant to us and this specific study. Instead of listing everything we will not include in our definition of management academia, we will list those we regard to be relevant and therefore will use.

These will be:

✓ The studies of management accounting.

This is relevant because we regard the work in this field to be very similar to the aim of talent management departments. This means that in both cases, words and stories describing individuals’ different characteristics are used to predict future performance. Within management accounting there are several key words and concepts which will be extensively used throughout the thesis to compare the usage of talent with existing definitions. Examples of such are:

- Competence
- Knowledge
- Abilities
- Skills

✓ Studies of different characteristics of people
We also want to pay attention to different characteristics of people. Amongst others, motivation, commitment and attitudes are aspects that will be looked at; since we regard these components to be relevant when trying to understand why the term talent has emerged.

Delimitation

We want to keep the thesis apart from professional discussions within the fields of psychology, sociology and neuroscience. Neither of us is in a position of determining human mental abilities at a professional level; what we are interested in is the understanding of how and why the term “talent” is used in practice, not the neurological abilities an alleged talent might have. We believe the fulfillment of our purpose is possible to accomplish without these specific fields and therefore no theory will be presented from that direction.

4.1 Defining competence

In order to sort out what distinguishes a person’s capabilities, one may look at three definitions: knowledge, abilities, and competence.\(^{59}\)

The starting point in applying these definitions is to acknowledge that both knowledge and abilities are needed; they describe the combination of those two as possible competence.\(^{60}\)

Bjurkloo and Kardemark define competence as the combination of our accumulated knowledge and our abilities. Furthermore, they state that competence is ultimately shown in action, and explain that a person can have vast knowledge about a subject but he may still not be competent. This means that both knowledge and abilities are needed for a person to be competent.

According to Bjurklo and Kardemark, it is doubtful whether a person can carry through a task without any knowledge, but at the same time it is not enough to only have knowledge. You also need abilities to drive the change. These abilities are described as:

- Psychomotorical skills (perceptual and manual skills)
- Cognitive factor (intellectual skills)

\(^{59}\) Bjurklo and Kardemark, 2003
\(^{60}\) Ibid
• Affective factors (the will and emotional/empathetic factors)
• Personality factors (factors which are specific to the individual)
• Social factors (different social skills)

“In order for [competence] to be interesting, it has to be possible to link it to work in some sense."\(^{61}\) This is to say, competence needs to be compared to some form of performance where there can be a good or a bad result, in order to be relevant. Competence is therefore wider than knowledge, because it includes the will to use that knowledge. The knowledge and will need to be complemented by abilities which can only be learned through practice.

“Competence is the capacity to, in a specific situation, create a state where theoretical and practical knowledge and experience are integrated.”\(^{62}\) It is argued that competence cannot be passive, it is about doing something, not only have the possibilities, i.e. “know how.” To sum up, competence is about results in an activity where results can be measured. When the results of the specific activity are good, the performer can be regarded as competent; and can with unspecified likelihood perform satisfactorily again. Competency is a person-based concept which refers to the dimensions of behaviour lying behind very good performance.\(^{63}\) Competencies are behaviour characteristics and they are sometimes called soft skills.

*Competence* is a work related concept which refers to areas of work at which the person is competent.\(^{64}\) *Competent people are those who meet the expected performance.* Competencies describe the things people have to have and be able to do in order to perform effectively. These are often described as “hard skills”. In other words, competence could be described as what people have to know and be able to do in order perform satisfyingly.\(^{65}\)

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\(^{61}\) Söderström via Bjurklo and Kardemark, 2003 page 34
\(^{62}\) Boukas via Bjurklo and Kardemark, 2003 page 35
\(^{63}\) Armstrong, 2003,
\(^{64}\) Ibid
\(^{65}\) Ibid
4.2 An individual’s worth to an organization.

In this section we will describe how an employee’s “worth to an organization” can be identified. In a model for determining an individual’s worth to an organization Flamholtz put forward a model for visualizing this. His view is that the individual brings his or her personality traits and cognitive abilities to the organization. The individual’s attitude, activation level and skills determine his or her work related value. The individual is valuable to the organization only in relation to the role he or she occupies. On top of the individual’s role in the organization together with the individual’s attitude, activation level and skills, one can add the individual’s transferability, productivity and promotability, plus the individual’s satisfaction with organization. When these three areas are added up, you get the individual’s total worth forth for the organization. Figure 4.1 illustrates this.

![Diagram: An individual’s worth to an organization](image)

Figure: 4.1 *An individual’s worth to an organization*  

4.3 Characteristics of people

“Talent” seem to involve more dimensions than *knowledge, abilities, skills* and *competencies*, why we therefore believe it to be relevant for our thesis to elucidate various other perspectives. It would be easy to deal with people if everyone had the same types of

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66 Human resource accounting, 1979  
67 Ibid  
68 Ibid
characteristics and behaviours. There are differences amongst people, in terms of characteristics, abilities, intelligence, personality, background and culture.\textsuperscript{69}

- \textit{Personality} differs from person to person. Personality can be defined as the relatively stable and enduring aspects of individuals that distinguish them from other people.\textsuperscript{70}

- \textit{Background} is also source of differences amongst people. Background implies the environment and the culture in which a person has been brought up.\textsuperscript{71}

\textit{Attitudes} are developed through experiences, but they are less stable than traits and can change while a person is gaining new experiences or absorbing influences. Within organizations, \textit{attitudes} are affected by cultural factors (values and norms), the management style, policies, recognition and the influence of the “reference group” (the group with whom people identify themselves).\textsuperscript{72}

\textit{Motivation}: A motive is a reason for doing something. Motivation is the factors that influence people to behave in certain ways. Three components of motivation have been listed by Robertsson and Cooper.\textsuperscript{73}

- \textit{Direction} – what a person is trying to do;
- \textit{Effort} – how hard a person is trying;
- \textit{Persistence} – how long a person keeps on trying;

Motivation of others is the ability to move other people in the direction you want, and thus achieve pleasing results. Motivating yourself means setting a direction independently and then taking a course of action in order to get there. Motivation could be described as a goal, directed behaviour. People tend to be motivated when the course of action is likely to lead to a goal.

There are in general two types of motivation:

\textsuperscript{69} Armstrong, 2003
\textsuperscript{70} Ibid
\textsuperscript{71} Ibid
\textsuperscript{72} Ibid
\textsuperscript{73} Ibid
Intrinsic motivation – the self-generated factors that influence people to behave in a particular way or to move in a particular direction. These factors includes responsibility, (feeling that the work is important and treating the recourses as it is ones own), autonomy (freedom to act), and one’s capacity to use and develop one’s knowledge, skills and abilities. This creates an environment with interesting and challenging work and opportunities for advancement in the profession.\(^74\)

Extrinsic motivation – what is done to and for people in order to motivate them. These include rewards, recognition and punishment. Extrinsic motivation could be efficient initially and give a powerful effect, but it does not necessarily last for long. Intrinsic motivation tends to be more long term because it is grown from within the individuals and not pushed upon them from outside.\(^75\)

Commitment refers to attachment and loyalty, and is the relative strength of the individual’s identification with and involvement in a particular organization. In general, this consists of three factors. Those are: the desire to remain a member of the organization; the beliefs and acceptance of the organizational values, vision and goals; and the readiness to put in effort on behalf of the organization.\(^76\)

There are several factors that affect commitment and they could be distinguished on a strategic, functional and a work place level. The driving influential forces for commitment are, according to Armstrong: received training by the company; satisfying career opportunities; satisfying performance evaluation system; leadership; challenging work; supportive organization; satisfying communication within the company; and how the company in general performs.\(^77\)

There is no clear link between commitment and performance. Commitment is not the same as motivation. Commitment is a broader concept and it tends to be more stable over time.\(^78\)

\(^{74}\) Armstrong, 2003  
\(^{75}\) Ibid  
\(^{76}\) Ibid  
\(^{77}\) Ibid  
\(^{78}\) Ibid
5 Empirical findings

In this chapter we will present our empirical findings from our cases represented by AIESEC, Electrolux, Novartis Pharma and Stora Enso

5.1 AIESEC

Our respondent Maria Klockare Johansson is Vice President for AIESEC Sweden and responsible for “people development”. According to her, the word “talent” has many dimensions. You can be talented in sports, music etc. Maria argues a talent is someone who has the potential to be able to do it. You gain the professional skills from the talent you have.

5.1.1 Talent for AIESEC

Talent, according to AIESEC, is a term describing what kind of people AIESEC want to have within the organization and that is what they supply to their stakeholders. AIESEC uses talent because people implicitly have an understanding about what it means. Ms. Klockare Johansson describes the difference between a competent person and a talent like this: while competent people could have the necessary skills, they might not be passionate and committed to the organizational goals. This is why a competent person does not necessarily need to be a talent. They might not have the potential to reach other important dimensions, like commitment, to become a talent.

AIESEC is currently using a strategy around something they refer to as “culture of excellence”. “Culture of excellence” for AIESEC is about having a culture within the organization which attracts, selects and empowers what they call “top talents”. AIESEC’s description for this strategy is: “We have a culture that attracts, cultivates, retains, recognizes and empowers top-talent. Our membership consists of high-performing and dedicated people who are committed to excellence, outstanding quality of work and ongoing improvement of our processes.”

79 Maria Klockare Johansson
The criteria below are a part of AIESEC’s selection systems; both at entry level for new members of AIESEC, but also when selecting people for internal leadership roles. The general elements of their talent definition are as follows:

AIESEC’s talent definition has three elements: performance/potential, intrinsic capacity and aspiration.

The performance/potential element refers to the talent’s earlier experience, what grades the person has and other experiences (for example sports or previous leadership roles). Furthermore, the dimension involves earlier work experience. This dimension complements the other two dimensions; intrinsic capacity and aspiration which both describe potential. (see figure 5.3) This is in the sense that potential is not worth much unless you can transfer it into performance, or give the impression of being able to do so.

The intrinsic capacity element involves the competencies the talent should aim to have/develop. Important competencies according to AIESEC are:

- *Analytical ability*
- *Creativity & innovation*. Taking risks, adapting quickly to change, leading the change process.
- *Innovation* is the creation of new solutions for current challenges or a new approach to an old situation.
- *Ability to solve problems*

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73 Gathered from AIESEC.
- **Strategic Thinking.** Taking a broad scale, long term view, assessing options and implications.
- **Communication skills.** Be able to communicate ideas and solutions
- **Planning & organizing**
- **Team playing potential/ability.** Working cooperatively and productively with others to achieve results.
- **Leadership potential.** Positively influencing people and events and creating a motivating and empowering environment.
- **Self-Management.** Managing and continually improving one's own performance.
- **Results Orientation.** Knowing why results are important and focusing resources to achieve them.
- **Organizational awareness.** Understanding of AIESEC’s vision, mission, identity, strategic direction and knowledge of functional area of work

The third element is the aspiration element, which refers to commitment to self-development; acting according to the values of the organization; eagerness to learn; and organizational commitment.

### 5.1.2 Global competency model

In order to develop the members of AIESEC, they work according to something they call a global competency model. They state that competencies are any attitude, skill, behavior, motive or other personal characteristic that is essential to a person’s ability to perform a role. For AIESEC it is the behavior people develop at each stage of the AIESEC Experience\(^{81}\) that is essential and in different roles that members undertake within the organization for their personal development and to the success of AIESEC.

### 5.1.3 Monitoring talent

In order to monitor the development amongst their members, AIESEC uses an evaluation system that contains four stages of development: *advanced, proficient, knowledgeable* and *improvement.*

\(^{81}\) Their leadership development platform
In the advanced level of development, the member demonstrates a high level of understanding of the particular competency to perform fully and independently related tasks. Furthermore, the member frequently demonstrates application that indicates profound level of expertise. The member can in this stage advice and train other members. Work activities are carried out consistently with high quality standards.

In the proficient level of development, the member demonstrates a sound level of understanding of the particular competency to adequately perform related tasks, practically without guidance. Work activities are performed effectively within quality standards expected for the activities.

In the knowledgeable level of development the member demonstrates a sound level of understanding of the particular competency to adequately perform related tasks, practically without guidance. Work activities are performed effectively within quality standards put up for the activities.

In the improvement level of development, the member demonstrates a low understanding of the particular competency to be used in the work place. In this stage improvement needs to happen in specific knowledge and skills.

In order for AIESEC to identify “talents” within the organization, they use the following model. “Stars” are according to this matrix, “talents” for AIESEC.
As said earlier, an important aspect of talent, according to Ms Klockare Johansson, is the learning curve. For an individual to be able to become a “star”, he or she has to have the commitment to the organization to enable be able to develop him or herself to the level of “talent”. Furthermore, Ms Klockare Johansson regards “stars in waiting” as a “better” stage to be in compared to “high performer”, because of the commitment to organization’s vision and goals in the “stars in waiting” phase. “Stars in waiting” need more competencies to be able to reach what the “stars” are doing. “High potential” need to build up commitment first, and according to Ms Klockare Johansson, commitment to vision and goals is harder to build up than competencies.

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Figure 5.2 AIESEC talent matrix

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82 Gathered from AIESEC
5.1.4 Discussion about the usage of talent at AIESEC

For AIESEC, the term talent seems to be vital: their way of working with it is very extensive. Their structure around its usage and their definition tells us that the term involves many elements. One element cannot be seen separately from one another. It is first when all elements are put together that we can find AIESEC’s definition of talent, the “stars” according to the figure 5.2.

The performance/potential element of their definition explains the importance of prior experiences of the talent. An individual can have a very high potential, i.e. impressive intrinsic capacity and aspiration (see figure; 5.3 and 5.4). However, if an individual does not have much experience, then that person has to focus on acquiring various experiences in order to gain a frame of reference to understand the bigger picture of the vision and goals of the organization. This also applies to understanding the causalities of an organization. Furthermore, it encompasses and interlinks with a curve of development. An individual gains

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83 Gathered from Johansson Klockare, Maria, AIESEC
84 Ibid
experience every day the individual lives, which is why we think this element, can create motivation and enthusiasm to continuously see more innovative ways of gaining experience. This is under the condition that the individual understands AIESEC’s talent definition and are able to see these connections between the different elements. As long as a person sees an opportunity of gaining more experiences within the organization then logically the person should stay. If the person feels that he or she needs to gain that type of experience externally, then logically the person should leave.

A person can be a “high potential” but if the individual does not show he or she can perform, the other aspect of performance/potential, he or she will not be considered a talent.

When looking at the aspiration element, we see this as something which ties the term together for AIESEC. This is where the link between personal and organizational goals, the self-driven part and the commitment to the organization as such, lies. An individual who misses this element might be a very experienced and capable person, but the link to the organization and the continuous development is missing, cutting the person’s membership within the organization short. However, an individual who only has this element might be someone who sticks to the organization but does not really add too much to its results.

We can see why AIESEC believes that all these elements have to be seen as a whole in order for the specific individual to be considered a talent. All elements are very interlinked, and the causal connections are important. For example, a member can have an amazing performance/potential and intrinsic capacity, but if lacking in aspiration the individual might not continuously seek new ways to learn and develop oneself and is therefore not a talent.

In order for us to understand the different elements and to be able to communicate how we interpret this, we will use a metaphor and see the different elements as a system consisting of equally dependable parts, where all parts are interlinked, and causalities and connections influence each other. Each element of AIESEC’s talent definition has different components which together create a system. In order to be a talent for AIESEC, every single component in each of these different elements have to connect perfectly. There is always room for improvement within this system and all the different pieces and/or processes can always work a bit better. Since a substantial part of the talent definition is to seek personal development,
talent in AIESEC is never complete and that is why the members choose to stay in the organization. As long as that room and that potential exist within AIESEC for the member to develop him or herself, the individual will stay and the link between the individual development and the development of the organization occur.

5.2 Electrolux

We have interviewed and received material from Monica Redolfi, whose title is Talent Management Specialist at Electrolux. Just before submitting this thesis Electrolux limited us in our way of using the material we had gathered. Because of this limitation we were unable to present the whole case of Electrolux. We will, however, present a few quotes from our interaction with Electrolux.

The main objective for Electrolux’s talent management department and the talent management system is to ensure that Electrolux has “the right person, in the right place, at the right time”\(^85\) in order for them to meet the business goals as well as the individual’s goals within the organization. Electrolux always aims to recruit managers internally\(^86\), and the talent management system allows them to continuously know what resources they possess.\(^87\)

When Electrolux was deciding what term they wanted to use for their employees, they considered amongst other “human capital”, which they felt was too general and vague. The word competent was not suitable either due to that it was too restrictive.\(^88\)

5.3 NovartisPharma

We have received material from NovartisPharma which we evaluated as giving the paper more depth to the analysis and authenticity to our interpretations. The information partly origins from NovartisPharma’s own homepage and partly from a document concerning talent management compiled by NovartisPharma’s head of human resources, Anish Batlaw.

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\(^85\) Redolfi, Monica, Electrolux
\(^86\) Ibid
\(^87\) Ibid
\(^88\) Ibid
NovartisPharma’s overall strategy has four dimensions, the culture is central and imbues all these dimensions, one of these four dimensions is talent. Talent for NovartisPharma involves three elements: leadership, values and behavior & continuous learning.

**Leadership element:**

The leadership element involves *strategic as well as people leadership*. The talent should also demonstrate leadership according to the values of the company. This dimension also involves *competency development*, which means that the talent should be *competent according to the specific role*, but also be able to *drive competency development of others*.

Strategic leadership is referring to the talent proving sound business judgement being able to anticipate and react to changes in business contexts and react to consumer needs. The talent should also be able to drive change in order to capitalize on business opportunities. Furthermore, the talent should demonstrate sensible risk taking.

People leadership refers to the ability of talents to assign challenges and empower each individual, as well as coach and develop them to their “full potential”. This dimension also involves the talent having good communication skills.

**Values and behavior element**

This element involves *behavior that the talent should* demonstrate everyday in his or her role. The talent should be *result driven, creative and innovative, competent for the specific role, fast-clear-action oriented and self disciplined (self driven).* *Be accountable, committed to the organization, live the company culture and demonstrate the values of the company.* Furthermore, the talent should be *a team player* and encourage collaborations of different kinds.

**Continuous learning element**

This element involves that *the talent should strive to learn*. Different functions from the talent management system, such as mentoring, “360 degrees feedback” and different learning programs, support this goal.

In order to identify which action is suitable for further development, the potential talent is assessed based on these elements, to try to fit the potential talent in a matrix (displayed below).
After the potential talent have been “fit in” to the matrix an action plan will be created in order to capitalize on the potential talent.

When NovartisPharma talks about talent management, they refer to a systematic approach to actively support the development of their employees. NovartisPharma uses a matrix model (Figure 5.5) to distinguish their talent pool. They regard the advantages of this matrix to be threefold:

- “Combines performance ratings with potential assessments”\(^{89}\)
- “Calibration of a number of individuals with similar functions or functional levels”\(^{90}\)
- “Illustration of which type of developmental measure makes the most sense”\(^{91}\)

The employees are divided into three areas of this model. One at the upper right corner, one in the middle and one in the lower left corner.

Talents in the right upper corner of this model are expected move upwards in the organization. Employees moving towards the middle of the matrix are professionals, more of specialists, who are challenged in their current roles, but with limited managerial ability. In the lower left corner are “low-performers”.

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89 NovartisPharma talent material
90 Ibid
91 Ibid
92 Gathered from NovartisPharma

Figure 5.5 NovartisPharma talent matrix\(^{92}\)
The employees at NovartisPharma are assessed once per year. They use what they call the “development cycle”. The development cycle begins with assessment, to target position and job requirements what the specific individual have for aspirations, what kind of strengths and weaknesses the potential talent possess. The next step is to decide on what development plan makes the most sense. The third and last part is to implement and check if the plan is successful. “The key to deciding on correct development actions is to align the organization’s and individual’s needs.” This means that: “we need agreement from the individual as well as from the line manager. Ultimately, we do not develop for the sake of development, we develop individuals in order to unlock potential and increase performance.”

5.3.1 Discussion about the usage of talent at NovartisPharma

The term talent in NovartisPharma is used extensively, and talent management is one out of four strategic areas of attention within the company. When looking at NovartisPharma’s talent definition, we can see it containing three dimensions: leadership element, values and behavior element and continuous learning element.

The leadership element we can define as having the following characteristics; strategic leadership, people leadership, communication, business judgment, competency development, helping others develop their competencies

The value and behaviour element involves characteristics which can be defined as result driven, creative and innovative, self driven, Be accountable, committed to the organization, living the company culture, demonstrate the values of the company and be a team player encouraging co-workers.

The last element is continuous learning element; this element means that the talent should strive to learn.

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93 Anish Batlaw
94 Ibid
These dimensions contain different components which together create the definition of the term talent for NovartisPharma. We can see that in order to be a talent at NovartisPharma, the person has to be in the upper right corner of the matrix.

5.4 StoraEnso

Our respondent, Inger Thorén, enjoys the position of Vice President Global Talent Management.

5.4.1 Talent for StoraEnso

Talent management at StoraEnso is an approach to secure potential talent. Their overall goal with this department is to identify and systematically supply capable individuals to leadership positions, mainly the top 300 positions in the company.

To identify the talent within StoraEnso, they work with a talent review process which is performed once per year. Within their usage of the term talent, they have identified different levels, or dimensions, of talents.

The necessary foundation of being considered a talent at StoraEnso is to fulfill the basic requirements. The first requirement is the individual’s professional profile; meaning the education itself at StoraEnso. At StoraEnso, this is most commonly some sort of engineering background. Secondly, you have to fit in socially, and be able to adapt to the culture present in the company (their way of doing things). Finally the alleged talent needs to have a “genuine” interest in the industry as a whole.

Furthermore, after the necessary foundation is fulfilled, StoraEnso has a talent definition for people who are in the phase of what they call the “early career stage”. This means the potential talent has two to seven years of experience of the business and these alleged talents are expected to climb to a top-300 position within the company.

Important traits and characteristics for these are defined as follows:

- *Professional skills (Fundamental)*
  
  The individual needs to have the right education and the right experience to be able to perform his or her role.
• **Social skills (Fundamental)**
  The individual needs to be outgoing and easy to communicate with. Also, he or she needs to be able to fit in the culture present at StoraEnso.

• **Intellectual capabilities**
  The individual’s ability to solve problems.

• **Performance, results**
  The individual’s ability to deliver results, qualitative as well as quantitative.

• **Leadership abilities**
  To handle a group of people, inspire and motivate others to perform.

• **Communicative**
  The individual’s ability to explain, or communicate, his or hers ideas to co-workers.

• **Individual and organizational development**
  The individual should strive to develop the organization and through that work develop him- or herself; continuously aiming for higher positions.

In order to climb to even higher positions, StoraEnso regard these additional abilities to be necessary for an alleged talent

• **Global perspective**
  To comprehend that StoraEnso operates in a global environment, understand the various cultural differences, and to be able to adapt following the different environments the business is operating in.

• **Create visions and strategies**
  To be able to create the direction for the business and implement the strategies to get there.

• **Network**
  To be able to create and maintain contacts.

• **Creative abilities**
  To be unique, and supply unique solutions and business opportunities.

### 5.4.2 Discussion about the usage of talent at StoraEnso

During the interview with our respondent, we had a discussion about who generally becomes a good manager. The result of the discussion can be summed up like this: if “talent” is
distinguished and visualized through a two dimensional matrix consisting of a performance axis and a potential axis, where the potential axis primarily corresponds to soft skills and the performance axis to harder skills, Mrs. Thorén explains that the most gifted individuals in the fields of their specific area do not necessarily end up being the best leaders.

She explains this through an example gathered from the world of hospitals. In this example, the most gifted surgeon often ends up being the chief of the department, but will not rarely be a quite poor manager because there is no relation between being good at operating people and being good at managing people. It is, apparently, quite similar in the forestry business. Specialists in a specific field often lack knowledge of other important aspects when taking on a managerial role in a company, such as social skills and entrepreneurial instincts.

The dimensions of talent at StoraEnso are very similar to the ones at NovartisPharma. They are categorized differently but the content is close to identical. This will be incorporated in our analysis about how talent is used and this is why we do not present this in this chapter, but refer to the discussion about talent at NovartisPharma.
6. Analysis

In this chapter we analyse how and why the term talent is used in practice. Here is where our understanding of the term’s usage will be presented.

6.1 How is talent used?

When analyzing our cases we regard talent to have, a, more or less, similar content. All cases have divided talent into different elements/dimensions under which they have put components. These can be labelled traits or characteristics. One dimension is flexible, and this dimension is called competence, or professional skills, which is the knowledge needed for the specific role or profession. We can see that a person can be very competent in a specific profession, but still not be considered a “talent” if the individual lacks in other dimensions of the talent definition.

The dimensions or elements have different names among the cases, but they include more or less the same components in the end.

We will present a pattern with characteristics and traits that we have identified. It is worth noting is that this pattern is not a general definition but merely how it functions within our cases. The conception of a definition helped us in our overall understanding of why talent is used. The pattern we distinguished consists of six dimensions and talent is the umbrella term for those.

**Professional dimension**

- **Professional skills** refers to the talent being competent to perform his or her original role. Education and professional experience, this dimension varies and is dependent on knowledge needed to perform a specific role.

**People dimension (Inter-human relations)**

- **Social skills** refers to the talent being outward and easy to communicate with.
- **Team-player** refers to the ability to cooperate with others.
Communicative refers to the ability to communicate his or hers ideas and solutions.

People leadership refers to raising co-workers’ enthusiasm, taking charge of a situation, and striving to help others in their personal and professional development.

Network refers to the ability to create and maintain contacts.

**Entrepreneurial dimension**

- **Entrepreneurial instincts** refers to the business judgment. The ability to turn solutions/inventions into business opportunities
- **Focus on results** refers to the ability to deliver results, qualitative as well as quantitative.
- **Strategic leadership** refers to the ability to anticipate future environments, construct strategies and sensible risk taking
- **External/Global perspective** refers to the ability to see the bigger picture of the impact the organization has on society as a whole. Also, understanding and being sensitive to various cultures.

**Organizational dimension**

- **Commitment to organization** refers to the understanding and embracement of the organization’s goals, vision, culture etc. The talent has to demonstrate the values of the organization.
- **Accountability/responsible** refers to the ability to act in an ethical and principled manner and to take responsibility one’s own actions towards the organization. Since close to all major companies today have corporate social responsibility as a core principle, the talent should also be socially responsible.

**Individual dimension**

- **Creative/innovative mindset** refers to the ability to come up with unique solutions.
- **Intellectual ability** refers to the talent’s ability to solve problems.
- **Value background** refers to the talent’s appreciation and understanding of people with diverse backgrounds.
- **Aspiration** refers to the talent’s will and ambition to climb higher within the organization
- **Mobility/Flexibility** refers to the talent’s transferability, i.e. the talent’s willingness to transfer to another location and his or her flexibility to change duties within the company.

**Development**
- **Continuous development** refers to the talent’s ability to continue to develop him- or herself to his or her full potential

We can see that the organizations we have chosen to study work extensively with the term “talent.” Talent for the organization is supported by a talent management system which is based on their talent definition. The talent definitions in these organizations have to be seen as a whole, (see chapter 4.1.4 “discussion about the usage of talent in AIESEC”, e.g. system metaphor). Moreover, we see that talent management systems are built so that they either support the development of employees into talents, or further develop the existing talents. These systems are designed similarly in all our cases, and many of them use a matrix in order to distinguish their talents.

### 6.2 Why is talent used?

We consider the term “talent” in a management context to have its origin in the book “The war for talent”. After analyzing, AIESEC, NovartisPharma and StoraEnso, we have found similarities between the approach the book presents and these organizations’ way of working with talent. For example, the book uses an A to C approach when assessing the “talents” within an organization. This is found in some cases, e.g. NovartisPharma; Low performers, professional, talents where low performers mean C, professionals mean B and talents mean A. The book place emphasis on the idea that “talent management” must be a top strategic priority for companies; NovartisPharma has talent management as one of its four major strategic priorities. Since the other cases have such similarities across other areas of their way of working with talent we do not believe it to be farfetched to guess that this book, i.e. McKinsey Co, has had an impact on the usage in at least NovartisPharma, but possibly in even more organizations.

One could ask why this book was written. Because it was a burning issue, companies had to start to work with “talent” or perish, or because a consultancy firm saw a way of earning
money? The answer to this question is not within the frame of this paper, but it is a fact that a lot of companies and organizations work with the term talent. Through our study, we can see that some organizations and companies have similarities in their way of working, some of these are explicitly written in this book. Whatever objective the authors had, it seems like it has worked out. If this was a burning issue and the method the book presents was the reply on this issue, these organizations are hopefully much healthier today, because the usage of the term in these organizations is extensive. If the objective was to earn money, we are sure these consultancy firms did.

Throughout this study, we have come across many reasons why companies work with talent management. Electrolux stresses it is because they want to ensure that they have “the right person, in the right position at the right time”. StoraEnso says that they work with talent management because they “want to secure potential talent”. We ask ourselves if these goals are at all reachable. Do these organizations believe that working with talent management can ensure and secure the right person at the right time? Remember that a person they call a talent will have twenty characteristics, out of which many (intelligence, for example) are exceptionally difficult to evaluate. We believe there are more factors than their evaluation system suggest when “talent” is determined. When someone assesses whether an individual is a talent or not, external factors like individual conditions at that day, friendship or similarities in background (gender, geography, social affinity) can influence the assessment. All components of the organization’s talent definition will be determined by someone. That “someone” has the greatest power, and ultimately determines who is talented and who is not. All systems and charts listing characteristics are only guidelines for this person to make his or her decision. Furthermore a “talent” or someone “talented” can, like Holland and Astin wrote, only become talents as the result of “talented performance” and this can only be evaluated in retrospect. Furthermore, the systems are built so that the evaluation should be done by an objective party, in the best way by a computer. The problem is that a computer cannot evaluate human characteristics. A human being will have to deal with this objectively, something we regard to be impossible. Another aspect is how the organizations know if there was a better person available, which could have been in any specific position at any specific time. This can as well only be evaluated in retrospect, i.e. they can never measure if their

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95 Holland and Astin, 1962
system works, just assume it does. We ask ourselves, why they are working with this in the first place when it seems like utopia. Utopia or not, they are working with it, why?

Let us assume that the system does work and the goal of the system is to create “talents”. Can we then conclude that once an employee has acquired the status of “talent,” he or she will remain so indefinitely? If talent is measured through other components than actual performance, what is it worth? What if these possible incentives only create a self-fulfilling effect, so that once a person has been labeled a talent, everyone is happy and the eagerness to continue developing oneself is gone? Do these organizations have some sort of defence mechanism to prevent the same scenario as seen within the Enron case, where no one questions anyone because everyone is a “talent”? We believe this lies in the eye of the beholder: the people who actually determine talent have a huge responsibility, as well as the impossible mission of being objective.

As we see it, working with talent management and assessing talent could possibly create incentives for employees to become a talent. There is an interesting connection that if employees aim to develop themselves into “talents”, then a positive correlation might occur when the individuals’ eager to become a talent drives the development of the organization. The logic behind this is that an organization is never better than its weakest link, and if that weakest link becomes better, then the whole organization will become better. This type of causalities can be found in AIESEC’s talent definition. Since all components of the elements influence each other, the individual and the organizational goals are eventually unified. Logically, when everyone strives to develop one self, this correlation could occur. One challenge as we see it is that these logical connections are too complex to work on humans, even if the individuals in question understand all the connections. The organizations have determined what talent is for them and then designed a system that supports the development of the characteristics they want to see. This seems logical but our opinion is that believing this will work to its fullest and sought-after extent is fairly naïve. The problem we see with this is that humans have, in lack of a better word, feelings, which are not logical, and this is why this kind of reasoning does not really work.

Unconditionally these practical implications, we believe that when a person’s different components are assessed, incentives can be created for the individual to develop him- or
herself further. Maybe that is the bottom line? A theme through our cases, regarding why talent is used, is that existing terms either are too broad, human capital, or too narrow, competent. The term “human capital” is too broad in the sense that it does not apply to a specific individual, but to human capital in general. “Competent” is too narrow because it aims only to the specific role the individual is supposed to perform. Talent seems to fill the gap between these two, as it allows the organizations to put in general characteristics they see as crucial, and then one dimension that is flexible in order to be customized for a specific role. Maybe they use talent because it put focus on the individual in the organization, and involve encouragement to the employees to broaden their perspectives of development outside their role in order to be material for a future manager position. This assumption will in that case support what Electrolux stresses as important for them, i.e. internal recruitment. This is one possible explanation, but we do not believe it to be the only one.

What would an organization look like if it only consisted of “talents”? In relation to the self-fulfilling aspect, this could create a groupthink which could lead to undesired consequences where no one question each other because everyone is considered to be talents. They try so hard to achieve the level of “talent” and then forget hard work and common sense. Like what Gladwell described, “they work so hard on looking smart they act dumb.” We regard this to be an obvious risk when assessing people through measures which are not directly connected to results.

By analysing how the term talent is used, we identified a pattern of what dimensions our cases considers as talent for them. We regard the components of the dimensions as relevant characteristics. If we would have been forced to identify a pattern before writing this paper, then most likely many of the dimensions and components would have been there. We consider all components to be reasonable, and we do not aim to analyse what might be missing in this pattern, because we believe that the content could have been anything. It is up the company to decide what they consider to be important for them, and the fact that it is quite similar in all our cases is most likely because the components are more or less a matter of common sense. The point here is that our understanding of the term, why it is used, increased through identifying this pattern and realizing that the answer of why the term is used does not lie in the definition of the term.
The term talent does not as of today have a meaning in a management context, i.e. the company is free to define it themselves. They define the term by applying characteristics they want to see amongst their employees. In addition, they design a logical system that supports the development of these and also helps to select employees accordingly. It does not matter if the systems do not work in practice. The purpose they accomplish is that they create a mindset within the organization that encourages all employees always to have talent in consideration. This means that employees consider how suitable co-workers are for managerial positions, when talent is considered a top priority. Furthermore, as stated above it creates attention to specific individuals and encouragement to broaden their perspective outside their roles which possibly could encourage career development. Simply emphasizing this as important, regardless of how it may work in practice, may fulfill many of the goals of the original system. Talent is the umbrella name that enables organizations to deal with the unsolvable, in labeling humans into certain categories and the aim to encourage employees to develop certain characteristics. The goal is not to deal with the unsolvable but to encourage a mindset throughout the organization with a word which is used in other contexts and from what we believe people has a positive perception of. This helps organizations to deal with the unsolvable in the sense that they do not have to deal with it, because talent is not something strange, like what Ms Klockare Johansson said: “people seem to understand the word”. The authors of “The war for talent” said as their reason for using the word “people implicitly seem to understand what it means”. We believe this to be likely because the term has been used before in other contexts, and that has created some kind of understanding of the term and this is why the term is so usable.

Talent is, according to what we believe, spread and used in everyday life. People connect to such as, for example, sports. In that context, “talent” means someone who is [supposed] to become very good at something. Someone who is supposed to be very good at something have to be at least good at it to start with, i.e. a talent. What we believe this means is that a perception of the term is of someone capable. Our case studies imply that talent in a management context refers to someone who is supposed to take on a management position or leadership role. If that is the case, “talent” in this context refers to someone who will lead the business, a talent for leading a business. We believe the connection between the different contexts is useful because people can relate to it and understand talent, rather than if an employee would have described, by organizations, in terms of having e.g. a good set of competence, knowledge and abilities.
7. Conclusions

In this chapter we will present our conclusions concerning our understanding on how and why talent is used in practice.

- Talent is used as an umbrella term for characteristics and traits organizations want to see among their employees with ambitions for managerial positions.

- Talent for the organization is supported by a talent management system which is designed to either support the development of employees into talents, or further develop the existing talents. The talent management system is designed to operate from the talent definition.

- Talent fills a gap between human resources, which is regarded to be too broad, and competence, which is regarded to be too narrow.

- Talent seems to be understood, we believe it is easier to grasp the concept of talent compared to other management definitions. It is easier to understand that this person is talented, than if this person has a good set of knowledge, skills and abilities to perform a specific task. This is might be the simplest reason for why organizations uses the term, but we believe it might just be the most powerful.

- Talent management, used to its complete and utter extent does not seem to work. Why it is still prioritized in our cases is because it creates a mindset throughout the organization which makes employees to always have “talent” in consideration. Because people seem to understand the word, this enable organizations to define the indefinable, namely human characteristics and potential.
7.1 Final words
We set out to understand how and why talent is used in organizations today; to be able to understand which potential problem the phenomenon talent solves for organizations and companies. We have through this paper created an understanding about how the term talent can function in organizations. We have gathered empirical and theoretical information on the term. We have analyzed this information, and through this analysis we believe that we have gained a new understanding about the term, this we, hope, we have been able to communicate to you as a reader.

A comment to our empirical results is that we have interviewed people responsible for talent management in all our cases. This meaning that we believe the access and understanding of the term could hardly have been better. However, talent management is a business area like any other and this area is also supposed to create value to the company. For us this had the implications that some of the material we have been shown the organization regarded as business secrets and not for use in a public paper. We understand, and respect the organizations concern about this issue and we have not published anything our respondents have labeled as business secrets in this paper.

7.2 Continued research
We have presented our understanding and interpretation about how and why talent is used in a few organizations. We regard this understanding to be an important contribution because we have identified possible reasons as to why it is used. Further, more extensive research on what is talent is sorely missing in management today; there are very few studies on the term as such. A combination between a qualitative and quantitative study would be of much interest to read, a study which could have an interpretive approach, but be able to statistically validate the usage or confirm a non-existing term.
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**Lectures**

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APPENDIX 1 “Descriptions”

AIESEC
AIESEC is the world's largest student run organization, and they provide an international platform which enables young people to discover and develop their potential to provide leadership for a positive impact on society. Their core work is to provide their members with an integrated development experience compromised of leadership opportunities, international internships and participation in a global learning environment. AIESEC is a value driven organization and is present at 850 universities in 95 countries all over the world.  

Electrolux
AB Electrolux is a leading producer of appliances and equipment for kitchen, cleaning and outdoor use. Electrolux is also one of the largest producers in the world of similar equipment for professional users.

AB Electrolux has two business areas, indoor products and outdoor products, both of which include products for consumers and professional users. Indoor products comprise domestic appliances and floor care products for consumers, as well as professional food service equipment and commercial laundry systems for professional users. Outdoor products covers garden care equipment for the consumer market; garden and forestry equipment for professional users as well as equipment for cutting materials such as concrete and stone. Electrolux is present in 100 countries, and have around 70 000 employees.

The mission of Electrolux is “to be the world leader in profitably marketing innovative product and service solutions to real problems, thereby making the personal and professional lives of our customers easier and more enjoyable.”

Electrolux strategic focus areas are:
- “a commitment to driving performance throughout the entire organization“
- “a commitment to innovation and marketing – to products and brands”
- “a commitment to superior talent management”

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96 www.aiesec.org
97 www.electrolux.com/node176.aspx
98 www.electrolux.com
• “a commitment to the Electrolux way of doing things”

StoraEnso
StoraEnso is a Swedish-Finnish paper-forestry company and is one of the world's leading producers of paper, packaging and forest products. StoraEnso turn renewable fibre into paper, board and processed wood. This means their products and business is quite advanced and is primarily performed by engineers in specific fields.

StoraEnso's Mission statement:
“We promote communication and well-being of people by turning renewable fibre into paper, packaging and processed wood products. “

StoraEnso have around 46,000 employees in more than 40 countries on five continents. They serve mainly business-to-business customers through their own global sales and marketing network.

Procter & Gamble
Procter & Gamble is a multinational American conglomerate headquartered in Cincinnati, they also claim that they have invented the concept of brands. Procter & Gamble market and sell over 250 brands resulting in revenues around $39 billion. Among their products Procter & Gamble brands you can find Gillette, Pringles, Hugo Boss, Ariel and Always. Procter & Gamble consists of 98,000 employees and is present in around 80 countries.

They claim people to be their most important asset and there overall greatest competitive advantage. At Procter & Gamble there are many different roles, ranging from product development engineers to marketing specialist. However, according to Procter & Gamble the following set of abilities and mindset should a talent have.

Further they have a circle of what they call the “P&G success drivers”. This circle consists of three major parts:

- “Power of minds”
  The overall goal with this mindset is to have a superior approach towards competitors in all parts of the organization, stretching from technological advantage to business implementation. The following is categorized under this.

99 www.electrolux.com/node190.aspx
• [a talent] “Thinks and acts decisively”
  o This headline concerns the ability to think strategically, the ability to construct strategies from diverse sources, anticipate future environment and in long term win over competitors. It also concerns problem solving, sound judgment and the ability to make decisions.

• [a talent] “Leverages mastery”
  o This means the talent understands and can apply their knowledge in three dimensions; the business, the organization and technological implications.

• [a talent] “Innovates and reapplies”
  o The talent in P&G should be able to see the bigger picture, to understand everything is part of something else, and is creative, uses the imagination (think outside the box)

- “Power of people”
  This heading concerns intra people skills, leadership, social skills and so forth. The following sub heading are:

• [a talent] “Leads”
  Actively strive to bring people together, creates teams appropriate for the task needed to be solved, energizes the people in the group and take responsibility for the result of the team. Another important aspect of this is that the leader also recognizes potential and is pro active.

• [a talent] “Builds diverse, collaborative relationships”
  Understands the strengths in diverse backgrounds, e.g. gender, ethnicity, and uses this in the business. It also means you can cooperate with others and function in a team. Be able to create external networks.

• [a talent] “Grows capability”
  This means the struggle for continues development, both individual and organizational and also help others to develop their potential

- “Power of agility”
  P&G describes their business environment as constantly and rapidly changing. These features should help them cope with that.

• [a talent] “In touch”
• This concern the abilities to have your eyes open. Be aware of what is happening in the outside world and further be able to turn that in sensible business actions.
  
  • [a talent] “Embraces change”
    o One should be aware change is happening and to be open, flexible and versatile to its consequences. You should also be able to initiate change if so is needed.
  
  • [a talent] “Operates with discipline”
    o This means working with a focus on creating results and is answerable for the created results.

The characteristics of talent for Proctor & Gamble lined up would be:

1. “Build the Business” (Performance)
   Perform results both in with focus on long and short term

2. “Build and sustain the Organization” (Commitment to organization)
   Act and behave in line with the company vision and goals.

3. “Leadership” (Leadership skills)
   In this they put values like, to be able to create and implement strategies. Lead and spread enthusiasm to fellow co-workers.

4. “Capacity” (Background)
   The company should “value diverse experiences and skills”. Meaning it is positive with different background and they are taking this into account.

5. “Risk taking” (Responsible action)
   Should act and take decision as if what you are responsible for is your own business. Speed, sensible risk taking and action orientation is encouraged.

6. “Innovation” (Creative mindset)
   Always be on the frontier of what is technologically possible without losing the contact with customer and consumer. Have an entrepreneurial mindset when approaching new solutions. Be curious and experiment.

7. “Solutions” (Intellectual ability)
   Be able to solve problems.

8. “Collaboration” (Team-player and Communicative)
   Work in teams and be able to communicate what you mean

9. “Mastery” (Continues development)
Be responsible for your own development, and actively strive for new knowledge and experiences.

**Microsoft**
Microsoft was established in 1975 and today they have more than 60,000 employees in around 100 countries. Microsoft mission is: “To enable people and businesses throughout the world to realize their full potential”.

Talent for Microsoft contains seven dimensions; drives for accountability, integrated execution, build to last, seize opportunities, baseline and competency set.

**Drive for accountability**
In this dimension, Microsoft stresses that the talent should be able to hold other people accountable, they should be mature and have life experience, and they should be ethical and principled.

**Integrated execution**
The talent should in this dimension be open to quick organizational changes and be able to execute further. They should have the ability to work in cross-boundary collaborations within the company.

**Build to last**
In this dimension, the leadership capabilities are involved, both people leadership, i.e., being able to build capability from the people you have around you, and strategic leadership. Another important component in this dimension is the commitment to the organization.

**Seize opportunities:**
This dimension stresses that in order for a talent in Microsoft, you should be open for innovation and able to see opportunities. You should have deep insight in the core business and demonstrate customer passion. Furthermore, you should act according to the company values.

**Baseline**
The baseline dimension is the base in the talent, in this dimension one should have good self confidence, have interpersonal awareness and strive for personal development. Furthermore the talent should be able to create impact and inspire others within the company.

**Competency set:**
In order to be competent within the specific role the talent should have a general competency set in order to perform the specific role. This set could vary, but should involve general business competencies, understanding of the values, etc.

After a brief email conversation with Albert Hakkers at Microsoft he also emphasized that all employees, unconditionally if they are considered as a talents according to definition or not, should be open and respectful, demonstrate integrity, be honest, be self critical, be accountable and show passion for customers and partners.

**NovartisPharma**
The Novartis Group is a multinational group of companies specializing in research, development, manufacture, sales and distribution of innovative healthcare products. They are present in more than 50 countries and their purpose as an organization is to discover, develop and market innovative products to cure diseases.
APPENDIX 2 “Interview guidelines”

- How do you define talent?

- How do you determine talent?

- How do you work with talent?

- Why do you use talent?