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Talent Management – A Comparison of Industry Specific Policies and the Use of Social Media

130 - Organizational Response To Globally Driven Institutional Changes

Abstract

The aim of this literature-based thesis is to investigate the different aspects of Talent Management policies in two different industries.

In the first part, I will present my background as well as research questions and basic definitions. An overview about the Talent Management process is presented and all components of Talent Management such as talent acquisition and recruiting, talent development and training, and talent retention, are explained.

The next part characterizes and compares two different industries concentrating on their Talent Management policies - the oil and gas industry and the automotive industry.

Moreover, similarities in the two mentioned industries should form the results of this review where some differences are identified, especially when focusing on Talent Development activities. A survey of the whole industry shows us that the Oil and Gas industry is more active when it comes to TM activities, as is shown in the point rate system.

Lastly, a future outlook should give a brief overview about certain trends which may be observed in Talent Management.

Keywords:

Talent Management, Recruiting, Oil and Gas Industry, Automotive Industry, Social Media

1. Introduction

Talent Management (TM) is a frequently discussed topic in Human Resources (HR), starting from what "talent" is and how it is defined in different industries and settings, all the way up to various methods for attracting, recruiting, developing and retaining great potential staff whose skills can be utilized in order to find, foster and generate talent.

In recent years, the term "war of talent" has been discussed more and more due to some influencing factors, like demographic changes and globalization. (Basri and Box, 2008) An increasing workforce, level, economic trends and business environmental changes are all, furthermore, influencing causes in the "war of talent". The requirement of having competent employees is therefore the ultimate challenge for various companies. (Beechler and Woodward, 2009)

2. Research Questions

The present paper reflects a literature-based review of TM Policies. When comparing two different industries and their manner of conducting TM, the following research questions have arisen:

- *Research Question 1: Are there differences in the Talent Management policies when comparing the oil and gas industry and the automotive industry?*

- *Research Question 2: What are the future trends that can be observed in Talent Management?*

3. Talent Management

As mentioned above, a lot of literature on the topic of TM can be found. However, there is a lack of clarity in terms of definitions, overall goals and the scope of TM. Based on this, we can conclude that it is difficult to identify the precise meaning of TM due to a high number of different definitions and assumptions cited by numerous authors. Nevertheless, three distinct approaches of TM can be identified. (Lewis and Heckman, 2006)

Firstly, TM may substitute Human Resource Management, following the definition of Chowanec and Newstrom (1991). Secondly, TM may focus on the concept of talent pools, (Lewis and Heckman, 2006), and a third approach on TM focuses on talent generically without the corporate boundaries of specific positions.

Firstly, Chowanec and Newstrom (1991) defined Talent Management "as a collection of typical human resource department practices, functions, activities or specialist areas such as recruiting, selection, development, and career and succession management". According to this citation, Talent Management can be substituted for the term Human Resource Management. (Wang-Cowham, Tansley, and Iles, 2012)

The term "talent" may also be defined differently from company to company. In the first instance, the term "Talent" was stated by McKinsey as……"the sum of person´s abilities… his or her intrinsic gifts, skills, knowledge, experience, intelligence judgment, attitude, character and drive. It also includes his or her ability to learn and grow" (Michaels, Handfield-Jonas, and Axelrod, 2001). However, there is no clear structure of how Talent Management has to be defined in order to be implemented in a company. (Wright, Garden, Moynihan, and Allen, 2005)

It is important, as mentioned by Collings and Mellahi (2009), that Talent Management practices are applied throughout the whole company and not only at the top management level.

Furthermore, TM practices and activities, like talent attraction/ recruiting, selection, training and talent development as well as talent retention, all have to be distinguished.

3.1. Talent Acquisition and Recruiting

As mentioned above, Acquisition and Recruiting is one aspect of TM. As pointed out by McDonnell (2011) in Meyers and Van Woerkom (2014), talent identification and selection turned out to be an essential factor for ensuring that the best candidates are hired for strategic key positions.

As stated by Brewster, Mayrhofer, and Morley (2004), this process can be divided into "recruitment, which is concerned with attracting a group of potential candidates to apply for a given vacancy, and selection which is the process of choosing the most suitable candidate for employment from the recruitment pool".

Concentrating on recruitment channels, organizations have numerous opportunities to address possible candidates in order to identify those candidates who are likely to be a good choice. It depends on the organization´s target employees, as well as on the organization´s culture, as to which channels are used. A few recruiting channels are employee referral, company website, university and business school corporations, or headhunting services.

Once the firm has settled on its recruiting channel(s), the selection method is the next important factor in the recruitment strategy. A few traditional selection methods, as cited in Brewster et al. (2004), are the Interview, the application form, Psychometric testing, Assessment Center and Graphology. Furthermore, it is recommended to apply not only one selection method but also apply several methods in order to achieve a successful match of a candidate´s performance, competence and behavior. (Hatum, 2010)

In the last 20 years, recruiting strategies have changed significantly. Nowadays, new selecting methods can be conducted through e-recruiting (Electronic Recruiting). Parry and Tyson (2008) argued that "the effective use of e-recruitment might necessitate far reaching changes to the recruitment process as a whole, even though it was hardly a new phenomenon by this stage." (Salmen, 2012)

New recruiting channels were therefore established as is demonstrated by Bieber (2012), like for example company websites, company blogs, online job portals, meta-job machines, social networks, online advertising or video portals.

3.2. Talent Development and Training

Secondly, talent development and training forms further TM practices.

"Training focuses on a specific task that the individual will perform in the short term, whereas development focuses on preparing the individual to deal with more complex matters in the future and focuses on the long term." (Hatum, 2010)

In the course of TM, it can be said that talent development is an important component of the corporate structure, whereby development needs of talents are considered (Michaels et al., 2001). As mentioned by Steinweg (2009), a range of talent development methods can be applied. Among them are such

areas as Job Rotation, Job Enrichment, Job Enlargement, or Semi-autonomous Teams. Staying abroad for several months, mentoring programs or coaching programs also appeal as great instruments in for bolstering the employer's image. What is more, classic off-the-job measures, like additional training, workshops or courses, are appreciated too. (Enaux, Henrich, and Meifert, 2011)

3.3. Talent Retention

Talent retention forms the last TM practice and can be termed as "the effort by an employer to keep desirable workers in order to meet business objectives" (Frank, Finnegan, and Taylor, 2004)

According to Hatum (2010), the more effort put into talent development, particularly in terms of money, the more vital talent retention becomes with respect to operative figures, like return on investment. Another important task of talent retention is to avoid a loss of experience and knowledge.

Talent retention can be divided into performance management, which aims at controlling employee performances, and career management, which concentrates on personal development measures. (Enaux et al., 2011

4. Propositions

Propositions of this paper are:

- Talent Management practices differ from industry to industry
- Nowadays, social media is becoming more and more important in terms of hiring talented employees.

5. Characteristics of Talent Management Policies in two different Industries

5.2. Oil and Gas Industry

As pointed out by Ahmad, I. (2015), it is reasonable to say that the business in the oil and gas industry has had a special need for talented employees for ages, and it is a fact that it will continue to do so in upcoming years. This branch struggles with global scarcity in terms of talents. Moreover, knowledge obtained and work experience in this field will be wasted (Martin, 2014). Generally, the oil and gas industry is a very fluctuating business with respect to the oil price and since 2008, organizations have decreased recruiting and developing talented workers due to shrinking oil prices.

Nevertheless, several companies in this business are trying to set a good example in terms of concentrating on attracting and developing talented workers in order to retain them. BP (British Petroleum) for example, sets its focus on hiring graduates partnering with academic organizations (Conboye, 2011). The company offers a Future Leaders Program as well as internships and apprenticeships. It is also possible to follow the company via Facebook, LinkedIn, Twitter, Flickr, Google+, and YouTube (BP Europe SE, 2015). Royal Dutch Shell put its emphasis on a networking strategy including employee referral and social media when it comes to talent recruiting. The company also offers graduate programs where fresh graduates have the opportunity to develop their skills and gain experience in their

fields of expertise. These candidates get supervised, mentored and they have the to participate in special trainings. Royal Dutch Shell offers also various internships (Royal Dutch Shell- Graduate Program, 2015). Concerning Social Media, Royal Dutch Shell is present on Facebook, YouTube, Instagram, Twitter, etc. and offers also a Company Blog (Royal Dutch Shell, 2015). A third example is OMV Aktiengesellschaft (AG) that offers internships, university cooperation and two scholarship programs with Montanuniversität Leoben. The international company also presents itself on LinkedIn, Xing, YouTube, Facebook, Twitter, Whatchado, and external persons may inform themselves about current events through the OMV Blog (OMV Aktiengesellschaft, 2015). Statoil, a company focusing on oil and gas, also offers various options for students and graduates. From summer internships and written theses, to graduate programs and development programs – all these help future talents to boost their careers. (Statoil, 2014)

5.3. Automotive Industry

Moving on to the automotive sector, it can be pointed out that also in this industry, a shortage of talented employees is present, due to environmental changes where experts need to fulfill more requirements than ever. A few examples are the increasing awareness of environmental protection and increasing energy- and resource costs. The following section shows some company examples and their Talent Management activities: Volkswagen (VW) AG provides university graduates with programs, like the 2-year Startup Direct program (Trainee Program), the Startup Cross program (international program) and the student database (development program). Apart from that, VW offers development programs for their employees, like the Volkswagen Coaching GmbH, Audi Academy and the Volkswagen Bildungsinstitut GmbH, which are providers for education and training. Volkswagen also attracts potential employees through social media channels, like Facebook, Twitter, Instagram, Google+, and YouTube (Volkswagen AG, 2015). Another company example in the automotive industry is Toyota Motor. The company only hires employees who are geared up and willing to learn. This is the only indispensable condition for their Toyota-Production-System (TPS). In comparison to other companies operating in the same field, issues like absenteeism may occur as well but Toyota puts all its effort in getting out the best of its employees, and works toward finding a solution instead of ignoring the problem. It can be pointed out that Toyota is some sort of an ideal model for its competitors (Liker and Meier, 2008). The company offers various Trainee Programs for students and following Toyota is possible through Facebook, Google+, YouTube, LinkedIn, and Twitter (Toyota Motor Corporation, 1995-2015). Thirdly, Renault also places a lot of emphasis on highly skilled employees through commercial internships or dual studies where young prospects get to know the world of working and studying through a 3-year program. Renault offers also plenty of trainee programs and is present on Facebook, Twitter, YouTube, Google+, LinkedIn, etc. (Renault Deutschland AG, 2015). What is more, Fiat Chrysler Automobiles (FCA) cooperates with business schools and universities in order to attract and develop potential staff. Project opportunities and internships for recent graduates are offered by FCA, in addition to supplementary training and professional development. FCA conducts also Social

Media Recruiting through Facebook, Twitter, LinkedIn, Google+, and Flickr. (Fiat Chrysler Automobiles, 2014)

5.4. Comparison of both industries

Through the above mentioned company examples in each industry, a brief overview of applied TM practices can be demonstrated. It can be pointed out that every company has its own definition of the term talent and therefore, TM activities vary from industry to industry (Terpstra and Rozell, 1993). Nevertheless, some similarities can also be recognized. To compare both industries in terms of Talent Management activities, a Point Rating System may help to achieve an overview. This System enables a quantitative comparison of certain elements where a total score forms the result of every company. Afterwards, the scores of every company are added up in each industry with the following results:

	Oil and Gas Industry				Automotive Industry			
	BP	Royal Dutch Shell	OMV	Statoil	VW	Toyota	Renault	FCA
TA Activities								
Company Website	1	1	1	1	1	1	1	1
*Social Media	6	8	6	0	5	5	9	5
Company Blog	0	1	0	0	0	0	0	0
University Cooperations	1	0	1	1	0	0	0	1
Sum TA Activities	8	10	8	2	6	6	10	7
Sum industry TA	28				29			
TD Activities								
*Graduate Programs	1	6	0	13	2	0	0	0
Internships	1	1	1	1	1	0	1	1
Trainee Programs	0	0	0	0	1	1	1	0
Apprenticeships	1	1	1	0	1	0	0	0
Trainings	0	1	1	0	1	0	0	1
*Development Programs	0	0	0	1	3	0	0	1
*Scholarships	0	0	2	0	0	0	0	0
Thesis Support	0	0	0	1	0	0	0	0
Dual Studies	0	0	0	0	0	0	1	0
Sum TD Activities	3	9	5	16	9	1	3	3
Sum industry TD	33				16			
Sum Total Industry	61				45			

Legend

*	Number of points= Number of offers
TA	Talent Attraction
TD	Talent Development
1	Yes
0	No

Table 1 Point Rate System (own illustration)

Talent Attraction activities are nearly equal when comparing the points. The Oil and Gas Industry scores 28 points and the Automotive Industry scores 29 points, whereas a greater difference is shown in Talent Development Activities. The Oil and Gas industry scores 33 points in comparison to the automotive industry with only 16 points. When comparing both industries, the Oil and Gas Industry with 61 points is more active when it comes to TM activities, as is demonstrated in the point rate system.

6.   Conclusion

This paper shows that TM is a quite complex issue. The definition and therefore the implementation of TM in a company is tricky and needs to be planned accordingly. There is no single solution for a company´s success through TM activities. Hence, there is no clear transfer of TM activities in one single industry success into another one, as is shown in this paper. Following the analysis of this paper, the Research Question 1 could be answered to its full extent. As already mentioned above, every company has its own TM strategy and definition of talent. That is, some differences manifest when comparing both industries in the point rate system and therefore, hence, my first proposition can be verified. The second proposition can be verified too, as, every company conducts e-recruiting. As demonstrated in

the part "Future Outlook" of this paper, some future trends can be noticed, so the Research Question 2 could be equally answered to its full extent through the literature review.

7. Limitations

In this section, the characteristics of methodology that impacted the interpretation of the findings are presented. First of all, it has to be mentioned that only 4 companies from each industry are observed. It would have been more representative, if a larger number of companies had been evaluated. Due to the fact that this paper is literature-based, no empirical study was implemented and only a small number of companies were evaluated. A lack of available literature with company examples focusing on the implementation of TM presented a challenge, which was at least partially overcome by gathering information from company websites to obtain the results of this paper.

8. Future Outlook

There are some future trends that can be noticed when focusing on recruiting channels. The focus is shifting from standard digital channels, like a company´s website, to mobile solutions where Generation Y (born between 1982 and 1999) actively requests mobile recruiting tools. Companies offer a website which can be used on mobile phones too. In the last years, the sales volume of smart phones increased drastically. Employers then noticed an enormous potential for mobile recruiting tools (Salmen and Bieber, 2012). Another trend forms "Recruitainment" via Social Gaming. Social Gaming aims at presenting the benefits of a company to Generation Y through professional orientation games on a company´s website. (Romero, 2011) Furthermore, a few companies use online simulation tests, like a virtual case study, to figure out the real capabilities of individuals, especially undergraduates and MBAs. There is good chance that Online Simulations will become a standard recruiting tool in the near future. (Salmen, 2012)

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