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Banking on Talent

Talent Management within the Swedish banking sector

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Acknowledgements

Abstract

Title: "Banking on Talent – Talent Management within the Swedish banking sector."

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Keywords: Bank, Human Resources, Strategic HR, Talent, Talent Analytics, Talent Management

The aim of this thesis is to describe and compare the Talent Management initiative as it portrays in three major Swedish banks This is achieved by reviewing academic literature on the subject and by conducting interviews with Talent Management practitioners from each of the three banks.

The first section presents the basis of the thesis and what our main focus is. We describe why Talent Management is an engaging subject and what is interesting about it in the banking sector. In section two we conduct a literature review where we present previous research work on the topic. The third section presents the methodology used by the authors to complete the thesis. Section four presents the results of our interviews. In section five we discuss the empirical results in comparison to the literature. The sixth section has our conclusions and suggestions for further research.

Our empirical results show that one of the main reasons of starting a TM initiative at the studied banks is to ensure qualitative succession for key positions in the company. The current focus appears to be on potential executives at the group level. The banks, although differing in exactly how TM and TA are executed, all use a rigorous selection process to ensure that the candidates participating has the required talent to succeed. Finally, all banks focus their evaluation on what talents to enrol in the programs while measurements concerning the programs' impact are left hanging. Our study provides valuable implications to HR-practitioners; it highlights the perceived value of TM as seen by those working with it, it points out that it is indeed difficult to measure TM's impact, and that finding a way to do this effectively is key to see whether or not it adds value to the business strategy or not.

Abbreviations

HR – Human Resources: Department in companies, designed to hold knowledge and experience concerning the employees.

LOB - Line of Business: Departments or functions with a direct link to the nature of business, i.e. production for producing companies or bank offices for banks.

SEB – Skandinaviska Enskilda Banken: One of the four major banks in Sweden

TA – Talent Analytics: Analyses conducted to assess the effects of Talent Management activities.

TI – Talent Intelligence: From measurement and evaluation the procurement of intelligent information on talent that could drive better business results.

TM – Talent Management: A strategic perspective on attracting, recruiting, developing and retraining employees according to the business strategy and goals.

ROI – Return on Investment: Estimate of an investment to see how valuable it has been compared to the cost of it.

YSTP – Young Significant Talent Process: The name of Nordea's TM process

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1 Introduction

In this chapter, we introduce the reader to our thesis 'Banking on Talent'. A background is provided to give context to the subject, followed by the purpose of our thesis. Finally we present the research questions we attempt to answer and the limitations we have considered in our process.

1.1 Background

In business society today, there are plenty of trends and new phenomena fighting for our attention (Røvik, 2008). One of the more prominent is the belief that Human Resources (HR) must develop itself into a "strategic partner for business". HR should add value to the company's bottom line profit and business strategy rather than simply being a recourse that administrates the employees (Boudreau & Ramstad, 2006). One way forward into this strategic HR is through Talent Management (TM) and Talent Analytics (TA) (Levenson, 2005).

There has been a globally acknowledged difficulty for large enterprises to both attract and retain the right talents as well as having the right people at the right positions and ensuring the employees have the motivation and skills required. The need for special efforts in this area seems noticed by many HR practitioners, especially those operating in a global environment. TM is about attracting, developing and retaining talented employees and the benefit possible, amongst others, is to extend the strategic contribution. (Tarique & Schuler, 2010)

Researchers argue that the use of metrics to analyze the HR function and the TM activities are primarily effects of the struggle and long-lived aspiration from HR to become a strategic partner (Becker & Huselid, 2003; Lawler et al., 2004). Other business departments, like marketing or finance, have long since had the ability to justify their work by showing, with metrics, how they are contributing to reaching the business goals and influencing strategies, in a way HR traditionally has not been able to (Lawler et al., 2004; Harris et al., 2011). HR is today acknowledged as an important function and asset as a strategic partner. However, this does not change that HR still has to prove its contribution to business performance and strategic outcomes to fully get accepted into the promised land of strategic partnership, rather than simply being an administrative function (Harris et al., 2011; Boudreau & Ramstad, 2006; Becker & Huselid, 2003). Besides of being a strategic operator to count on, TM, and the analysis of it, may provide an assurance of having the right people at the right positions and competitive advantages compared to competitors (Tarique & Schuler, 2010).

There is a crucial question to answer for HR departments working with a strategic approach, *how* their employees affect the business performance of the corporation. Without linkages between the activities, the metrics and the results from these actions, they have little or no value as a strategic tool and the understanding of their business impact become limited. To turn the analysis into a long-term system and learning process, the department has to identify what individual characteristics are important for being a high-performer and use that when developing and recruiting employees and new talents. (Harris et al., 2011)

This new strategic HR is, at times, hard to distinguish clearly from the "old HR". The practitioners still perform similar tasks such as recruiting, developing, assuring well-being amongst employees and handling attrition (Accel Team, 2012). The traditional view of HR is that it is "soft" (Rövik, 2008:185), without measurements and figures to prove strategic importance (Feather, 2007). The HR role today is about *proving*, or at least, showing contribution to business success and strategic goals (Boudreau & Ramstad, 2007). The differences lye in the approach to the significance of the HR department and the added value HR activities provide. For instance, workforce planning has developed from planning when and how to recruit, towards a deeper analysis of competences of the current workforce and the future needs (Shen, 2011). And this is how the term talent management (TM) was born.

The whole TM discourse started, at least in academic terms, by a McKinsey report (Chambers et. al. 1998) as the booming economy created a need for employers to fight for the talented workers. The main objectives for TM have ever since been, more or less, clear as that of recruiting, retaining and engaging talented employees.

There does however appear to be a problem here, waiting to be addressed. We have found relatively few studies regarding TM as it appears in practice. Therefore, the empirical research field seems to be under-researched. Additionally, those studies that have been conducted have been investigating the term in Anglo speaking countries. Our study will be conducted in Sweden and with Swedish corporations, a fact that will add valuable empirical data to the TM discourse from a new context; the Swedish context, where TM is a new phenomenon and we can see how companies use it when they are starting their TM initiatives. This will aid to partially compensate the state of under-research currently apparent within the field.

1.2 Purpose

The purpose of this thesis is to describe how TM is implemented in major Swedish banks. We want to provide a base for understanding the theoretical effects linked to it, as well as taking a comparative approach to the practical activities performed.

1.3 Research Questions

To manoeuvre through this work we have formulated some questions we would like to answer. This report attempts to answer the main query;

- *How do Swedish banks work with Talent Management as a concept?*

To explore the answer of that question we have chosen to divide it into four sub-questions;

- *What, according to the banks, is Talent Management and how do they identify talent?*
- *How is Talent Management executed?*
- *Do the banks analyze their Talent Management processes? If so, how?*
- *How do the studied banks' approaches look like compared to each other?*

1.3.1 Limitations

This thesis is limited by several variables. Firstly it involves only three of the leading banks in Sweden, Skandinaviska Enskilda Banken (SEB), Nordea and Swedbank, therefore generalizations about the industry as such is not the aim of this thesis. Instead we want to investigate the chosen banks, comparing their approach to TM.

Furthermore, we do not attempt to draw inferences regarding how the individual is affected by working in an environment focusing on analyzing their talent, and instead we focus on the organisations perspective. Finally there are plenty of management texts providing a "best practice" with an aim to give organisations a recipe for success. We do not want to create such a recipe as we find every organisation unique. Instead this is a comparative thesis, focused on describing what we encounter.

Our aim was to study the four largest banks in Sweden to get a broader picture of the expansion of TM within the leading parties of the banking sector; unfortunately, Handelsbanken has declined our invitation to participate due to workload.

2 Literature review

This section aims at giving the reader a view of the literature surrounding our topics. First, we introduce our choice of literature in an introduction and then shift focus towards TM and TA. In order to provide valuable context we include a presentation of strategic HR as well.

2.1 Introduction

The literature on TM is sprawling and there are many ways of defining what TM is and which activities it involves. Most of the researchers we encountered however agree that this is a growing practice with greater importance in business life, making it an interesting field of study.

2.2 The strategic approach

2.2.1 HR-partnership and talents

Turning the HR function into a strategic partner is a great challenge for HR practitioners of today, according to the massive amount of literature concerning it (Boudreau & Jesuthasan, 2011; Harris et al., 2011; Ashton & Morton, 2005; Boudreau & Ramstad, 2005; Lawler et al., 2004). Brockway (2007) provides an article that summarizes what many others have expressed, both before her and after. According to her, the key in strategic HR is to develop the function from being operative and transactional by reducing costs and time, to adapting a more strategic approach that evaluates how HR activities create value for the business and how these are linked to business goals and results. However, such measurements must be made on what is significant and value-adding for the business to provide a strategic contribution (Harris et al., 2011; Boudreau & Ramstad, 2007). To be considered a strategic partner, HR has to participate when establishing the business strategy and then execute HR activities that are linked together with that strategy (Ulrich, 1997).

Boudreau and Ramstad (2007) argue for the strategic importance as well and express that if companies want to be competitive compared to their competitors, strategic HR is crucial to develop the right HR activities that provide a long-term preparation for future needs and wants (Harris et al., 2011). Thus, investing in putting the right person in the right position and developing high-potentials are activities breeding the recognition of the HR function's strategic importance. However, it is also argued that a strategic HR function provide no useful comparative advantages if the competitors do not have developed their own functions,

therefore knowledge of the competitors is essential to not end up the least adapted when the industry take a strategic HR leap (Boudreau & Ramstad, 2007).

Within the area of strategic decisions on human capital, TM and TA are ways to use HR activities in a new light, along with data and metrics, to reassure that the HR function is related to business performance and able to prove its contribution (Harris et al., 2011; Lawler et al., 2004). As a partner, HR does not only need data that shows the efficiency rate (cost or time to fulfill task for example) but also measurements that identify which activities are profitable and which are not (Lawler et al., 2004). However, only providing data and analysis will not make HR a strategic partner, it is essential that the insights result in actions (Ulrich, 1997).

Building a strong HR function is not something to do over night. It does demand building the right skills within the company and collecting valuable data of the employee performance to conduct appropriate analyses. The Royal Bank of Scotland has a strategic approach to their HR and is a forerunner in the area. However, to be where they are today, in the front of companies trying to connect HR data to business performance, has required almost ten years of strategic HR efforts.

It is established that there is a connection between the HR strategy, human resource activities and business performance. Guest (1997) shows that different HR strategies could indeed be linked to business performance. Selection and training of the workforce may result in greater commitment and motivation which breed higher productivity. Guest argues though that the solitary occurrence of training and development is not enough for receiving higher performance outcomes, but the crucial element lies in how well this activity, and the analysis of it, is conducted i.e. TM and TA activities. Guest makes a statement that also other factors intervene in the conclusive result why a broader analysis is necessary. (Guest, 1997)

2.3   Talent management

2.3.1   What is TM?

To understand what TM is all about, it is necessary that we look into what started the whole 'talent' discussion within the business world. The management consultant company McKinsey published a report called 'War on talent' (Chambers et al., 1998), bringing into light the need to safeguard the company's core employees and win the war for talent with external competitors as "better talent is worth fighting for" (Chambers et al., 1998:45).

Since then, companies have been pursuing talent and in 2000, McKinsey updated their report. At that time, Axelrod et.al (2001) found that a majority of surveyed companies claimed it seemed harder to find and retain talent for the companies at the time of this survey than during the first McKinsey survey. This 'war' resulted in the new managerial discipline of TM, with core goals of identifying and attracting, retaining, engaging and deploying talented employees (Axelrod et al., 2001).

TM has since then caught the attention of several researchers and HR managers as the amount of accessible information from recent years is massive. Consequently, with the increasing popularity of using TM as a phrase, there seems to be as many definitions as "definitioners". This is hardly surprising though, given the abstract nature of the individual words *talent* and *management*, which per se are hard to define.

To be able to build a relevant talent pool within a company, Berger and Berger (2004) provide tools for TM evaluation. They mention performance appraisal (individual performance results), potential forecasts (potential increases of individual performance and future educational needs), a scale for measuring performance and identified competences that breed success and mapping core competences linked to specific positions. Core competences listed among the most crucial are action orientation (takes responsibility and is result-oriented), creativity (generates ideas and development possibilities), leadership ability (motivates, collaborates and goal-setting) and technical/functional expertise (knowledge in the area of function and the company in general) (Berger & Berger, 2004).

Lewis and Heckman (2006) attempted to find a definition of the term in their study, summarizing definitions found in a number of literatures on TM. They found that three views dominated amongst the authors they studied in their research and described them one by one.

The first consist of viewing TM basically as Human Resources renamed. This perspective combines several classic HR-related activities such as recruitment, succession and career management are simply put together to create "Talent Management". (Lewis and Heckman 2006)

The second view takes a stand from seeing TM as the management of a talent pool. With this view we get very close to what is succession planning, or human resource planning, designed to ensure enough talent is coming in to replace the talent going out (Lewis and Heckman 2006).

The third view is similar to the second in thinking of a pool of talent; however this view does not enclose itself to the replacement of talent leaving, maintaining the internal pool size and content. Instead 'talent' is viewed as a generic quality that is applicable in any company (such as ability to learn, intelligence and social skills) individuals with lots of it are desired regardless of whether a successor is needed or not. (Lewis & Heckman, 2006)

All of these three are, however, criticized by Lewis and Heckman (2006). The first view is faulty for being "superfluous" (Lewis & Heckman 2006:141), basically just taking a few HR activities and calling it TM, only to fill a function of rebranding and popularizing HR. The second view, in which companies should plan for talent need, is rendered to "unnecessary" (Lewis & Heckman 2006:141) as it, just like the first, simply takes an old practice into new clothes. The third view is called "problematic" (Lewis & Heckman 2006 p. 141), even though they find appealing parts in it such as a sensible way of improving organisational performance through recruiting only the most talented people. Still, this view is, according to Lewis and Heckman, tainted by what they describe as TM's general failure of being built on anecdotes rather than facts or peer-reviewed studies. Hence, they sum up the shortcomings of TM by emphasizing the lack of research and the fact that definitions of TM do not offer any further insight as far as understanding the management of talents and using it for strategic advantages.

2.3.2   Talent Management as something more than 'just practices'

Lewis and Heckman want to make HR's new buzz-word TM into a more strategic force, and they use an analogy of "TM as architecture" as the one falling closest to giving TM a status of value adding and strategy creating variable worth researching.

This analogy describes the building of a house, and when building it one does not start off with optimizing plumbing and electrical wiring, but with the architecture. The design of a building is embodying the purpose of the building, giving it atmosphere and tone, much like TM could provide a culture of nurturing talent in a company. This is a thought echoed by Christensen Hughes and Rog (2008) who wrote a passionate defense on TM's behalf after reading the critical thoughts of Lewis and Heckman. They call TM not only a practice, but a philosophy as well. This offers the term a new status, and Christensen Hughes and Rog define it into being a strategic partner in the company with a direct influence on the corporate culture and values. Boudreau and Ramstad (2005) get plusses from Lewis and Heckman for

what they call significant addition to the discussion of talent and their outlining of how to link it to strategy.

As stated above there is a strong challenge towards Lewis and Heckman's critical text on TM written by Christensen Hughes & Rog (2008). They wrote with the specific purpose of filling the gaps identified by Lewis and Heckman as far as a clear definition of TM is concerned and importance of TM. They say TM is important for three reasons in particular; recruiting talent, retaining talent and engaging talent. But how does one go about to measure recruitment, retention and engagement of talent? This will be reviewed in the TA section below.

2.4   Talent Analytics

Using analytics is a way for HR practitioners to avoid their guts to be the main basis when dealing with talents, to recognize the best performers and see their contribution to the business performance. According to Davenport et al. (2010) the data provided can be used to analyze and evaluate the staff members' talent, to find the right person for the right position, to evaluate the well-being of the staff members and calculate the number of employee necessary etcetera. Employee engagement can also be calculated and analyzed to identify how it contributes to the revenue.

As mentioned, HR departments focused earlier on executing faster HR services to the lowest cost possible. With a new approach on HR, as a strategic asset, contemporary organisations use their analyzing skills to provide information of the areas where they know analytics have the greatest impact for improving decisions and performance as a way of linking HR activities to business strategy and goals (Boudreau & Ramstad, 2006). Even though the access of usable data has increased within most companies, not every company is taking the chance of improving its analysis to include business strategy impacts (Davenport et al., 2010; Boudreau & Ramstad, 2006; Lawler et al., 2004).

Studies have proved that HR metrics do have effects on whether the HR department is regarded a strategic partner or not. Lawler et al. (2004) conducted a survey within medium and large companies familiar with HR measurements and analysis. Few companies worked with data and analytics as a talent strategy but among those who did, a linkage between utilizing metrics and being a strategic partner was found. Businesses that measure the effect of HR activities on business performance were to a greater extent considered strategic partners. With the capability of measuring the effects of HR activities on the workforce, businesses were also more often accounted as strategic partners (Lawler et al., 2004).

2.4.1 What to measure and analyze

Companies may use different kinds of metrics to analyze and measure different perspectives of the HR function. It could be skills and competences possessed by current employees, turnovers, return on investments (ROI), cost and time of HR activities, attitudes and satisfaction among employees or other evaluations related to the human capital (Harris et al., 2011; Boudreau & Ramstad, 2006; Levenson, 2005). These measurements can be divided into three categories; efficiency, effectiveness and impact (Lawler et al., 2004; Lewis & Heckman, 2006). The use of efficiency metrics will provide an insight in the productivity and cost management of the HR function. These are mentioned to be the easiest metrics to gather thanks to easier measurements (Lawler et al., 2004). ROI, as an example, can be seen as a simple measurement which measures the capital return on given efforts. Since it is used in the same way when measuring different kinds of investments and shows all investments in one single number it is sometimes considered a too simple metric of complex relationships (Levenson, 2005). Efficiency is the more traditional and common way of measuring HR (Harris, Craig & Light, 2011). Effectiveness metrics include TM and measures what effects the HR activities have on the individuals participating, measurements of the talents' competences and whether the essential positions are filled or not (Lawler et al., 2004). Cost-benefit measurement is an example of effectiveness data and provides, compared to ROI, a more multifaceted picture, since it shows cost and benefit data of each investment and not only in one consolidated number. However, the best understanding is received from conducting impact analysis that shows causal links between HR initiatives and process improvements and outcomes. Thus, impact analysis provides a deeper comprehension of how these elements are connected. (Levenson, 2005)

Analysis should be based on both individual and organisational factors. Thoughts and feelings of individuals involved in the organisation are important since people act according to their perceptions; therefore employee attitudes and satisfaction are vital. Organisational factors are those who can be verified evidentially; ratios like ROI or cost per hire. (Ulrich, 1997)

By studying the TA work within many different organisations, Davenport et al. (2010) have identified six kinds of metrics for developing the best way of analyzing talent. These are (1) *Human-capital facts*, which should be chosen from employee and business measurements to evaluate individual performance (individual costs, achievements, engagement etcetera), turnover rates or recruitment cost and benefits, (2) *Analytical HR*, to combine individual performance with efficiency metrics like cost, time, retention and engagement, in a particular

section of the company. This is a way to find out if certain departments need extra efforts and to link individual performance to business goals. (3) *Human-capital investments analysis*, to identify which actions make the greatest impact on business performance, (4) *Workforce forecasts*, for planning staff needs, successions and retirement, (5) use of *The talent value model* as a way to find out what the employees appreciate within the company and identify the best and the worst performers to help and develop the less productive individuals and (6) *Talent supply chain analysis* to find out if there are any upcoming demands or drops of talent. (Davenport et al., 2010)

2.4.2 Effective analysis

To conduct an appropriate analysis it is essential that the organisation has gathered data to analyze. When taking a strategic approach, it is necessary to have access to both individual data and business data and identify connections between the two (Boudreau & Jesuthasan, 2011). The analyzed employee data, previous performance and engagement for example, can be used to identify which employees are high-performers, who have potential of performing better and where to find high-potential candidates to recruit. Information about employees' motivation and values is a fundamental base of information for knowing what activities are appreciated by the employees to retain them. (Harris et al., 2011) Studies have shown that the most effective analysis is identifying what talents have the highest impact on business performance, though few companies has established metrics or processes to determine why some talents or positions are more crucial than others (Lawler et al., 2004).

Boudreau and Jesuthasan (2011) are explaining how strategically important positions may be the less expected ones. Often, companies assume that the key positions are the ones on a managerial level. Research as shown though, that even if it may seem like that at first sight, lower positions could be more crucial when looking into the possible increase of value in that particular position. As an example, Boudreau and Jesuthasan (2011) describe the situation at Disneyland. Mickey Mouse is often considered one of the most important characters at the amusement parks since he entertains the visitors. Surveys have found though that visitors appreciate clean parks and that there is a larger gap in satisfaction between visiting a clean and a dirty amusement park than between meeting a good and a bad played Mickey Mouse. Consequently, neat sweepers add more value to the experience of the visitors and efforts should be directed to developing the sweepers instead of the Mickey Mouse actors.

To ensure a permeated analysis through the whole organisation, multiple perceptions should be collected. To get an exhaustive picture of the organisational and individual audit data, it is crucial to gather opinions and thoughts from customers, suppliers and employees within different units, while also making comparisons with high-performing competitors. (Ulrich, 1997)

The analysis of the impact of HR activities aim to attest that there is a linkage between what the HR function does and the business values, for example how innovations are affected by talent development. These metrics provide comprehension of HR activities and their contribution to performance and strategy. (Lawler et al., 2004; Schneider, 2006) All three kinds of analysis (efficiency, effectiveness and impact) can be fruitful since they are measurements of different levels, with different depth, that may provide the information needed for getting the whole picture. Still, analysts have to recognize how to use different kinds of analysis and when each is most appropriate (Levenson, 2005). The information received after analyzing data is, for instance, if there are any differences in performance or knowledge between the employees who have taken part in TM activities and those who have not (Boudreau & Jesuthasan, 2011). Lewis and Heckman (2006) states a worrying fear that the trend to measure HR could lead to getting all the stats and fact in the world without the knowledge of how to use it.

2.4.3   Talent Intelligence

To derive what TI is, context is needed and found in the more commonly used "Business Intelligence". In short, Business Intelligence is about turning the massive amount of data and information gathered by corporations today into intelligence. The difference between data and intelligence lies in its usefulness for the corporate executives. Mayer and Sharper (2010, p.12) summarized aptly "The ability to transform data into insights to help manage a company is the domain of corporate business intelligence…"

When substituting Business for Talent, one is presented with insights of talent that help manage the company. There are three insights that Talent Intelligence can help provide; reporting what happened, why it happened and what could happen in the future. (Harris et al., 2011)

Taleo, an American company specializing in TM, conducted a research survey with the Human Capital Institute in 2010. One key finding of the survey was the existence of a gap of consensus between the surveyed managers regarding the importance of good TA and the

usefulness of the data gathered (Snell, 2011). One example that emphasizes this is that the majority of the companies in the survey measured "time to hire", while 17% measured "quality of hire" even though quality appears to be much more valuable to ground one's decisions on, suggesting that there is a lack of knowledge regarding what is indeed valuable to evaluate (Taleo research, 2010).

Snell (2011), Vice President at Taleo Research at the time, goes on to name four key fields in order to achieve good TI. Summarized these boil down to; understanding of the company and the business strategy in order to gauge what information is vital, optimization of data providing systems and getting correct, valid information at the right time.

2.5 Summary

TM is not a unified term, as it is given a wild variety of meanings depending on who you ask to define it. Lewis and Heckman (2006) wrote a critical review on the subject finding three views that appeared as popular amongst the HR academics, all of whom fell short of adding something new in understanding talents role in adding value for a company. If TM is to become important for giving HR the status of strategic partner it must become the tying link between business strategy and HR, as outlined by Boudreau and Ramstad (2005; 2006), a link likened to the philosophy by Christensen Hughes and Rog (2008). Becoming this tying link seems to involve one more aspect, namely making the TM philosophy tangible through analysis.

We are similarly aware that there is a critique towards the TM concept; Lewis and Heckman (2006) raise some of this critique, although the aim is to define TM and give it a new purpose. They present their view that TM has potential to make HR into the strategic partner they want it to be. Christensen Hughes and Rog (2008) have a much more positive tune towards TM however, and although not buying it lock- stock and barrel, we find some valuable thoughts such as viewing TM as a philosophy.

TA is vital for companies wanting to make their HR department a strategic partner. By measuring what effects HR activities have on business results, HR practitioners can prove their contribution to business success. There are different kinds of analysis that are all of relevance to create broad understanding of TM effects; efficiency, effectiveness and impact analysis. To conduct relevant analysis, an evaluation of where analysis provides the greatest effect is necessary and also securing that the right people with the right analytical skills are

making the analysis based on the right data and providing it to decision makers at the apt time.

The possible lessons learned after analyzing talent activities are what happened, why it happened and what could happen in the future. These insights are called Talent Intelligence which implies a deeper understanding of the business and of the effects of different initiatives.

We want to point out that there is an element of ambiguity surrounding some of the above mentioned terms TM, TA and TI. In particularly, this is true when comparing TA and TI. The two terms both have similar ideas, and build on the concept that analysis is needed to gain valuable information. The reason we have taken both into consideration in this review is that there is a subtle lining of perspective to be gained by being aware of this ambiguity, possibly a result of a young field still finding its definitions.

3 Method

This section presents the methodology used by the authors to complete the thesis.

It starts with a short note of observations that are necessary in order to gain a full understanding of the statements made. This is followed by an outlay of our research design and is finished by presenting the Swedish banking sector in general as well as the studied banks individually.

3.1 Collecting data

Our research is based on academic papers discussing TM, TA and the connection between the two and business strategy.

We have chosen to have a descriptive approach to the thesis since we want to show how our studied banks are working with TM without considering other banks or industries. This approach is about studying a phenomenon to be able to retell how this is molded in reality. The descriptive approach is purely empirical but could be used as a foundation to future decisions and developments. (Ejvegård, 2009)

3.1.1 Secondary data

There are many authors and researchers involved in the discourse, often with different perspectives and opinions. To avoid a one-track discussion we have chosen to get our theoretical framework from researchers with different approaches and studies. Most of the references are well-known within the research area, or professionally involved with TM at their everyday work, for example HR managers at international companies. This is also a way to improve the objectivity of the thesis (Ejvegård, 2009).

All theoretical papers and books have been found by searching for adequate material in the databases provided by the University of Gothenburg. By doing this we have been able to, in a short time, find more information than we possibly could take in. Therefore, one of our biggest issues was to choose which articles are relevant and which are not. By reading many articles we have developed a knowledge foundation where we got a fundamental illustration of what TM and TA really means as a theoretical concept. When reading this theoretical material we have also developed understandings of which authors and researchers are more quoted and acknowledged at the TM scene and by that we understood what contributions are significant. However, to ensure a more vivid thesis we have also chosen to incorporate less recognized researcher's opinions.

3.1.2 Primary data

Empirical data is gathered through interviews with HR practitioners at the banks. We have chosen this qualitative approach since it is a flexible method. With interviews, researchers have the opportunity to ask different kind of questions from very narrow, specific questions to discussions about broad topics. Interviews are argued to be effective when the researcher needs to explore different levels in a complex organisation as well as being appreciated by the interviewees since many practitioners like to enlighten their work (King, 2004). Interviews also enable us to have a vibrant conversation with the respondents which could provide us with information we would not get through a survey. During an interview we also have a possibility to ask follow-up questions to ensure that we receive all information needed and understand it correctly to make a proper analysis. We have deliberately tried to keep the interviews unstructured and in a tone ringing true to that of a normal conversation.

All the interviewees we have talked to are HR managers at group level with responsibilities for the banks TM initiatives; however their titles are excluded from this study to ensure anonymity. Because of long distances between us and the interviewees, most of the interviews have been made by telephone or Skype. The interviewees have been given an interview guide with topics of interests and questions we'd like to get answered, so that the interview itself could be more like fluent dialogue that might encourage the respondents to tell us more than they might have been able to if we kept strictly to our questionnaire. This does not imply that we have not asked the prepared questions, but they have been integrated in the conversation in a more relaxed way. Since the interview questions cover numerous areas within the banks which could be divided between occupations or units, the practitioners interviewed could lack some of the knowledge and therefore, the preparation time was also a way for us to ensure that we would get all the information we wanted.

Two of the interviews have been conducted in Swedish and one in English; therefore we have had to translate two of the transcripts. To reassure that our understandings accord to the banks work we have chosen to send the transcripts to the interviewees for approval before analyzing them. This procedure made it possible for them to modify the translations and correct certain misunderstandings and for us to ensure that no misinterpretations are made.

From these interviews we want to understand how the banks actually work with TM and Analytics (interview guide in Appendix "A"). For our interviews we have approached the respective bank's HR department and they in turn have chosen an employee within the HR function whose assignments are most readily aligned with our research area.

The results from these interviews are then viewed through the perspective given to us from the literature, and we attempt to answer our questions from this combination of theoretical and empirical information. We find that the combination of empirical interviews and theoretical reviews provide us with the knowledge needed to conduct our study of leading banks in Sweden and answer to our research questions.

3.1.3   Selection

We want to study a sector that has a strong demand for talented employees, a criteria that lead us towards the banking sector. Since both TM and TA are relatively new phenomena in the way we present them here, we find the banking sector an interesting industry to study, partly because of a perceived traditionalism within the sector. If the banks are traditional in a way that makes it harder for them to adapt to new managerial phenomena they should not have been able to develop their TM and TA to a great extent. On the other hand the need of skilled employees as a result of a complex environment means TM should be important and on its way to emerge within these companies, if it has not already. We believe that it is interesting to examine whether this contradiction results in the banks focusing on TM or not.

The largest banks in the Swedish banking sector possess a considerable share of the whole market which enables them to put more effort and resources into their HR departments. We believe that this is a prerequisite to invest in TM and this was the reason why we chose to focus on the four largest banks in Sweden. When only focusing on larger operators, we also believe that we enable a better comparison between the banks and their TM initiatives.

3.1.4   Validity and reliability

Validity is an expression describing whether the research is legitimate or not and captures what it is supposed to capture (Ejvegård, 2009). In our thesis we have come across several definitions on TM which implies that it could be difficult to ensure that all the studied banks have the same comprehension when talking about their TM activities. We do not find this to be a problem though, since all these definitions are acceptable according to the reviewed literature. Moreover, since the aim of describing how the banks initiate and conduct TM, it is less relevant that they use exactly the same definition. When conducting the interviews, we have acknowledged that all three banks have TM initiatives compliant to some extent with the theoretical framework.

A common reason for low validity in qualitative studies is the usage of irrelevant questions (Kirk & Miller, 1986). However; this is a pitfall we believe we have avoided. This leads us to the opinion that this is a study with high validity.

Reliability concerns whether or not a study yields the same results every time it is performed. This can be proved by repeating the study or by comparing it to similar studies performed in the past (Kirk & Miller, 1986). Given that we have not come across any previous studies comparable to ours, this cannot be done in our case. After each interview we have summarized our interpretations and the interviewees have been given the opportunity to read these interpretations and correct any misunderstandings, since we are aware of the possible bias the interviewer might have on the outcome of the interview (Larsen, 2009). Since the interviewees were chosen, not by us but by other HR managers, we can also ensure that we have been talking to the individuals in the right positions as well as ensuring that no bias arose from previous contact with the interviewees. We are aware of the possible bias where the interviewer and the questions asked might affect the answers offered. To decrease this risk we have aimed at asking approximately the same questions to all the practitioners as well as letting the interviewees speak freely without interrupting or asking more questions than needed. By recording and taking notes of the interviews we have also ensured that no information was misplaced due to the selection of memory. We believe these steps help ensure a greater reliability of our study as well as enabling future researchers to replicate our study. Such future studies should however note that with time comes natural change which does not necessarily mean our study is unreliable as we focus on and portray only the present situation.

In qualitative research a more common term, trustworthiness is used. Trustworthiness consists of credibility, dependability and transferability (Knudsen et al., 2012). High dependability is achieved by handling the collected data consistently and transparent, the reader can easily go back to the full transcript of the interviews provided in our appendices. To ensure transferability we have aimed to describe Talent Management through multiple researchers to provide a multifaceted comprehension. Our analysis provides insights in how to work with Talent Management without being restricted to the banking sector, merely using it as an empirical context. Credibility is achieved by using what we perceive to be appropriate methods throughout the study. (Knudsen et al., 2012)

3.2   The Banks

3.2.1   The Swedish banking sector

In 2010, there were 1883 bank offices in Sweden representing 114 different banks. The four largest banks are Handelsbanken, Nordea, SEB and Swedbank as they together occupy between 70-80 percent of the market. Among these, Nordea is the largest when compared in terms of amount of deposits from the general public in Sweden and abroad. Compared to international banking groups though, the Swedish operators are relatively small (Swedish Bankers Association, 2012).

However, a wind of change has reached the Swedish banking sector. Many smaller operators has emerged on the market, both Swedish and foreign, and many of them are growing (Swedish Bankers Association, 2012). This might suggest to us that a competitive advantage could be sought through employees, possibly through TM.

These changes, along with technological development and globalization, have made not only the Swedish but the European banking sector more competitive which implies that bank operators need to develop their competitive advantages in order to continue the profitability. Within HR, these changes have resulted in less administrative functions within the banks as a result of new technology, a greater career focus for the employees with special focus on individual performance, more various working hours after an increased demand for accessibility and a new approach to recruitment, either high-potential employees for more complex functions or temporary employees at less skilled positions. (Fernández, 2003)

The banking sector has traditionally been a slow moving business with a lot of old traditions adhered to strategies and activities because of the complexity of their services and customers without any particular knowledge in the area. The slowness is still present though experts believe that the up-rising of new banks will force the industry to adapt to changes more easily in the future, especially since the financial development is moving fast. (Swedish Bankers Association, 2012)**.**

3.2.2   Nordea

Nordea Group origins from a number of smaller banks, the oldest members of its family tree stems from the early 19th century. The name itself comes from a merge of "Nordic" and "ideas" and form not just the name but voices some of the values that come from Nordic ideas such as equality and environmental responsibility It was however not until the year 2000 that

mergers and acquisitions amongst the forefathers of Nordea began to form the Nordea Group as we see it today, with a pan-Nordic business span (Nordea, 2012).

3.2.3 Skandinaviska Enskilda Banken, SEB

SEB was founded as Stockholms Enskilda Bank in 1856 by André Oscar Wallenberg who, by founding the first private bank in Sweden, became a pioneer in venture capital. One of their first and fiercest rivals was Skandinaviska Banken (founded as Skandinaviska Kreditbolaget 1864) who they merged with in 1972 to become Skandinaviska Enskilda Banken (SEB, 2012).

3.2.4 Swedbank

Swedbank originates from the long tradition of savings banking in Sweden, with some forefathers being founded as early as 1820, and the oak tree that still feature heavily in their brand dates back as far as 1920 and was designed by Josef Hugo Jönsson. As far as values go, Swedbank's roots as the bank of "the many" still prevail. Focus is on individual banking and small to medium-sized companies (Swedbank, 2012).

3.3 Observations

When this report uses the words "us", "we", "our" or in other ways present a subjective opinion not referenced to others, it is the expressed opinion, thoughts and/or views of the authors.

We have used "HR practitioner" and "HR manager" as semi-interchangeable terms, that is, an HR manager is indeed also a practitioner, but a practitioner is not necessarily a manager. The reader should observe that "corporation", "organisation" and "company" are used synonymously to ensure a good read.

Finally, when referring to "Nordea", "Swedbank" or "SEB" in the empirical section of this thesis, it is based on the information provided during the interview with a HR manager at group level at the respective banks and is not necessarily the official view of the company.

4   Results

This section introduces the results of our interviews. It is divided into several focuses; Why the banks work with TM, How the banks define TM, How they describe their work with TM and finally how they assess their program's progress. The full interviews are available as transcripts in the appendices.

4.1   Why work with TM?

The TM initiative at Nordea started up with a growing need for focusing on succession planning. Like many other companies, Nordea had identified people ready to move into some of their key positions, but for other such key positions they did not have the successions needed. This enlightenment made Nordea realise that they had to start focus more on their talented employees and ensure that they had a full mapping of their succession plan and enough talents able to move into their executive positions. "…we started the TM initiative and looked into the possibility to create a fast track for our young and significantly talented people" says the interviewee; resulting in the Young Significant Talent Process (YSTP). Nordea has conducted the YSTP for about two years and before that there were no activities explicitly designed with TM in mind within the company. It is mentioned though, that focusing on talented employees has always been of great concern for the bank, but executing it like this is a new phenomenon.

The purpose of the program is to move the talented candidates out of their old business areas and into new ones to turn them into "group talent" rather than local talents. Nordea finds that, when the candidates work in different business areas or group functions, it helps them to really get to know Nordea from different angles, because of the complexity and the broader experience of different parts of the organisation. This provides Nordea with talents owning a multifaceted perspective of Nordea and builds up their professionals and leadership models. It is a definite purpose to be able to hire from within the group for high-up executive positions and an ambition is to raise the retention of talent.

Nordea describes that their talent focus comes from within to a large part though they also want to be a part of the "buzz", as it signals to the young generation and the ambitious that they focus on talent and can offer a career, to attract the best talents.

SEBs' interviewee says their TM work started as a way of keeping track of talented employees; "In short we have to keep records of the people working for us and ensure that we can both attract and retain the right employees and being considered an attractive employer".

The aim is to avoid different ways of recruiting, conducting the performance appraisals and education and development activities to achieve a red line through all the HR activities. SEB considers it a necessity to be able to retain personnel by providing development programs, since not focusing on personnel development could mean a larger risk of employees leaving the company.

TM has been a part of SEB for the last 8-10 years. With a global perspective, the aim is to prepare individuals for entering the head of the group, while the local departments may focus on developing the employees to show their capability to the local management group.

Swedbank has the youngest initiative which has been executing TM activities since September 2010. The project started when the new manager for succession planning realised the company asked for something more than just succession. The initiative is an effort to extend the learning culture in the organisation, which is considered the main difference comparing before and after TM. Swedbank aims at creating an ownership relation from their leaders to ensure TM does not become only an issue for the HR department but a business issue where not investing is risky.

Swedbank has, from an organisational perspective, three main reasons for working with TM. Firstly, they want to secure succession. By identifying key positions, the company has found what positions that need guaranteed future personnel. With the TM project, Swedbank is able to secure competence for the future that otherwise could be missing. Further, they aim to put the right person in the right position. Finally, by TM activities Swedbank wants to ensure they retain employees, through investing in their development. Thus, the company is hoping to minimise the cost of recruiting by securing successors before replacement is needed.

4.2 How is TM defined?

According to Nordea, working with people is the overall process, as a sort of umbrella; underneath which the talent processes are found. The difference between these new initiatives and the previous work is the approach taken on the individual development. Trainee programs and other development activities focus on the individual developing towards a certain area and function and most of all, developing the current role. The TM initiative is argued to be

focusing more on "moving up" – preparing for future roles at, primarily, an executive level. At Nordea there is a strong focus on preparing their future leaders i.e. having a much clearer career-focus compared to a position-focus and hiring is no more seen as hiring for a position but rather hiring for the Nordea group.

Nordea considers the process a satisfaction and motivation program, which enables them to meet expectations concerning the employees' careers, but also to be able to fulfill the need for having talented people coming into the group. By this, Nordea also show young talents that a career is possible within the group and development and promotion possibilities are motivating talented and ambitious people to get engaged in Nordea.

SEB perceive TM as "…the life cycle of our employees", where all parts of the individual's working life is involved and TM is integrated throughout the whole career. SEB describes the initiative as a way to be an attractive employer, to retain individuals and ensure good work from the employees that accord to the business goals. SEB use TM as a perspective of HR trough which all the HR activities are connected, where HR is the overall name for all personnel efforts and TM highlights what personnel activities to focus on. TM is also considered a necessity to be able to retain personnel by providing development programs since not focusing on personnel development could mean a larger risk of employees leaving the company.

At Swedbank the initiative starts with the directors. The HR department is able to discuss with them why certain TM activities are conducted and why the initiatives are important. Instead of building an organisation only focusing on succession, where the succession risks creating a sense of disappointment when high potentials do not climb the hierarchy, Swedbank aims to create TM as a way to challenge and develop employees outside of their current roles. In that way, TM works as a motivator for the individuals where employees are able to take part in development projects that may lead to a greater contribution to the business result than just getting a higher position. Swedbank considers the whole TM perspective as an important strategic approach since they do not find that TM activities are of any use if they are not integrated with the business strategy. "The key is to integrate the business and people strategies to get the company moving and getting an edge on your competitors", Swedbank summarizes.

4.3 How is the work with TM described?

Nordea works with TM in several ways throughout the company – both at group level and locally. The YSTP is a selection process for talented young employees and has a target group of 27-35 years of age. It is a two year process where the candidates are expected to use the opportunity to take a steep learning curve and change positions within the group while participating in the activities. It started out as a TM strategy, but to connect it to the whole business, it is now called the "talent agenda" and it is linked to the people strategy that already existed at Nordea. By linking the two together, the way of working with TM has changed since it is not an isolated strategy, operating on its own, but integrated with the whole people strategy concerning all HR processes, to link them all together.

Nordea uses a process to identify the right talent for the YSTP that starts locally, an annual people review (APR). Within this process, each business area identifies which are their key positions and what employees they have, their performance and future potential. The candidates given the opportunity to become a participant in these processes, are chosen from an individual development dialogue they have with their manager once a year. In the dialogue they discuss their performance and potential score. Out of the results provided from this dialogue, Nordea calibrates it into the APR process once a year. This maps the most talented people and then they decide if they want to be a part of the selection process to become a participant of the YSTP.

There are five leadership competencies identified as important at Nordea, as well as three personal indicators. The candidates get scored from these criteria and if they have above a certain level they are put through an ability test. If they are considered qualified after this, they go into a one-day assessment center where they work with business simulations and go through an interview. The result from this day presents the final YSTP candidates that will go into the two year process.

To identify which key positions are crucial to have competent successions for, Nordea proceed from the business strategy and an evaluation of what functions are the most important to achieve their business goals. All their executive positions have been mapped and ranked in terms of how important they are to the business and it is estimated that 40 positions are considered truly key strategic business positions.

For SEB, the TM initiative is about the company's vision and business plan where the activities are a way to be able to succeed with what the bank wants to achieve. The persons

taking part of it though, must also agree with these visions. Therefore, SEB finds it crucial to match the individual's ambition with the company's needs when executing TM.

Basically, SEB consider all of their employees as parts of the TM initiative but to choose which individuals get to take part of a more specific TM project the bank uses something called a talent review. The review is based on a performance appraisal between the director and the employee where SEB has a strong focus on *how* the results are achieved. Individuals, who get high rates at these reviews, have reached their goals in a good way and have the right competences to get some extra attention.

The program is focusing on executives based on a profile consisting of 7 competences. These in turn are based on what future challenges SEB gauge they will face and the knowledge they will need to handle them. These criteria are then present within both the recruitment and in the performance appraisal. The bank also develops appropriate education programs which are specialized on developing the competences that are the weakest for each individual. As a complement to the executive profile, SEB has identified critical competences for the rest of the staff as well, which are considered through the recruitment and in the performance appraisal.

The bank designs the TM activities taking an organisational perspective so that they can secure successors of the most critical roles, but also from an individual perspective so that the development matches the individual's ambition and competences.

Swedbank selects the individuals taking part in the TM program by identifying a number of criteria describing what potential is. Each department uses these criteria to nominate their high potentials to the program. The individuals nominated are then tested for their mental ability and logic/analytical capacity which are considered relevant when engaging in a complex high-up position. Swedbank also has development programs where the candidates are able to increase their potential outside their current role.

Swedbank considers all their employees talented, although not everybody can take part in the TM program where the focus is on the high potentials. These high potentials are employees considered able to take on new roles with higher complexity and responsibility at a higher level at Swedbank Group. The professional roles of today are conceived as less static and Swedbank has a growing focus on being flexible and having ability to handle change, which are some of the key abilities wanted to get incorporated in the group. The key positions

identified, 204 in 2011, are argued to be more about key knowledge than the position itself. Swedbank exemplifies this by recognizing a constant need of a group of directors or a CEO but knowing exactly what these roles will contain of, and by that what competencies are needed, is impossible to know in advance as it changes continuously.

The initiative is so far a question on group level where no activities are yet conducted locally. The need of spreading the initiative is acknowledged though, and identified as a "definite necessity".

4.4   How is the program's progress assessed?

There has not been any recognized effect of the effort Nordea has made on TM so far as the process is running its first cycle due to end of this summer. The follow-up has been qualitative dialogue with the candidates each 6 months during which improvements, happenings and changes in positions are amongst the topics. In the future Nordea acknowledges that they need to look into other evaluations, such as how many candidates come into the succession planning and other 'hard figures'. Nordea does not want to move away from the qualitative analysis in terms of dialogue, but they recognize the need of getting more concrete figures. They are aware that they need hard facts to be able to prove and show the impact of the process which is acknowledged as important for the LOB; the people involved with the TM process are aware of the impacts of the program but other units need some figures to relate to. The qualitative part is still considered important though, so that they can see what the candidates receive from the process, on a personal level. "Not away from, but complementing. The dialogue is important but we need some hard facts as well to be able to show or prove the impact of the process" is how they describe their movement between qualitative and quantitative evaluation.

Nordea also finds itself having to look into more intelligent measurements in the future such as exchanging "time to hire" with "quality of hire".

The long term effects are expected to be that Nordea will see the YSTP candidates in the succession plan, being a crucial part of mapping for the strategic positions succession. Some of the participants are already found in the succession plan now and some of the candidates are expected to be there in the near future or, as prospects, in the longer term. This is what Nordea will be looking for in terms of impact analysis, and already some of the candidates are registered as moving nicely into the succession planning. The goal is to get all of the

candidates into the plan, but Nordea also focuses on another possible outcome; the inspiration you might achieve as an individual from being part of the program.

SEB is continuously evaluating the projects, to improve and simplify them. SEB has so far been monitoring their talent pool to see how they move within the organisation. They calculate statistics present to the board and conduct analysis of other areas, such as equality.

SEB has not been able to identify linkages between any specific activities and certain outcomes since it is hard to tell what effort results in what effect. SEB has been using a control group though, where individuals recruited through a local Swedish trainee program were compared with the ones recruited from regular processes. This has shown that the internally recruited individuals more easily could adapt to their new position, they found it easier to assimilate the knowledge and they had higher sales results.

At Swedbank, the TM initiative is still so new that no impact analysis has been conducted. It is still very hard to estimate whether or not the activities has contributed to lowering the employee turnover or cost of recruitment. They are however planning ahead "…number one will be to measure how many from our talent-pool we hire to new positions internally". Such measurement will show the bank whether the efforts actually boost internal movement and recruitment or not. By using this talent-pool, Swedbank is also able to ensure the quality of recruitments since the individuals present in the pool already have qualified in the criteria of being qualitative and important to the businesses. What other measurements that will be conducted is not determined yet because of the early stage of the initiative.

4.5 Summary

Summarizing our empirical results will show that one of the main reasons of starting a TM initiative at the studied banks is to ensure qualitative succession for key positions in the company. It appears that even though all employees are viewed as talents with potential to develop, the current focus is definitely on potential executives at group level. The studied banks all seem to agree that TM has a linkage effect.

Swedbank talks about TM as aiding a company-wide learning culture, SEB about the employee life cycle through TM and Nordea about TM as integrating all HR strategies. The banks, although differing in exactly how it is conducted, all use a rigorous selection process to ensure that the candidates participating has the required talent to succeed. Finally, concerning the evaluation of the processes, there appears to be a difficulty to overcome in

what to measure. They do however agree that looking at how many that succeeds following the TM process is one measure important to consider, and a combination of qualitative and quantitative evaluation is preferred.

5 Analysis

This section covers our discussion of the studied literature and empirical data. This will lead us towards answering the research questions set out in section one, and stated below. The discussion is followed by our conclusions and finally suggestions for further research.

- *What, according to the banks, is Talent Management and how do they identify talent?*
- *How is Talent Management executed?*
- *Do the banks analyze their Talent Management processes? If so, how?*
- *How do the studied banks' approaches look like compared to each other?*

5.1 Strategic HR

The articles we have read (Boudreau & Jesuthasan, 2011; Boudreau & Ramstad, 2007; Guest, 1997) have been expressing that investing in high-potentials is necessary to show the strategic importance of the HR function. All the studied banks seem to have acknowledged this fact. Nordea has been exerting to link the TM initiative to the general people strategy and other HR activities to make sure HR is connected to the entire business. They also use the business strategy as a foundation to identify key positions that are most important to achieve the business goals. To SEB, the TM activities proceed from the visions and goals of the company since they are executed to reach desired results. The TM participators must also accord these visions. On top of this, SEB has calculated statistics to be able to show the board just what effects are sprung from these investments. Swedbank obviously has a strategic approach to their initiative since they state "The whole TM work is strategic; you won't get anywhere unless it is tied to business strategy". They also mention that there is little difference between how the HR function work compared to other units as well as note the importance of making TM not only a HR issue, but a business issue where investments are seen as necessary instead of risky, which implies that linkages between HR and the overall business strategy are well established.

The banks have not explicitly told us that the aim of these efforts are to be considered strategic partners, but although the literature may call it strategic partnership and the banks do not, we believe that the purposes are alike – to ensure that all activities within the company proceed from the strategy to reach the business goals.

5.2   How TM is defined and its purpose

Nordea started their TM initiative as a new succession planning was being mapped out. Swedbank in turn started theirs by way of meeting a need of "something more than succession". SEB, who seems to have worked with the concept the longest are working with it because they want to develop talented employees, in order to ensure they rise to take on executive positions in the future, so this too is very much succession.

Compared to the succession planning of old they do themselves identify some differences. Nordea see their program as a way to make local talent into group-talent, and they hire with a greater focus on potential rather than position. Swedbank turned to TM because their succession plan of old did not come through, and the TM is seen as a way to create a culture of learning in the company. SEB describes their initiative as important to get one way of thinking throughout their HR activities, while also ensuring candidates advancing within the company.

The thoughts presented by these companies have many tangents with what is said about TM in literature. Lewis and Heckman (2006) say there are three main views on what TM is; a rebranding of old HR activities, succession planning of talent and finally a screening process where only talented employees are sought after. The three banks seem to connect to all three views in varying degrees. As far as rebranding is concerned, none actually uses TM as a new HR, but rather a process arisen from HR. Employee development is a classic tool from HR that is used under the TM name, but not exclusively so since the banks mention other development programs that are not integrated in the TM initiatives. The second view of TM is that it is succession planning with focus on talent. Here we find that all three banks jump onboard and this is the dominant perspective as it appears from our interviews. The third and final view, that talent is a generic quality possessed in varying degrees by all employees, is not outspoken by any bank. They acknowledge that all employees are talented, yes, but the view as presented by Lewis and Heckman (2006) involves aggressive recruiting to ensure only a specific type of talent is recruited overall. They are, however, using it as a part of the specific TM programs as they have rigorous selection routines that clearly exclude candidates with less than desired talent. Whether this is a criterion when recruiting in general to the company, not just the programs, is not explored in our thesis.

Christensen Hughes and Rog (2008) wrote their article as a defence of TM, claiming it to be not just activities renamed but also philosophy. This is a view that penetrates when digesting

our interviews with the banks. Nordea wants their YSTP candidates to learn about Nordea as a group, become group-talent and enter their succession plan with this background. This would, we assume, aggregate to create a "culture" specific to those that have come out of the program. Swedbank said outright that they want a learning culture throughout the company and they want it connected from directors straight down through the organisation. SEB talks about a red line through their activities that would unify the work under one guideline.

But these philosophy-like tendencies seem to be limited to those involved within the programs. To get to the high level suggested by Christensen Hughes and Rog (2008), this culture or philosophy must also go beyond the borders of the program. All of the banks acknowledge the development of the individual as important, regardless of where in the organisation they are, but the TM programs seem focused on the future executives as for now.

The academic TM discourse started, as stated in our introduction section, by a McKinsey report (Chambers et. al. 1998) as the booming economy created a need for employers to fight for the talented workers. The main objectives for TM have ever since been, more or less, clear as that of recruiting, retaining and engaging talent employees. These still seem to hold strong and are in some way highlighted by all three banks, with the addition of securing a good succession. Recruiting is covered partly by screening the candidates rigorously and partly by appearing as a "good employer" that care about managing and developing the individuals' talent. Retaining is in turn covered by the development and investment itself and career possibilities. The third classic job of TM is to engage employees, and by providing a possible career, development and challenges, this is also still very much an active part. The addition we see is the succession. This is more for the organisation itself than for the individual and might be a result of the changed economic climate. It is simply too expensive to hire the wrong talent and wind up with an empty key position in your succession map.

5.3   How to analyze the TM initiatives?

The banks and the theory studied views TA in different ways it seems, as evaluations and analysis are used but not labelled TA. This could mean that the literature and research have developed further than the practitioners or perhaps that the banks have consciously chosen not to work with analytics in the same way as researchers present it or that they just are unfamiliar with the concept.

All of the studied banks are using analysis though, as a way to identify which individuals should participate in TM activities, i.e. to recognize the best performers, high potentials and

key positions. Three kinds of HR measurements, efficiency, effectiveness and impact (Lawler et. al., 2004; Lewis & Heckman, 2006) are argued to be required to gain an exhaustive evaluation of HR efforts, the TM initiative in this case. It seems like our study objects are executing some of the important analysis but there are still some measurements to introduce. The general idea is to find talented people to fill key positions; Nordea states that it is important to not recruit to a position but to the organisation so that the employees are valuable to the whole company and could advance into more essential positions.

SEB has a head start of several years which implies that the analysis conducted differ some between the studied banks. SEB has been monitoring their talent-pool to identify movements within the company. Nordea has so far evaluated the activities every six months, having a qualitative dialogue with the participants of the TM programs. This is considered an important part of the analysis to gain insights in the individual advantages offered. Swedbank has not been able to execute any evaluation as yet. This differentiation seems to exist due to how far the development of TM has come.

On a group level, Swedbank is hoping to reduce the cost of recruiting. The talent pool ensures the quality of recruitments since the individuals already have qualified as important to the businesses. Nordea appreciate the necessity to use intelligent measurements in the future, such as measuring quality of hire instead of the amount of time cultivated which is a turn metrics acknowledged also in the literature. (Harris et al., 2011; Boudreau & Ramstad, 2007; Lawler et al., 2004)

Companies may use different kinds of metrics to analyze and measure different perspectives of the HR function; skills and competences possessed by current employees, turnover, cost and time of HR activities, attitudes and satisfaction among employees or other measurements related to the human capital. Davenport et al. (2010) identified explicitly six kinds of metrics labelled; *Human-capital facts*, *Analytical HR*, *Human-capital investments analysis*, *Workforce forecasts*, *The talent value model* and *Talent supply chain analysis*.

Between the studied banks there seems to be conformity of the analysis conducted. All banks are focusing on measuring which the best employees are and how they may develop further as well as competences possessed and fulfilment of key positions. They are also taking potential successors into great consideration and both Nordea and SEB use the performance appraisal as a way to find out the employees' opinions. Both banks seem to have a similar approach as the conversations are based on individual performance and future potential/ambition, though

Nordea uses this as a tool to identify key positions while SEB focus on the employees way of working. These discussions with the participants could anyhow be a way of identifying which activities have a greater impact, not only on the business results but as a motivation to the employee, as is stated an important element of TM activities within all the banks.

However, there does not seem to be much measurement of the effects of the TM investments or any financial analysis such as cost-benefit. None of the bank has mentioned that they evaluate cost, time or quality of the activities executed. Swedbank states that it is still hard for them to estimate whether or not the activities has contributed to lowering the employee turnover or cost of recruitment. This could be explained by the fact that some of the initiatives are in early stages where no conclusions of this kind can be drawn.

SEB is, as mentioned earlier, the bank with the longest experience from TM and they have been able to conduct an impact analysis on what improvements and outcomes are achieved from a certain TM activity. An analysis of a control group from a local trainee program showed that recruitments made from within are more favorable than those carried out externally since they performed better and were adjusted to the new tasks more easily. Based on this, conclusions may be drawn that internal talent development could be fruitful to more companies. In turn, Nordea has expressed a future aim to map the participants of TM activities moving into the succession, as a way of evaluating such impacts of the initiatives. These measurements are considered important also in theory. To make the effect even stronger, analysis of what activities have the greatest impact on business results could also be conducted. All three banks presume that investing in personnel development is valued by their employees and that training and the possibility to advance is a motivator to stay within the company. We have not identified that there is any analysis conducted on this statement but as it seems to be a common comprehension it may be considered a general opinion. Guest (1997:270) provides a scheme that connects HR activities with business outcomes which shows that motivation and extra efforts are expected behavioral outcomes of selection and training. This could be the truth but without measurements and analysis to support it within the banks, it can only be considered desirable effects.

Both Swedbank and SEB mention that they want to consider all their employees as talents. They do however pinpoint that not all of them can participate in TM programs. According to Davenport et al. (2010) companies should focus on identifying both the best and the worst employees to make all of them better, since it does not have to be the individuals in high

positions that have the greatest impact on business performance. Our banks are all focusing on high potentials, where high potentials usually are defined as individuals on their way to climb the hierarchy. To get the full potential out of the TM initiative, we believe that it could be necessary to take a step back and evaluate which positions are really adding the most value. As Boudreau and Jesuthasan put it, it is not necessarily the high positions that contribute the most to increased results. Since developing and improving the sweepers are identified as more value-adding in Disneyland than training Mickey Mouse, customer servants and bank officers could possibly add more value to the banks than managers do. All three banks have also expressed that the initiatives so far are mostly developed on a group level. Locally, the units are responsible themselves for the development and our interviewees have no insight in these functions except knowing that TM on a local level is less developed within all companies. Developing the local initiatives could be the next challenge for our banks, to ensure the right competences also at a lower level and that the efforts are not focused on a group level only because those managers seem more pivotal at first.

In the future Nordea acknowledges that they need to look into other evaluations, such as how many candidates proceed into the succession planning. Nordea does not want to move away from the qualitative analysis in terms of dialogue, but they recognize the need of getting more metric measures. They are aware that they need hard facts to be able to prove, and show, the impact of the process which is acknowledged as important for the LOB, which is argued as one of the main reasons to conduct analysis by many researchers as other units need figures to relate to. Complementing qualitative discussions with quantitative measurements is considered the key to the evaluation process in the future.

At Swedbank, the main measurement planned in the future, is how many individuals from the talent-pool are hired to new internal positions. Such measurement is expected to show the bank whether the efforts actually boost internal movement and recruitment or not and would provide the bank with a nice foundation of impact analysis which is crucial according to many researchers.

Reasons why the banks do not seem to invest in measurements and figures of HR is not explicitly explained in the interviews beyond the fact that it is hard, but we do have some suggestions. Measuring soft phenomena as feelings, talent and competences are in many cases hard as there could be problems collecting reliable data. We also believe that the banks, as well as other companies in Sweden, are somewhat affected by the Swedish mentality of not

measuring people and therefore they have chosen to use only the qualitative evaluations like performance appraisal to date. A comparison could be made towards the USA where measurement of individuals are seen as natural, is this purely a cultural difference?

We believe that once the initiatives have developed further and the important measurements are identified by all the banks as well as the strategies to conduct analysis, this is an area that will grow more important. Lewis and Heckman (2006) have criticized TM for only being proved by anecdotes and storytelling. At the same time they express a fear that too heavy a focus on metrics could land TM at the other end of the scope with all the data in the world but no knowledge of what it means. The qualitative dialogue to interpret the metric measures could well lead to valuable information, intelligence. It is possible that a greater TA focus lead to improved intelligence, i.e. TI, and in that way better talent flows consistent with the banks needs. So far the banks seem to have learned that they have more to initiate; finding out what is important to measure might be what we call intelligence. Both Nordea and Swedbank are talking about future measurements that need to be conducted. SEB has as well discovered some of the advantages of internal development programs which should imply that the TM work is continuously important to focus on.

6   Conclusions

Our study shows that TM in itself does not entail much explicitly new, but this does not mean this approach to personnel questions does not carry value. The repackaging of HR functions and processes do provide a new grip that could allow the talent-mindset to influence an entire organisation, much like the financial department product ROI-mindset, and this could justify it as a new term.

This grip could be likened to the philosophy view put forward by Christensen Hughes and Rog (2008), but just as well the architectural analogy revered by Lewis and Heckman (2006). But there is validity in Lewis' and Heckman's (2006) claim that there are little facts to support TM's halo, and we feel that maybe measurements like the ones prophesied by TA is needed to avoid such critique. Without the likes of TA or TI, there will never be any real "proof" that TM is worthwhile. It is possible that higher performance is an effect of TM activities but it is difficult to draw such conclusions since several other activities could be the reason.

The purpose of this report has been to answer the main query stated in section one;

- *How do Swedish banks work with Talent Management as a concept?*

Following the interviews we have conducted we believe the answer to this question is that the studied Swedish banks are working with TM, partly as a new and improved form of succession and partly as an agent to unify and spread the HR activities throughout the company as well as being part of attracting potential future employees.

The study has been limited by the fact that we cannot draw generalizing conclusions due to the qualitative approach we have taken, however the details provided by that same approach are to be considered very useful for companies starting their own TM initiative.

All three banks have acknowledged the possible advantages taking a TM approach to HR activities. We feel that this is a concept in an early stage in all the banks and believe that it surely will develop further within the next couple of years. Then, we will be able to recognize what effects these initiatives really have provided.

Our study offer valuable implications to HR-practitioners; It highlights the perceived value of TM as seen by those working with it, it points out that it is indeed difficult to measure TM's impact, and that finding a way to do this effectively is key to see whether or not it adds value

to the business strategy. Finally, it highlights that TM could be viewed as a philosophy, culture or unifying force with potential to integrate HR activities into the business itself.

As stated in the background, the field of TM studies suffers from a state of under-research, especially so when considering non-Anglo countries. This study offers valuable insights into the TM and TA activities in a new context, namely Sweden. Insights offered are of value to leading banks and is of interest for both strategic and operative practitioners within the banking industry and possibly to other industries identifying themselves with banks as well.

The beneficiaries of this study will have found an informative literature review compared with empirical studies from an academic viewpoint that could be of great aid when assessing their own efforts. In addition, the banks will also have the possibility to see their development within the TM area compared to their competitors and the results we provide could become important knowledge to HR practitioners as well as executive officers. Obvious beneficiaries are however to be found at the HR departments at the studied banks.

6.1 Further/future research

This section is to provide suggestions for future research in this field. To build on our study, a research into which measurements are eventually used to evaluate TM could provide very useful results. It would also be very interesting to look into how these programs develop on a local level.

Our study has had a deliberate focus on the organisation, but a study to see what TM means to the individual could be interesting as well, what happens when one is not considered a talent anymore? How is this focus on high potentials affecting those not taking part in the programs?

As our study only is concerning the banking sector we do believe that researches on the occurrence of TM in other industries could be very interesting; are their initiatives in other sectors? Are they different and if so, why? Studying more banks in the Swedish banking sector to be able to see if TM is present in the entire sector or exclusively an element at the larger operators' agendas is also something to look at to broaden our study.

To see how TM adds to a company's competitive advantage in Sweden could provide still further interesting implications. As an extension from our subject we think that researching whether HR is considered a strategically important assent from the point of view of managers at other departments, or not, is important to recognize how far the development has gone. Finally, we find that an investigation as to *how* TM is aligned with business strategy would be very interesting indeed.

6.2 Presentation of the Authors

Emelie Lövebrant

I am 23 years old and studying Management at the School of Business, Economics and Law at the University of Gothenburg.

This thesis is the final part of a three year Bachelor of Science in Business Administration. The aim of my studies is to work with human resources, preferably recruitment and personnel development, why Talent Management is a very interesting subject.

When not studying, my greatest interests are horses and horse riding. I also enjoy working out, watching hockey and reading.

Karl Reuter Gerdrup

I am 23 years old and studying Management at the School of Business, Economics and Law at the University of Gothenburg as part of a Bachelor of Science in Business Administration.

My interest for management and leadership relations builds from playing football as a youngster and finding myself listening intently to my coach. Besides studying I'm enjoying life through working out, cooking delicious food and writing.

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8   Appendix A

8.1   Interview guide

The following questions were used as a guideline to create fruitful interviews, they were sent to the interviewee in advance and the interviews themselves are available as transcripts in appendices B, C and D.

1. *What responsibilities and functions do you have within your unit and the company?*
2. *Does your company work with Talent Management (TM)?*
3. *Since not everybody has the same perspective of what TM is and what activities are included, do you execute any work that has the same or similar purposes as TM?*
4. *Do you differentiate between TM, TA, Talent Intelligence(TI),Strategic HR and how do you divide different activities between employees and units?*
5. *Which activities are parts of your TM?*
6. *How is TM executed? Are the results measured?*
7. *Who is TM for? Individual/organisation? Why is it important/not important for your company?*
8. *Who is considered a talent at your company and why?*
9. *How do you choose the individuals who get to take part in the TM activities? What criteria are there? (Only leaders/high-performers or everybody?)*
10. *Who took the initiative to begin with TM at your company? When and why? Is it a newly introduced phenomenon at your company or has it "always" been there?*
11. *For how long has your function been there?*
12. *Does TM result in analysis or is there any other way of feedback and knowing how the TM work contributes and if it is successful? Is the analysis based on statistics or percentages? Employee attitude survey – linked to business performance or evaluated by the respondents answers*
13. *What methods of evaluation and analysis do you use?*
14. *What is the analysis used for? Why do you analyze or not?*
15. *How is the analysis conducted at your company?*
16. *What effects do you expect by working with TM and TA?*
17. *What effects have already been seen or measured?*

9 Appendix B

9.1 Interview transcript, Nordea

Could you describe your initiative within TM at Nordea?

The Young Significant Talent Process is a selection process for talented young employees at Nordea-group. Besides this, we are right now working on something we, at least in the writing process, call "talent agenda". When we started out we called it TM strategy, but now we see it as a talent agenda and a part of our people strategy that we already have at Nordea.

Has it changed how you view TM, that you've renamed it an 'agenda'?

You can say it has changed in the way that working with talent is not a 'solo' strategy operating on its own. Instead it's integrated in the people strategy, and this is the main reason that we changed the name. We have a number of different strategies, but now we are very seriously moving towards linking all our HR processes together. Working with people processes is a sort of umbrella, underneath it and as part of it is working with i.e. talent processes.This is how I view it right now, although it might change in the future as we find other ways to organize our work.

What other roles, and or, functions besides your own does Nordea have working with talent?

I'm more or less the only one working with TM at group level. Of course I'm doing it with my manager who has the main role, but I'm what we call process owner of right now. There are other related processes and development schemes however, with a focus on leadership as part of a 'leadership pipeline thinking' that strongly influences our different programs. Another example is our competencies development program for employees.

So working with TM entered into Nordea from leadership pipeline ideas?

No not really. The TM initiative more or less started up with our focus on succession planning. I guess we realised, like many other companies, that in our succession planning we could see that some people where ready to move into our key positions, but for other such key positions we did not have any in the pipeline. These events made us realise that we had to start focus more on our talented employers and ensure that we had a full mapping of our succession plan and make sure we had enough talent able to move into our executive positions. That's how we started the TM initiative and looked into the possibility to create a fast track for our young and significantly talented people.

The YSTP has a target group of 27-35 years of age, it is a 2 year process and we expect our candidates to use the opportunity to take a steep learning curve and change positions while in this process.

You mentioned strategic key positions, are they identified?

Yes, the identification springs from the business strategy, and evaluation of which are the most important key positions for Nordea to achieve our business goals. All of our executive positions have been mapped and ranked in terms of how important they are to business and I estimate we have about 40 selected positions that are considered truly key strategic business positions. We have some 200 successors for these positions mapped out or involved in our process. Then if you go down into each business area or group-function, they of course have their own key positions as we are a huge organisation.

Do you have more processes besides YSTP, which seems to focus on the 40 group-wide key positions?

Of course some of our business areas are running their own local talent programs, some are not. Right now there are around seven local initiatives throughout the Nordea group, although I'm not involved with these as they are the responsibility of that local business area that runs them and they are independent of the YSTP that I am process owner of.

The YSTP is a group-wide process. It's for the whole Nordea Group whereas a local example would be Retail Banking that could run its own programs.

How long have you been working in your function, as process owner?

I guess about three years or so now, two or three years. Before that I worked with other HR-programs for Nordea Group, we had a female program running for two cycles focusing on getting more females into the executive positions. It does not run anymore as a individual process, although we still strive to get more females in high-up positions, this is now an integrated part of our YSTP that we focus on.

What's important and what do you look for when identifying someone as a talent?

We have a process that starts locally with what we call annual people review, or APR. Each business area looks into what are the most important positions they have and which people they have and how their performance and their potential score. Each Business Area has this

process each year, then we map, on a group level, who in the YSTP we want to become a part of the process.

They are chosen from the personal development dialogue they have with their manager once a year. In that that dialogue they discuss their performance and potential score. It's then fed and calibrated into this APR process once a year. This maps the most talented people and then they decide if they want to be a part of the selection process. There are five leadership competencies identified as important at Nordea, as well as three personal indicators. The personal indicators are personal balance, learning ability and social skills. The candidates get scored from all these indicators and if they have above a certain level they are fed into the YSTP after they have passed an ability test. If they are considered 'good' after the ability test, they go into a one-day assessment center where they work with business simulations and go through an interview. The result from this day presents the final YSTP candidates that will go into the two year process.

So it's a group of candidates that have been through a quite tough selection, and it's important to remember that even if you do not get to be a part of the YSTP, they are still very much so a local talent. Even getting to be part of this process means you're very talented, if you weren't outstanding you wouldn't have been part of the process at all. For these candidates that didn't come all the way it's important that we also have local talent programs to harness this talent.

Have you seen any effects at Nordea from using this sort of process?

The long term effect should be, and we will be looking into it closely, that we will see the YSTP-candidates in the succession planning being a crucial part of mapping for the strategic positions succession. Some are already in the frame now, some maybe will be later and some are really long term prospects. That's what we will be looking for in terms of impact, and already now some of them are actually moving nicely into the succession planning. The goal is obviously to get all of them into the plan but another key to bear in mind is the inspiration you might achieve as an individual from being part of the program.

So your function has been around for three years, is that when Nordea started its TM work?

Yes that's right, the initiative itself started a year into the work so it's two years old now

So before 2009, Nordea didn't conduct any TM work? Or was it just called something else?

Not in the explicit way no, we didn't call it that. We have worked with talent throughout all the time of course. But really using it this way is a new thing.

This YSTP, it sounds like a trainee-program?

The main part of it is actually about selection. After selection the young candidate works with a development plan, but this is done in their local area with the focus on moving to the next position. I think the difference is working more towards future goals in order to be able to move 'up'. Not developing you current role, but instead focusing on future roles and I think at least with how development in Nordea works this is the difference. We're working with readiness for future roles at executive level. Our candidates have a mentor, we set up different seminars for them and there is even a scholarship where they can go and join external programs that fit their development plan.

The difference from before is that you work for future positions?

Yes. Normally development programs focuses on you current position, this process have a much clearer career-focus.

How much focus do you place on where the individual wants to go in his or her career?

It's a very strong part of the dialogue between the local manager and the candidate but it also involves the HR-partner and HR-head from each business area. The candidate should be very active in this dialogue, 'drinking coffee with important persons' and talking about their next step in their career. It is the key to really take responsibility for the next move and get to know the organisation. It's a little bit a case of putting yourself in the window display. Keep in mind that as a candidate you also need to be seen to be able to move. We actually want them to move out of their old business areas and into new ones to make them esteemed and thought of as group talent rather than local. It helps when they work in different business areas or group functions because the complexity and the experience of being able to work in different parts of the organisation helps them to really get to know Nordea from different angles. It gives them a broader and multifaceted perspective of Nordea and builds up their professional and leadership models.

Your focus is of course on Nordea, but how do you feel about candidates leaving after this extensive training is invested in them?

Of course, this is out of our hands. It's not happened for the group process yet, but it will. The more we work with them and the more they learn about the possibilities and options they have here, hopefully they will come back later. In order to use your talent it could be good to step out of the organisation, and I could only hope that you'd want to come back later and maybe fulfill your dream. But this is out of our control.

Do you focus on 'Nordea' style training to prevent it and maybe locking the knowledge given towards Nordea?

We work very much with the Nordea leadership competencies as they are a big part of our core competencies. In certain way these are generic competencies and will be useful in other companies so it is not at all limiting you to Nordea. Hopefully it gives you great value even if you move out of Nordea and again maybe t makes you want to come back.

Would you say one of the goals of this process is to minimize the need of outside hiring for these key positions?

It is, it's a definite purpose to be able to hire from within our group and an ambition is to raise the retention of talent even though ultimately it is out of our control. You could call it a satisfaction and motivation program we're working with here, to be able to meet expectations when it comes to career but also to be able to fulfill Nordea's need for having talented people coming into the group.

Do you have any estimates how much it would save Nordea to promote from within? In terms of not buying 'the pig in the bag' when hiring outsider that doesn't know the company?

I don't have any figures, but I would expect that it would save costs of hiring and also you can say satisfy young people that you can see Nordea is hiring from within, and a career is possible here and the high-up executive positions are not off limits as outsiders grab them. It makes sense that development and promotion possibilities are motivating talented and ambitious people to get involved.

One question that is more oriented towards analytics of TM, I read a report that says a lot of companies measure 'time to hire', and make a big deal of this, but very few measure the' quality of hire', is that some sort of measure Nordea look into?

It is one of our main focus areas, recruitment processes, and it is definitely an area we need to look into more. I'm working with the talent agenda, and it becomes more and more clear that

this is an area we need to focus on. We need to work on how we define our talent so we know right from the start to take the view that we are not hiring anyone into a position, but rather hiring them with a potential to grow. I can only say yes, what you're pointing out; to put effort and energy into the hiring part makes a lot of sense.

A shift in focus then, from hiring for a position toward hiring for Nordea's future?

Yes.

Do you use any method for analyzing today to see what effects you work is giving Nordea?

We are still running the first cycle of the process, it ends this summer and they have been followed in qualitative dialogue each 6 months. Improvements, happenings and if they've moved positions etc are amongst the topics.   In the future we need to look into other evaluation such as how many candidates come into the succession planning. We need to get more concrete figures around that, but the focus has been on the qualitative analysis in terms of dialogue.

Do you want to move away from just qualitative into more quantitative data?

Not away from, but complementing. The dialogue is important but we need some hard facts as well to be able to show or prove the impact of the process. This is very important for the line of business. I mean I know the impact it has but they need some figures to relate to. But I feel the qualitative part is important with an individual focus so we can see what they get out of it on a personal level. Complementing each other qualitative and quantitative analysis is exactly right.

Question from Christine, student at CBS: Why are you doing TM work? Is it just a buzzword or is it a reaction to a need from within?

Our talent focus comes from within to a large part. When we worked with the succession planning we realised the need of it for the first time. Together with the fact that Nordea wants to be a part of the "movement" signaling to the young generation and the ambitious that we also focus on TM, we can offer a career. It's important to signal these things, and be seen as a forerunner rather than slow to get the best people.

A mix of a genuine need and a branding position?

Yes, that is my personal view, although maybe not the official of Nordea.

Was Nordea inspired by some other company, or was it just reading a McKinsey report that sparked the TM work?

It was part of a McKinsey report of course, and then you can say we have MEARSK that inspired us to look into a 'leadership pipeline' and the succession planning in a new way. Lars Häggström, our HR head at that time from Sweden was an initiating force bringing some thoughts from previous positions. Maybe he would be interesting to interview. He was the one focusing on the people processes, he had a tough job here for many reasons but that is another story.

10 Appendix C

10.1 Interview transcript, Swedbank.

Could you start by describing the TM initiative at Swedbank?

We feel that all of our employees have talent, although that doesn't mean that all of them can take part of our program. Within this initiative we focus on what we call High Potential employees, where potential means potential to take on a new role with higher complexity and responsibility at a higher level at the group. In addition to identifying these employees we also classify key positions for which we need competent employees in the future that are imperative for Swedbank.

Sounds like succession planning?

Yes, to a certain degree. We see three main reasons, from the organisations perspective, to initiate this process; To secure succession, get the right person at the right position and finally to ensure that we retain people through investing in their development. This will minimize the cost of recruiting replacements needed.

Have you gauged what savings could be made from minimizing these replacement-recruitments?

No, as we have only just started this program it's very hard to estimate whether or not it has contributed towards lowering our employee-turnover or cost of recruitment.

So how long have you worked with TM at Swedbank, and have you had similar projects before?

We started in September 2010, and before that there weren't any explicit TM work done. Instead the bank worked from a succession list. Since nothing came from those lists we needed to develop a new approach.

Would you say TM has led to Swedbank being more active in their succession planning then?

We do have a new grip on it. It starts with the directors; we discuss why we are doing this, why it is important… We discuss it as not being "just succession", as we don't have a up-and-out system or say a three year mandate, simply talking about succession would build a sense of disappointment into the system. "I'll never get that job, I'll never get that job, why won't that person quit" would be conceivable thoughts running through our employees' minds.

What we want to achieve instead is to, by different projects, build a carrying organisation where you are challenged and developed outside your current role as well. From an individual's perspective TM becomes a positive thing because, instead of focusing on a title or position, one can say that: " I've been a part of that project and contributed to that outcome that made this or that difference to the company". In this way we want to build a motivator into the system rather than the disappointment mentioned earlier.

What is your role in Swedbank's TM initiative?

I work at group level, in the group-HR, and I'm responsible for the big picture. I lead the thought-process, develop the structure of the program and answers questions like "why are we doing this"," how should it be designed". My role is to ensure that we implement a process on group level and then I am supporting the different Business Areas in their local work.

Do you have similar programs at a local level, to match yours at group level?

It hasn't materialized yet, you could say it's the next step

Was there anything in particular that prompted this TM work getting started back in 2010, or was it a reaction to the "buzz" surrounding it?

I got hired to handle Swedbank's succession planning and when I got in I heard a lot of criticism towards the "old way". All it was seemed to be a list of names, some of which attended courses at London Business School, but nothing really resulted. I got the feeling that what Swedbank was asking for, although unknowingly, was TM rather than succession as a pure listing exercise. That's how I got started in turning it into TM, as I thought it answered the calls from the bank. It wasn't because it's a buzzword, although it is a catchy name, but more as an extension of a learning organisational model I'd say. That's the main difference compared to before TM.

Have you worked with TM before then, as you brought it in?

I was actually a generalist before, so this is my first job as a specialist HR-manager. I've encountered it before though, as it's been incorporated in my responsibilities but this is a first working all out towards TM.

You mentioned that all employees are deemed as possessors of talent, but that not everyone are drafted into the program. How do you choose the candidates that participate?

We have identified a number of criteria describing what potential is, then each department nominates their potentials into these criteria. After that we test their mental ability, logic analytical capacity, relevant to engaging a complex high-up position. We also have a number of development programs where the candidates are able to showcase their potential outside of their current role.

You said motivating the employees was a big plus with TM, how much focus does the individual's career ambitions get compared to Swedbank needs?

Obviously we discuss ambitions with the individual, and it's usually accompanied by an effort to match project-participations that to some extent match those ambitions. It's never a 100% match maybe but that is not a drawback, on the contrary, it's a plus. Roles aren't static today, and there is a growing focus towards being flexible, ability to handle change is premiered and those are becoming key abilities that we want to incorporate into our talents.

We talk about key positions but what it boils down to is key knowledge. We know that we will need a group of directors and a CEO and so on, but exactly what that role will incorporate when the succession is made is impossible to know in advance as it changes continually.

About those key positions, how many have you classified?

Last year it was 204 at group level. It's difficult to know what number we will have in the future but the name of the game is that the important positions, and the important knowledge going with them, are ensured a succession. It simply costs too much for the corporation to end up with a vacancy in one such key position or competence.

As you said, your program is still pretty young and you haven't been able to evaluate it obviously but do you have continuous assessments in some way?

We have a process ongoing, but we're still identifying all of our high potentials. That is as far as we have come as of today, as well as having our key positions reviewed.

Since you put a lot of effort and resources into these talented high potentials, how do you view the probability that some will leave Swedbank rather than climb the latter?

We view them as fantastic ambassadors for Swedbank that can spread the word of us as a good employer. We can't buy people's minds, if they want to leave they will do that anyhow, we can only offer as attractive environment as possible, and if we do that we hope we will get

a lot of good press from former employees as they carry on their journey, rather than a disgruntled mob spreading bad press. We think that investing in the development of the individual will enhance the chance of retaining employees, and those that still leave will hopefully still be fond of us as employers and maybe tip others about the possibility to grow here. It's a lot like thinking from an employer branding perspective.

We've read about different measurements in the literature, and one view that comes across is that while a lot of companies measure time to hire, few measure quality of hire. Have you thought about what measurements are important for you project?

For this project, number one will be to measure how many from our talent-pool we hire to new positions internally. That is important for us, as it shows whether these activities actually boost internal movement and recruitment. As far as the quality is concerned, being part of our talent-pool should take care of that given the criteria we have for getting there in the first place. We do have ongoing discussions of what other measurements we want to check, although again this is still a young process and we haven't decided as yet. It's going to be interesting to read your thesis as part of that process, to see how others think about it, you, the other banks and the literature of course can all give us ideas and pointers worth noting. It is still a young field TM after all, and as with all new fields there is a certain amount of trial and error to find a best practice.

What effects do you expect or hope to see this initiative render?

That brings us back to the three reasons we started this project. To see an improved succession, to get the right person at the right place and to become an attractive employer so that people want to stay here. We want to create an ownership relation from our leaders so that this doesn't become a "HR issue" but instead becomes a business issue, where not investing is risky.

A trend from the literature is that HR wants a strategic partnership status, is that something that is mirrored in Swedbank?

The whole TM work is strategic; you won't get anywhere unless it is tied to business strategy. More and more companies are saying that products don't differentiate us, as they are too easy to copy and spread to competitors like wildfire, and the way to be unique is more and more through the employees. How they work, enjoy work and develop is what the whole talent-

philosophy is all about. The key is to integrate the business and people strategies to get the company moving and getting an edge on your competitors.

You mentioned people strategies; do you have other activities here besides TM, such as Performance Management?

Yes, but we call it Performance Development as we focus on developing rather than controlling and managing it. There are plenty of developmental projects, as we run a banking business there are some legal demands for instance and we have to develop our knowledge in certain areas by law. Obviously we want to track the individual development as well, and how that individual wants to develop. They have a conversation with their boss and come up with what is good and possible ways to improve and learn what it could cost and so on. There is no set budget for developing individuals, it is decided on a case to case basis, but we can't realistically spend SEK 300 000 on everyone.

It's easier to spend more on someone qualifying into a talent-pool?

Of course, but we want everyone to develop. Our goal is to become the best in banking when it comes to development and possibility to grow, and we really need to attack that goal on a broad front where performance development and the interaction between employee and boss is vital.

The feeling is that you want to become a good employer brand, a great place to work. Is that an outspoken strategy?

It's not outspoken to build our employer brand, not like that. We have a goal within HR to be the best in banking at development, we want to have the best directors and the best and most efficient reward-system. That much is outspoken and clear goals. Exactly what it means is up for discussion, but most of what HR does is closely connected to what is known as Employer Branding.

We want to be thought of the same way both externally and internally. Some companies take IKEA for instance; have a big reputation as a great place to work but that is not mirrored very accurately by those employed by them. As we want it to be, those working for us should have at least the same, hopefully even a better view of us as employers. Swedbank knows what we want to be and where we want to go as employers and that is a good start.

You said outspoken goal for HR, do you work separately from the other LOB?

No, just like the other directors at group level our HR director is asked by the CEO how he intends to tune his department to match the goals of the organisation. They all do that in each department so there is no disharmony there.

11 Appendix D

11.1 Interview transcript, SEB

What is your responsibility at SEB?

I work at the SEB Group HR department with a global responsibility for all 20 countries. Our department works with TM in a wider perspective where I am responsible for the so called competence management. This means I am the process owner of recruitment, introduction and exit processes, what positions and roles are important to us, which competences are crucial and our values. Before this I have worked with TM for about ten years at different companies.

How long has TM been a part of SEB?

I have been here for three years and depending on what you consider TM, it has been a part of SEB for about 8-10 years.

What do you consider as TM?

For us, it is about the life cycle of our employees and to have an integrated TM where all parts are linked. Not having one way of recruiting, one way of conducting the performance appraisal and one way of training and development but having a red line through all the activities. It is about attracting, recruiting and developing talented individuals.

Do you have other business areas that are similar to TM but not considered part of it?

No, not really. If you divide the HR department, TM is a part of it and development along with compensation and benefits becomes an extension of that since it is about rewarding performance. Everything is linked together, with HR as the overall name and TM the perspective of it.

What do you consider a talent?

Fundamentally it is a person who has successes within their role and has potential to grow, either to grow within the current role, broaden it or to increase the responsibilities. It could also be development towards a different role.

How do you choose which individuals that get to take part of TM activities?

Everybody is basically taking part of it but we also use something called a talent review which is based on the performance appraisal. It is based on the professional goals for the

individual, what results has been achieved and how these results were achieved. There is a difference between reaching the goals and having great results with a personal agenda and reaching them with the organisation's and the colleagues' best in mind and see the large picture. The individuals who get high rates, the ones who have both reached their goals in a good way and have the right competences get some extra attention to get the light on them.

Do you proceed from the individual's potential or from key positions?

Both of them. We have a list of roles that are more critical than others and within these we have to secure that we have successors, both in short and long terms. We also consider the talented individuals to see how the ambitious and competent individuals could develop further within the company. It is about securing succession.

Why did you begin the TM initiative? Why is it important to you?

In short we have to keep records of the people working for us and ensure that we can both attract and retain the right employees and being considered an attractive employer.

Is it about the individual or organisational perspective then?

It is a mix of both. Essentially, it is about the company's vision and business plan to be able to succeed with what we want to achieve, which is the business perspective. The persons though, must accord with these visions. We cannot force anyone to do something they do not want to do themselves. Therefore we need to match the individual's ambition with the company's needs.

What criteria do you use when choosing individuals?

We have a profile of 7 competences for our managers which proceed from future challenges and what competences and knowledge we will need to be able to handle them. From this profile, we have made descriptions and examples of behavior to be as clear as possible of what we type of person we are looking for. These are present within both recruitment and the performance appraisal. We also provide education which is specialized on developing the competences that are the weakest for each individual which links the activities together. For our co-workers, we have also developed critical competences that are considered through the recruitment and the director-employee conversation but so far these are only general competences for all our employees.

Is there a TM initiative on a local basis as well?

Yes there is, the review process is present in all local departments in all countries and both the recruitments as well as the promotions are executed in the same way, we have one common way of working. The activities with the talents though may vary some, since the activities on a global basis are aimed to prepare individuals for entering the management team within the group while the local departments may focus on developing the employees through projects and enable for them to show their capability in front of the local management team. There is a mix between the local and the global initiatives and we have a common perspective.

How do you feel about the risk that people might choose to leave the company after expensive development efforts?

We believe that it is these efforts that convince employees to stay within the group, because there are development possibilities and by not making these efforts, the risk would be greater of loosing employees. For example, by integrating our trainees from the beginning, by letting them work while participating in the program, we have a very low turnover of our trainees. They know already from the beginning of the program what position they have and to which department they belong.

How do you evaluate and analyze the TM?

We are continuously evaluating the work to improve and simplify it. Sometimes you want to do such excellent work it gets too complicated but we want to do it in a professional but simple way so that all employees are able to accomplish it. Otherwise there is a risk that only a few people use the evaluation. So far we have been monitoring the people in the talent pool to see what is happening and how they move within the organisation. We also calculate statistics which can be presented to the board. Another area of analysis is for example questions about equality.

Have you been able to calculate how these activities contribute to the business result?

It is hard to say that a specific activity has given a certain outcome since there usually are several elements that interact. We have been using a control group from a local Swedish trainee program in the retail division where we compared individuals recruited from the trainee program with the ones recruited from regular, external processes. By that, we found

that the internally recruited individuals more easily could adapt to their new position and found it easier to assimilate the knowledge, thus, the trainees where beneficially to recruit.

What effects do you expect from TM activities?

In short it is about being an attractive employer that attracts the people we want, that we retain these individuals within the company and that our employees are committed and engaged. The expectation is to be able to achieve the goals set according to our business plan and having individuals reaching these.

How do you divide the work between persons and units? I suppose you are not the only one working with TM?

Actually, we are not that many involved with TM. We use a model from Ulrich about how HR departments should be divided within large enterprises. You could say that I am at the development unit but we do collaborate with the whole HR department. It is fruitful to be able to work together and providing different perspectives.

What other effects have you acknowledged, lower cost for recruiting for example?

We work very much with internal recruitment, and in these days hardly any banks recruit externally. We use a way of matching our current employees who risk losing their jobs within a near future, before announcing the new post. We do not want to dismiss someone in one part of the organisation and the recruit someone in another. We do take a large responsibility for our employees and since we find them very good, we want to keep as many of them as possible. We have discovered that internally recruited individuals do not need as much time to adapt to the position. Also we use a very specific list of what requirements are demanded for the position while working with a well-structured methodology to ensure we find the right person and are aware of what we are doing. By this we try to get as effective as possibly while still having high quality.