Disruptive Talent Management

A case study of a talent management system in times of disruptive technology advancements

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English title:
Disruptive Talent Management: A case study of a talent management system in times of technology advancements

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Publication type:
Master’s thesis in Business Administration
Strategy and Management in International Organizations
Advanced level, 30 credits
Spring semester 2018
ISRN-number: LIU-IEI-FIL-A—18/02850--SE

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Department of Management and Engineering (IEI)
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ACKNOWLEDGEMENTS

As we are approaching the end of this two-year journey that is sealed by finishing this thesis, we would like to thank the people who have supported us along the way to get to this point. This has been an unforgettable spring semester with its challenges and accomplishments, success and failure and we would not have made it this far without the people that believed in us.

First of all, we would like to thank our thesis advisor, Jonas Söderlund, for challenging us to aim higher, pushing us to work harder and guiding us through a maze of dead-ends. He provided us invaluable advice and feedback that kept us on the right track. We also want to thank the thesis group of students who encouraged and motivated us to keep progressing with the project through their friendly support and relentless reading of our work in progress.

We give our humble thanks to the case company that voluntarily participated in our research and enabled the execution of the research. Your generous contribution for this study allowed us to explore this interesting topic in a real business environment with excellent interviewees from the frontier of financial services.

Lastly, we wish to express our sincere gratitude to the fellow SMIO students and staff who have been with us through the two years of studying in this master program. It is beyond words what we have gained and learned from all of you during this time and we will always be grateful for being part of this incredible journey.

Linköping, 25/05/2018

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ABSTRACT

The relatively new concept of talent management has been recognized to have a strategic role in disruptive business environments by both researchers and practitioners. A resourced-based view proposes that organizations should focus on internal resources and foster their own unique resources, for instance human resources. These unique and valuable resources are managed to become a core competence for facilitating organizations to seclude imitators and achieve competitive advantages. The proposition that initiate the research question of this thesis aims at delving into the relationships between talent management systems (TMS) and environmental volatility. The concept of talent management and other related theoretical concepts have formerly been theoretically ambiguous and remains empirically unexplored.

This thesis aims to find out how TMS are managed in times of technology advancements. In order to achieve that goal, the authors integrated theoretical knowledge from the field of talent management and further developed a resource-based integrated TMS framework accordingly. Based upon a qualitative and abductive research approach, a single case study of a Nordic company operating in financial services was conducted to answer the research question and to test the framework. By following the order and structure of the framework, the semi-structured interviews were designed and analyzed respectively. The empirical findings reveal that strategic talent management proved to be of great importance in times of technology advancements. A lightweight structured talent management system addressing on flexibility and agility is managed to adapt to environmental uncertainty. Accordingly, the resource-based integrated TMS framework is reviewed and modified for future researchers and practitioners to use and further elaborate upon.

Keywords
Talent management, Talent Management Systems, Resource-based view, Technology advancements
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1 INTRODUCTION

On a bright February afternoon at the headquarters of Wealth & Insurance Organization (WIO) Linda was returning to her office with a restless mind. The board meeting had just ended and the management board had set new directions for the company strategy, shifting focus more to digitalization of their services. She was aware that this was the trend in the development of financial services, but as the head of HR who holds accountable for talent management (TM), she also realized that their employees’ current skills and capabilities were not aligned with the new strategy. Her responsibility was to make sure that their talent management system supported the company’s strategic objectives by providing the required talent and taking care of their needs. The digital side was becoming strategically crucial and WIO did not possess the required skills and capabilities to fulfill the strategic needs. Something had to be done. New key positions had to be filled with the most talented employees in order to execute the new strategy successfully. Linda was pondering whether they should make adjustments to their talent management system or could they just continue with their current system to fulfill the needs and expectations of both, the organization and the new talent.

Linda is not the only manager who has been struggling with the talent-related challenge. Business environments at macro-level have been going through a substantial change in terms of economic evolution, demographic changes and technology advancement (Grant, 2010; Oracle, 2012). These factors affect both employers and employees in various respects, particularly in talent management (TM) practices (Grant, 2010; Oracle, 2012). Economic evolution has affected talent management as the focus of economic value has been shifted from goods to intellectual assets and information. These intangible assets have become critically important as they consist of know-how and intellectual property. Talent, as a new strategic asset, develops these intellectual assets and information in organizations. Economic evolution has also allowed markets to expand and countries to be globalized. Globalization fosters not only work diversity but also competitive talent environment so that companies have to find the world’s best talents and the greatest business ideas (Grant, 2010; Oracle, 2012). The second factor that calls for strategic choices on talent management arises from demographic changes. Talent-related demographic shifts such as generational geographies, long lifespan and workplace diversity alerted management to carefully consider their TM strategies to confront the
risk of shortage of workforce, loss of knowledge transfer or team cohesion (Oracle, 2012).

In addition to the aforementioned two factors, technology advancements, a focal point presented in this thesis, has become a potent force and exert tremendous impact on TM. Technological advancements drive changes in the world economies at ‘unprecedented speeds’ (March, 1995: 428). In order to stay relevant, it has become a necessity for organizations to adapt effectively to rapid technological changes (Edmondson, Bohmer & Pisano, 2001). One of the most disrupting technological development of modern world is the digital infrastructures and its virtually unlimited number of potential applications (Hagel, Brown & Davison, 2008). Internet has allowed the emergence of digitalization in entire industries and it has grown at a remarkable rate and fundamentally changed competitive landscape in business environment from media and transportation to financial services and retailing (Oracle, 2012). Forerunners such as Uber and Airbnb take advantage of digital turbulence to disrupt into different markets and reshape industries continuously (Gartner, 2017). As a result of continuous change and relentless competition in technology advancements, strategies are called for to develop the responsiveness and flexibility to create successive competitive advantages. Nevertheless, the implementation of strategies depends on employees, who are expected to own a set of new skills that match technological requirements and strategic goals (Grant, 2010). New ideal talents ought to quickly gain relevant knowledge and expertise to deal with the new technologies and maintain professional connections (Oracle, 2012).

Justifying human resources’ (HR) role in favoring business strategies to gain competitive advantage in disruptive business environment does not come out of nowhere. Earlier in the 1970s, Walker (1978) already tried to link between strategic planning and human resource. Then, the concept of strategic human resource management (SHRM) was set up to provide an avenue to claim the value of HR to its firm success (Devanna, Fombrun & Tichy, 1984). The advent of the concept SHRM was continuously evolved to demonstrate the connection between HR and business strategy (Wright, Dunford & Snell, 2001).

Apart from that, the resource-based view (RBV) was brought up in the strategy literature to shift the focus away from external factors towards internal firm resources as sources to gain competitive advantage (Barney, 1991). RBV proposes that a firm should explore the role of human resource in influencing the competencies of the firm
because human resources can be a source of sustained competitive advantage (Barney, 1991). Firms start to review their internal resources in attempt to make these resources unique and hard for competitors to imitate. This has brought legitimacy to assertion of human resource that employees are strategically important to firm. RBV can work as an accessible bridge between firm strategies and human resources and it is integral to the development of talent management literature.

Talent Management (TM) is considered to have been initiated in 1998 by a group of consultants working for McKinsey & Co. who brought up the “war for talent” discussion by arguing that better talent is worth fighting for and suggesting that TM should be elevated as a corporate priority (Chambers et al., 1998). Since then, TM has become an increasingly debated topic around the human resource management (HRM) theory and practice (Thunnissen et al., 2013b; McDonnell et al., 2017). The underlying basic premise that differentiates TM from general HRM practices is that the practices required to manage the high performing, talented individuals in strategic positions differ qualitatively from common HRM processes (McDonnell et al., 2017). Furthermore, conventional HRM practices are aimed to cater to the whole employee population, whereas TM focuses on the employees that are considered to have a strategically significant role and impact on the organization’s performance (Collings & Mellahi, 2009).

Having acknowledged that human capital is a central source of competitive advantage (Barney, 1991), technological dynamics force organizations to rethink and develop their TM strategies to effectively deliver business value (Oracle, 2012). Cappelli and Keller (2014) clarify that TM strategies aim to place right people in the right job and at the right time. In order to reach such goal, a range of systematic and established knowledge that combine the TM concept and empirical practice produce more meaningful insights for companies to analyze their situation in advance. In other words, creating a talent management system (TMS) by integrating all related processes facilitates organizations to achieve long-term success (Ashton & Morton, 2005).
1.1 Problematization

Talent management has been widely recognized as a critically important strategic business activity by both, academics and practitioners (Ashton & Morton, 2005; Garrow & Hirsh, 2008; Collings & Mellahi, 2009; ManpowerGroup, 2015; PWC, 2017). Similar to the proposition of resource-based view (Barney, 1991), talent is seen as a scarce, strategic resource that has the potential to provide competitive advantage to an organization and to differentiate from its competitors (Lawler, 2008; Thunnissen et al., 2013a). The management of this scarce resource is implemented through a talent management strategy which is embodied in a talent management system (TMS). A TMS encompasses all the activities and processes related to talent management, from strategic talent choices to individual TM practices such as recruitment or development which then leads to an outcome. However, having a TMS in place does not automatically mean that an organization’s internal talent is effectively managed and the importance of it is often overlooked (Joyce & Slocum, 2012; Al Ariss, Cascio & Paauwe, 2014). It is suggested that in order to establish an effective TMS, it needs to be designed specifically to contribute to the strategic organizational objectives (Ashton & Morton, 2005; Garrow & Hirsh, 2008; Collings & Mellahi, 2009). Taking the perspective of RBV (Barney, 1991), the ultimate objective of a TMS should be to achieve a sustained competitive advantage through managing the internal talent resources in an effective way. The focus of the TMS has to prioritize the key strategic areas and positions of the organization and the individual TM practices need to be tightly integrated to support the organizational objectives (Ashton & Morton, 2005; Garrow & Hirsh, 2008; Collings & Mellahi, 2009).

With the high levels of disruptive developments in today’s world, companies are facing a situation where many aspects of their business strategies are uncertain (Gupta et al., 2008). Established business strategies and models may lose their relevance overnight because of the speed of development. Groundbreaking innovations that emerge unexpectedly has been witnessed to shake whole industries (Christensen, Raynor & McDonald, 2015). The disruptive technology advancements have shaped an enormous amount of different industries and continues to do so. These developments have significant impacts on business strategies, hence the strategic key areas may shift rapidly (Christensen, Raynor & McDonald, 2015). When such shifts occur, it naturally affects also talent management strategies as the prioritization of business areas takes a new focus (Collings & Mellahi, 2009). The new focus may include business areas out of the reach of current organizational capabilities. This kind
of situation creates a demand for new resources to build the missing capabilities, a

demand for new talent.

By the time an organization realizes the need for new talent, in other words new skills
and capabilities, the process of making the strategic talent decisions has already
started inside the TMS (Ashton & Morton, 2005). The new needs should lead to new
strategic choices that are carried out in the individual TM activities and processes
(ibid.). However, the impacts of new talent needs on an organization’s TMS are
underexplored and the current TM literature does not shed light on how organizations
should address the new talent needs in a TMS (Thunnissen, Boselie & Fruytier, 2013b;
McDonnell et al., 2017).

Furthermore, different authors emphasize that more empirical researches need to be
conducted in talent management in order to fill the gaps in TM literature (Lewis &
Heckman, 2006; Thunnissen, Boselie & Fruytier, 2013a; McDonnell et al., 2017).
McDonnell et.al. (2017) state in their TM literature review that there is a serious gap
related to the management of talent, especially regarding the processes organizations
use in talent management. Thunnissen, Boselie & Fruytier (2013b) highlight a gap in
TM literature regarding the relation between talent management and the external
context. They state that talent management literature focuses mainly on a single
aspect - the labor market. The impacts of different developments and trends in the
labor market has been examined in existing TM literature, but the effects of other
competitive mechanisms are underexplored (Thunnissen, Boselie & Fruytier, 2013b).
Competitive mechanism is a dimension referring to a certain degree of demands on
human resources and it derives from market competition and technology
advancements (Paauwe, 2004). This dimension represents the fierce competition in
economic market which requires firms to strengthen talents’ capabilities by deploying
their competencies in terms of efficiency, effectiveness, flexibility, innovativeness and
quality (Paauwe, 2004). This paper aims to contribute to these aforementioned gaps
in the field of TM by conducting empirical research on the TMS activities and
processes and how they are affected by new talent needs emerging from the demands
of the organization’s external environment.

Conducting research on the impacts a disruptive business environment to TMS would
make an important contribution to the current TM literature. It will extend the
understanding of the TM activities and processes and deepen our knowledge on the
influence of external factors on TMS. In order to analyze the impacts of a disruptive
environment, the talent management system of the firm must be identified and understood first. Such an empirical study will generate useful knowledge regarding the processes and activities companies perform in TM. In the dynamic operating environments of today where firms view TM as an important strategic element (Ashton & Morton, 2005), it would be particularly helpful to better understand this dilemma. Comprehending these aspects of TM would support practitioners in their pursuit to gaining sustained competitive advantage through TM and to enhance strategic fit.

1.2 Research question

*How does an organization manage their talent management system to meet new talent needs in times of disruptive technology advancements?*

To break down the research question, some keywords will be highlighted and explained further. The research revolves around talent management (TM) and more specifically the talent management system (TMS). These two keywords are the corresponding field of research and the core theoretical concept that is at the focus of the research. Studying how a talent management system is managed sets demands for identifying the talent management system and analyzing how the different elements of the system are performed and interlinked with each other. The perspective this study takes on managing a talent management system is when an organization faces new talent needs. By new talent needs the authors refer to new skills and capabilities that are required to successfully perform company strategy and to answer to the competitive demands arising from the business environment. These demanded skills and capabilities are obtained through acquiring new talent with the respective skills and capabilities. The new talent may also have special characteristics and needs as an employee that has to be taken into account in managing the TMS. Furthermore, the scope of the study prioritizes new talent needs that emerge due to technology advancements and other related disruptive developments such as digitalization in general, mobile services, artificial intelligence, automation, etc. This study explores each of these aforementioned keywords and aims to produce useful findings and a contribution to the research field by answering to the research question.
1.3 Resource-based view on Talent management

Talent management is theoretically framed in various ways, ranging from Resource-based view, social exchange and dependency theory, institutional theory, learning theory to brand equity and signaling theory (McDonnell et al, 2017). Barney (1991; 1995) advocates organizations to explore the role of talent in gaining competitive advantage through the lens of resource-based view and according to many researches, developing human resource-based practices or processes in a company based on resource-based view is the dominant theory to imply the strategic impact on talent management (Lewis & Heckman, 2006). This thesis aims to find out how firms manage their talent management system to perform firm strategy successfully so as to adapt to technology advancements. Due to mentioned reasons, this paper will also adopt the resource-based view as the foundation to frame the research.

1.4 Research objectives

This is a study of disruptive talent management. The research objective of this study is to make a contribution to the TM literature by studying how talent management systems are managed in a disruptive business environment. In order to achieve the research objective, the authors conduct an empirical research within the context of the research question. Expanding the understanding about talent management systems in general and in a disruptive business environment would benefit scholars in the field by extending a line of TM research that examines the complete constitution of talent management systems, structures and relationships between the elements that form a TMS. It also would extend the knowledge of how a TMS can be designed to support business performance. The findings from this study and further research in the area could be exploited by the practitioners as well, when they consider their talent management strategies and talent management systems. The potential benefits of carrying out this study has inspired and motivated the authors to explore within this ambitious research area. The authors create a theoretical concept of an integrated talent management system that combines existing literature in attempt to compose a framework that would cover an entire TMS. The reason for producing such a conceptual framework is that there exists no such a comprehensive model of a TMS in the current TM literature. Conducting research to answer the research question by using the new integrated TMS framework is at the same time the initial testing of the new concept, which will be reviewed as a part of the analysis. Reaching the research
Objective of this paper will generate value through both empirical as well as conceptual contributions to the respective field of research.

1.5 Thesis scope

Macro environmental changes are driven by different factors and this paper focus on one the major factors, technological advancements. This is due to the reason that technology advancements has been an external factor shaping and reshaping business industries as a whole (Grant, 2010; Hagel, Brown & Davison, 2008; March, 1995; Oracle, 2017). Strategies on talent management associated with technology has drawn the attention by both academic and practitioner side. Therefore, this paper suits all the organizations which are disrupted by new technologies as we urge organizations to confront technological challenges through a systematic process of a talent management system. However, due to the feasibility and the spread use of digitalization in Nordic countries, the empirical research presented in this paper narrows the scope to Nordic context. Further, our empirical research will be a single case conducted in the business field of financial services. Financial services were chosen as it is on the cusp of digital transformation from a traditional paper-based industry. Possessing new skills and capabilities and understanding how to meet new talent needs are addressed by many traditional financial services (PWC, 2016b; PWC, 2017).
1.6 Outline of the thesis

Chapter 1 Introduction

• This chapter introduces the research context through presenting a background overview for the empirical area of the study as well as the field of research. It is followed by a problem description that leads to the research question and the purpose of this study.

Chapter 2 Theoretical Background

• The relevant theories for understanding the research topic and for approaching the research question are examined. The chapter starts with an overview of talent management and it builds towards creating a new conceptual framework that is used for the purpose of this research.

Chapter 3 Methodology

• The methodology chapter embodies the second layer of flesh and presents the research methodologies used in this thesis. It outlines the research approach, research strategy and the data collection and analysis to describe the designing process of case study.

Chapter 4 Findings

• This chapter starts with a brief overview of financial services industry and the case company. After that, the findings are explained in the order as the interviews where structured, based on the resource-based integrated TMS framework created in the theory chapter.

Chapter 5 Analysis & Discussion

• In this chapter the empirical findings are analyzed. The aim is to draw conclusions from the research that would contribute to the existing talent management literature and readers can expect the answer to the research question.

Chapter 6 Conclusion

• In this chapter the mystery of the thesis is uncovered and the thesis is finished up with the summaries of the findings and analysis. Implications and future research are discussed while it allows the readers to have a clear overall understanding of the research.

Table 1. Outline of the thesis
2 THEORETICAL BACKGROUND

The chapter of theoretical background builds upon the research problematization and the research question. The presenting logic of this chapter is to firstly provide the overall understanding of the key concept of talent management for research topic. Followed by that, the literature of resource-based view and VRIO framework are reviewed so that through the lens of resource-based view, the theory of talent management can be further elaborated and explored. In order to delve into the theoretical knowledge of talent management, activities and elements in talent management system are introduced. Ultimately, this chapter will be ended with a resource-based integrated TMS framework. The authors create this framework in order to contribute and further develop knowledge of talent management both on current literature side and practitioner side. To make readers understand this chapter better, the following chart illustrates the structure of this chapter.

![Figure 1. The structure of Chapter 2 - Theoretical Background](image)

2.1 Talent Management

Talent management literature can be roughly divided into two classes of research: management of talent and the talented individuals (Lewis & Heckman, 2006; McDonnell et al., 2017). Attracting, recruiting, retaining and rewarding talented individuals is the focal point in studies of management of talent, whereas the research on talented individuals focus on the concept of talent and the behavior of the high performers (Lewis & Heckman, 2006; McDonnell et al., 2017). Within these two classes, Lewis & Heckman (2006) identified three dominant views of perceiving TM in
the literature. First stream views TM as a new label for regular HRM practices with only very minor differences, thus TM equals HRM. The second stream emphasizes the concept of talent pools and perceives TM as a process to establish a sufficient flow of talent throughout an organization. The third identified perspective focuses on talent and their performance levels in a generic way, without applying organizational boundaries or specific positions to the view. Collings and Mellahi (2009) added a fourth stream to the mix that focuses on the identification of pivotal positions rather than the talent itself. This thesis applies and combines theories from the second and fourth class of research in order to gain a broad perspective to approach examining the process of talent management which is performed in a talent management system. One of the most used definitions and also the one used in this paper is the following by Collings and Mellahi (2009):

“Talent management is activities and processes that involve the systematic identification of key positions which differentially contribute to the organisation's sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organisation.”
- Definition of Talent Management by Collings & Mellahi (2009, p.304)

This definition takes the identification of key positions as the starting point for any talent management system (Collings & Mellahi, 2009). It is in line with the common acknowledgement that more focus should be on strategic over non-strategic positions when considering the placement of talent resources (Becker & Huselid, 2006; Boudreau & Ramstad, 2007). The second element of the definition outlines the meaning of developing a talent pool to fill the pivotal positions with talent resources that can result in gaining sustained competitive advantage (Collings & Mellahi, 2009). This part of the definition hints about the relationship between talent management and the resource-based view (Barney, 1991) by addressing the sustained competitive advantage as an outcome of successful talent management. The third element of the definition emphasizes the value of the applied human resource architecture that facilitates the filling of the pivotal positions as well as the development and management of a talent pool. It intentionally overlaps with the first two elements as it represents the overall constitution or structure of the different TM practices and
activities. In this paper the human resource architecture is referred as a talent management system (TMS) and it is in a focal point in this research.

2.1.1 Talent management systems (TMS)

Talent management involves various different activities at multiple levels of an organization. Thunnissen et al. (2013b) state that TM should be a complete set of system of interrelated activities. The activities can be examined independently, but when referring to all of the activities as an entity, it is referred as a Talent Management System (TMS). These TMS activities begin from identifying the strategic needs emerging from the organization’s contextual circumstances which then leads to a set of strategic talent decisions that are carried out in the specific TM practices (Ashton & Morton, 2005). Commonly these TM practices are categorized into identification, recruitment, training and development, succession planning and retention activities (Dries & Pepermans, 2007; Collings & Mellahi, 2009; Stahl et al., 2012; Thunnissen et al., 2013b). The TM literature presents two different approaches to handling the TMS practices, the best practice approach and the best fit approach. The best practice approach suggests that certain practices are considered to be universally successful, thus these best practices should be generally applied in talent management systems (Stahl et al., 2012). However, this approach has been criticized for having limited potential for differentiation due to high imitability of these practices and for lack of considered alignment with an organization’s strategic direction. These limitations have supported the emergence of the second approach, the best fit approach. The best fit approach calls for a more context specific starting point for designing the TMS. Designing a TMS is a matter of best fit where strategic objectives, organizational culture and TM practices need to be tightly tied together. (Boudreau & Ramstad, 2005; Garrow & Hirsh, 2008; Collings & Mellahi, 2009; Sparrow, Hird & Balain, 2011; Vaiman, Scullion & Collings, 2012; Dries, 2013; Bolander et al., 2014). This paper uses a best fit approach to comprehend and analyze TMS.

2.1.2 Talent management research

Since the inception of talent management in 1998 (Chambers et al., 1998), the relatively new field of research has gained considerable momentum and is now regarded as an important business activity by both, academics and practitioners (Thunnissen, Boselie & Fruytier, 2013b). A literature analysis conducted in May 2013 covering TM literature since 1998 showed that 93% of the articles were published post 2008 (McDonnell et al., 2017). This indicates the growing activity in the field but also
the relatively short history of it. The key driving forces for the increasing interest in TM among researchers and practitioners builds from the assumption that effective TM is a major source of competitive advantage (McDonnell et al., 2017). Moreover, the recent demographic developments around the world such as aging, low birth rates and expanded workforce mobility have led to challenges in talent supply which have further increased the interest in TM (Tarique & Schuler, 2010; Schuler, Jackson & Tarique 2011). Along with the demographic changes, the business environments are also evolving. For instance, the transformation from product- to knowledge-based economies and the demands raising from technology advancements require high-value workers with greater cognitive abilities to handle complex roles in a firm (Vaiman, Scullion & Collings, 2012; Oracle, 2012). Recent surveys support the importance of TM by showing that it is considered as one of the most critical strategic business challenges of today (PWC, 2017). The interest that has been deriving from the practitioners’ side has inspired researchers to explore the field (Thunnissen, Boselie & Fruytier, 2013b; McDonnell et al., 2017).

It is widely agreed that the concept of talent management suffers from theoretical limitations (Lewis & Heckman, 2006; Thunnissen, Boselie & Fruytier, 2013b; Dries, 2013; McDonnell et al., 2017). The research field has been characterized as being evolving from infancy (Lewis & Heckman, 2006) to adolescence (Collings et al., 2011), and that it is on its way towards maturity (Thunnissen, Boselie & Fruytier, 2013a; McDonnell et al., 2017). The field is still searching for a sound foundation, like many other management concepts that have evolved in a similar fashion (McDonnell et al., 2017). At the current state, TM literature is lacking theoretical cohesion as there exists no overarching grand theory to direct the research in the field. It is not seen as a requirement nor desirable to have a single definition of TM, rather it would be more important to have greater consensus on the boundaries of the field in order to make a clear distinction of how TM differs from traditional HRM and to support TM to be understood as a separate field of its own (Collings & Mellahi, 2009; McDonnell et al., 2017). A basic presumption in TM is that effective management of talented workers requires organizations to apply qualitatively different practices than the basic HRM practices (McDonnell et al., 2017). The definition of talent has varied broadly among different authors and organizations (Lewis & Heckman, 2006; Thunnissen, Boselie & Fruytier, 2013b; Dries, 2013; McDonnell et al., 2017). The views range from inclusive approaches that regard all employees as talent to exclusive approaches that view only a specific group of high performers as the talent (Dries, 2013). This paper builds on
the assumption presented above and views TM as a discrete field of research despite its current limitations and will focus on the management of talent from a strategic point of view. Due to the theoretical limitations and the importance of framing TM in published works (McDonnell et al., 2017), this study will use Resource-based View (RBV) (Barney, 1991) as a framework to set boundaries for the research and use the definition of TM from Collings & Mellahi (2009).

2.2 Resource-Based View (RBV) on Talent management

Since this thesis is decided to be framed using the resource-based view, the theory of the resource-based view will be introduced in this part. VRIO framework, one of the important contribution in the literature initiated by Barney (1995) is reviewed in the following and at the end of this section the authors will explore the role of talent based on the resource-based view.

2.2.1 Resource-Based View

Barney (1991) argues that most researchers and practitioners only focus on the external environment to analyze the opportunities and threats whereas companies’ internal strengths and weaknesses are given little attention. Looking at external environment to conceive of and implement strategies is based on the assumptions that firms are identical within an industry in terms of strategic internal resources and their resource heterogeneity is temporary because the resources used for strategies can be highly mobile. There has been a fruitful outcome by understanding a firm’s external environment (Barney, 1991). However, the resource-based view theory (RBV) that refers to a firm’s internal resources is rather critical for the firm to gain sustained competitive advantage. RBV propose that firms are heterogeneous due to their different internal resources such as assets, capabilities, human resources and their potentials. These internal resources can be exploited to become unique strengths for companies to conceive of and implement their strategies (Barney, 1991; Grant, 2010). When the firm’s external environment changes greatly, the focus on the internal resources and capabilities provides a more secure and solid base for sustainable competitive advantage in comparison to the focus on external market (Grant, 2010).

A firm’s resources are categorized into three principal types: tangible, intangible and human resource (Grant, 2010). Tangible resources are identified as financial or physical assets while intangible resources are with regard to firm’s reputation, technology and culture. Human resources ranges from training, experience, judgment,
intelligence to relationships and insight of individual employee and managers (Barney, 1991). Unlike tangible and intangible resources, firms do not own human resources but purchase their services through labor contracts. There is a considerable growing trend among firms to hire talented employees and appraise them strictly at the hiring stage (Grant, 2010).

This thesis will only focus on the third type - human resource, as we will investigate TM within the frames of RBV. The reason for framing within RBV is the lack of an overarching grand theory to guide the research in the field of TM (McDonnell et al., 2017). As a relatively young and unexplored field of study, TM has not yet established clear conceptual boundaries to define what it essentially encompasses, thus it is appropriate to borrow frames from an associated and more developed field of study (McDonnell et al., 2017).

2.2.2 VRIO framework
Barney (1991) clarifies the difference between sustained competitive advantage and competitive advantages. When a company formulates and implements value-creating strategies, whether these strategies can be duplicated and simultaneously implemented by competitors lies on heterogeneity and immobility of firm resources. That being said, organizations must examine the firm resources they possess to evaluate its possibility to become a source of sustained competitive advantage. Not all the firm resources are strategically relevant resources, some of the resources even thwart the strategies to be employed (Barney, 1986). To help companies to find the potential of gaining sustained competitive advantage, VRIO framework was introduced to assess firm resources effectively (Barney, 1995).

VRIO framework was created through RBV to address four sources of competitive advantages: 1) the question of value, 2) the question of rareness, 3) the question of imitability, and 4) the question of organization (Barney, 1995). In order for a resource to be considered to against competitors, first of all, it must be valuable and enable firms to formulate and implement strategies to explore opportunities and neutralize threats. Being valuable is prerequisite for a resource, but not sufficient. If a valuable resource is possessed by a large number of organizations, they will be able to formulate and implement the same strategies so that no organizations will achieve competitive advantage. Thus, these valuable resources must be rare to find so as to dismiss common as well. Valuable and rare resources cannot be determinants to gain
sustained competitive advantage if they are perfectly imitable by those competitors who do not possess. The reasons for a source to be hardly imitated vary. For example, unique historical or cultural conditions. Social complexity is also able to impede competitors' attempt to replicate valuable and rare resources (Barney, 1991). Last but not least, only an organized firm will increase the likelihood to fully explore its competitive potential of resources and capabilities. An organized firm refers to numerous components of a firm, such as its management control system, reporting structure or compensation systems (Barney, 1995).

The VRIO framework is widely used in literature aiming at managerial practices, which allow firms to exploit their valuable, rare and inimitable resources through organization. Armed with these unique resources, firms are able to bring them to compete in external environment (Barney, 1995).

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2.2.3 RBV, VRIO and Talent Management

RBV back the point that a company's competences lie in its own resources and capabilities (Barney, 1991). Companies need to identify, use and manage these resources and capabilities to achieve firm growth. Although plenty of tangible, intangible and other resources play significant roles in helping companies to actualize value creation, human resources' impact on strategies has drawn attention from both researcher and practitioner sides (Andjelkovic-Pesic, Jankovic-Milic & Stankovic, 2013). The proliferation and heat lead HRM to a new level, 'talent management'. The
new research domain has come into use during the past two decades and is on its way to maturity (Collings & Mellahi, 2009; McDonnell et al., 2017). Talents are the resources who possess knowledge, experience and different capabilities. When environment changes or new technology emerges, talents' current knowledge and skills may be insufficient to be used and companies' competences may be eroded with time (Andjelkovic-Pesic, Jankovic-Milic & Stankovic, 2013). When new skills and knowledge are required, companies should be adept at such dynamics to implement appropriate TM strategies. Otherwise they will have inadequate abilities to retain competitive edge (ibid).

Through the lens of RBV, firms should ask four questions within VRIO framework with regard to identify, use and manage its human resources. Based on that, this paper will ask four talent-related questions.

**Talent value** Valuable talents are the talents who are able to create value for a firm (Barney & Wright, 1998). As Paauwe (2004) points out, high-paced development of technology results in fierce market competition which in turn requires firms to speed up to be more innovative and agile in adopting new technologies. This can be accomplished by deploying its human resources competencies (Paauwe, 2004). Talents are anticipated to be innovative or perform efficiently and effectively so that they can create value for a firm to enhance its competitive mechanism (ibid). Firms tend to make strategic choices on their human resource and accordingly adopt either a cost-effective or a differentiation strategy to gain competitive advantage (Barney & Wright, 1998; Porter, 1981). The question is, how could talents add value to a firm by either decreasing costs or being different?

**Talent rareness** In order for a firm to win in the market competition, the first and foremost is that talent must be a valuable resource. However, a common valuable resource offers only competitive parity as they only allow companies to stand at equal positions in comparison to their competitors (Barney & Wright, 1998). The valuable resource has to be rare to ensure an advantage (ibid). Barney and Wright (1998) presume that talent pool in a particular job across firms is homogeneous, thus making firms explore the potentially different talent rareness which show in talents' skills and capabilities for the job. It is demonstrated that talents' rare characteristics are often associated with firms which innovate frequently (Andjelkovic-Pesic, Jankovic-Milic &


Stankovic, 2013). The question is, how shall a firm discover and develop talents’ rare characteristics to compete in the market?

**Talent inimitability** Valuable and rare characteristic of talents can benefit companies in short term (Andjelkovic-Pesic, Jankovic-Milic & Stankovic, 2013; Barney & Wright, 1998). This may be due to the high cost or negligible possibility for competitors to imitate. However, as long as competitors are given enough time and money nearly all the resources can be imitated and by then this temporary safety will become a basis of competitive equality again (Andjelkovic-Pesic, Jankovic-Milic & Stankovic, 2013). According to Barney (1991), there are various reasons to explain why firm resources can be imperfectly imitable. A firm for example obtains a firm resource due to historical or cultural reasons or the firm resource facilitates the firm to gain competitive edge due to its social complexity. Therefore, when a firm develops its talents’ skills and capabilities over time, it will form its own culture and social complexity, which is difficult for competitors to imitate. This is aligned with theory which addressed the strategic importance on TM, that is, organizations should focus on human resource-based practices and processes (Barney & Wright, 1998; Lewis & Heckman, 2006).

**Organization** Value, rareness and inimitability are insufficient for a firm to gain sustained competitive advantage unless they are organized. Each attribute for example value of talents exist isolatedly as each of the attributes have limited abilities to aid a firm to generate competitive advantages. On the contrary, an organized talent management system (TMS) which links all the resources and capabilities enable a firm to fully exploit the potential of these resources (Barney, 1995). Established procedures and systems in a firm starts from attaining knowledge of new talent needs to identify pivotal position of talent pool, and to endeavor to make talent pool contribute efficiently and effectively under such established mechanism during their lifecycle (Andjelkovic-Pesic, Jankovic-Milic & Stankovic, 2013). Competitors may be able to duplicate a single or several activities in an organized TMS, but the real challenge is to duplicate the system as a whole. When each activity strategically associated with each other, it will become a harmonious lock chain securing themselves from being easily duplicated (Andjelkovic-Pesic, Jankovic-Milic & Stankovic, 2013).
2.3 Elements of a talent management system (TMS)

This section delves deeper into the elements that constitute a talent management system with the aim to cover a range of relevant theories to create a holistic understanding of the various activities and practices that are included in a TMS. The first part introduces a framework for a TMS by Aston and Morton (2005), continued by introducing strategic talent management by Collings and Mellahi (2009) and ending with a combination of theories to come up with a talent lifecycle model.

2.3.1 Making strategic talent choices

Ashton & Morton (2005) created a model of a talent management system which aims to incorporate the whole array of components that together constitute a TMS (See Figure 3). They emphasize the integration in the TMS, which basically means knowing how all the aspects of TM fit together in a TMS. They argue that integration is the key to connect strategy, business planning and the organization’s approach to TM. In order to align the firm’s strategic objectives with the talent management, talent planning and business planning must be parallel processes (Ashton & Morton, 2005).

Ashton and Morton (2005) highlight the strategic importance of Talent Management. They argue that effective talent management can become a core competence and help an organization to differentiate from its competitors and to gain sustained competitive advantage (Ashton & Morton, 2005). Talented individuals in pivotal positions can have significant impacts on the performance of an organization (Ashton & Morton, 2005). Silzer and Dowell (2010) support this view by suggesting that organizations need to carefully consider their talent needs in order to gain long-term success.
Figure 3. The CRF talent management system (Ashton & Morton, 2005, p.31)

Their model is divided into five steps: Need, Data Collection, Planning, Activity and Results. The first step, need, resemble the acquisition of knowledge closely related to strategic decisions. During this phase the purpose is to map the demands arising from the business strategy business model or the external environment of the firm for instance. Through understanding the needs for the strategy execution, it is possible to understand for what kind of purposes talent will be needed and what the strategic key areas of the business are (Ashton & Morton, 2005).

The data collection seeks to gather the fundamental data required for talent decisions. Basically, it can be seen as a procedure of comparing the current human resources to the identified current and future needs of the organization and assessing the alignment between current talent resources and future talent needs. This step aims to answer whether the firm has the skills and capabilities to fulfill the business needs, and who are the required new talents to fill potential gaps (Ashton & Morton, 2005).

After sufficient knowledge about the alignment has been acquired follows the planning, that is guided by data analysis. At this point the talent management strategies are
formulated. Decisions regarding for example talent prioritization, talent costs, gaps or excess in talent are made. Basically, the general frames and direction for talent management based on the needs and knowledge are set and then communicated to the functions performing the practical TM activities that are part of the activity step of the model (Ashton & Morton, 2005).

The activity step includes all the activities that are used in managing the talent pools, thus the talented individuals. These activities range from hiring to firing and everything between. To examine these activities in more detail, this thesis utilizes another model called Talent lifecycle that has a particular focus on this part. That model is introduced later in this chapter.

The final step of Ashton and Morton’s model is results, which is the outcome of the process of the previous four steps (Ashton & Morton, 2005). In this study the expected outcome of effective talent management is gaining competitive advantage or sustained competitive advantage as the resource-based view suggests (Barney, 1991).

2.3.2 Pivotal positions and talent pools

Collings and Mellahi (2009) have created a theoretical model of strategic talent management (see figure 4) which is based on the definition of talent management introduced earlier in this paper.

![Figure 4. Strategic Talent Management (Collings & Mellahi, 2009, p.306)](image-url)
Their approach highlights the importance of identifying key positions which have the potential to differentially influence the firm’s competitive advantage. They suggest that the starting point should be the identification of the key positions rather than identification of talent. This is argued by recognizing that it is neither appropriate nor desirable to fill every position with top employees, thus the key positions should be carefully considered before action is taken to fill any positions (Collings & Mellahi, 2009). Over-investment in non-strategic roles is common in business, thus greater emphasis should be placed over organizational roles which promise above-average impact on the firm’s performance instead of roles with only marginal impact (Boudreau & Ramstad, 2007; Huselid, Beatty & Becker, 2005). The focus on talent management systems should be directed at top performer and high potential employees in key roles of the organization (Collings & Mellahi, 2009). Narrowing the focus in such way would advocate a more deliberate utilization of organizational resources. This approach also supports in making a clear distinction between talent management and conventional human resource management as it narrows the focus from all the employees of an organization to a limited group of high performers in pivotal positions (ibid.).

The high performer and high potential employees form a talent pool from where the pivotal talent positions can be filled (Collings & Mellahi, 2009). The authors propose that the key for an effective talent management system is the development of the talent pool to supply the key strategic positions. In practice this also requires the application of ‘recruiting ahead of the curve’ (Sparrow, 2007) approach rather than vacancy led recruitment, which is a proactive approach to identify employees with the potential to fill pivotal positions that may emerge in the future. The talent pool should consist of individuals from both, the organization’s internal labor market as well as external labor market (Collings & Mellahi, 2009). The authors do not describe the individual HR practices that should be applied to support the development of talent pools and the positioning of key talent. They argue that the utilized HR practices should be appropriate to the context of the organization and the best practices may differ accordingly (Collings & Mellahi, 2009). However, the aim of the deployed HR practices should be on building the motivation, commitment and development of the individuals in the talent pool.

### 2.3.3 Talent lifecycle

*In this part, a talent lifecycle model is presented that encompasses all of the commonly used phases of interaction between an organization and its talent pool (see Figure 5).*
It is inspired by previous work on TM practices by Stahl et al. (2012), Dries and Pepermans (2007), Schiemann (2014) and Lawler (2017).

During the time talent is embedded in an organization, there are numerous ways the organization interacts with the individual (Stahl et al., 2012; Schiemann, 2014). The effectiveness of talent investments is determined by how well the talent lifecycle is managed (Schiemann, 2014).

The talent lifecycle begins from identifying the high potential employees that form the organization’s talent pool. Dries and Pepermans (2007) found that it is a common pitfall for organizations to not pay enough attention to the identification of the high potential employees. In the identification phase organizations look for individuals with high performance levels, who take initiative and has a strong drive and ambition for their work (Dries & Pepermans, 2007). The assessment is conducted through TM activities such as performance appraisals, talent review meetings and bottom-up nominations (ibid.).
The recruitment stage starts from building an employer brand and a recruitment process to attract the right talent to acquiring (Schiemann, 2014). Stahl et al. (2012) emphasize the focus on values and cultural fit in the recruitment process, that the applicants’ job-related skills and experience are not the only determinants. Lawler (2017) suggests that the recruitment and staffing process should be considered already in an organization’s business strategy to make sure that the strategy supports the intentions to attract the talent needed to execute that strategy. After recruitment and staffing begins the training and development phase (Stahl et al., 2012; Dries & Pepermans, 2007). Lawler (2017) argues that developing talent has changed since two decades due to the changes in workforce, the development of technology and the notion that organizations are required to be more agile than before. The continuous process of training and development of a talent pool through activities such as mentoring, job rotation and formal training is a widely accepted best practice (Stahl et al., 2012). However, training and development of talent is costly (Lawler, 2017). It is a period of low production for the talent and the trainers are expensive. It is often a difficult question whether to train employees or to hire someone with comparable skills from external labor markets. However, when talking about talented individuals, their skills and potential are often difficult to replace, thus training can be a valid option. In order to have a direction for the training and development of an employee, succession planning is a useful tool (Stahl et al., 2012). The purpose of succession planning is to plan ahead for any emerging vacancies or new positions where a high potential successor is required. In practice, succession planning is seen in activities such as personal development plans for employees and internal job applications and interviews (Dries & Pepermans, 2007). Improving talents’ abilities and planning for their future does not only benefit the organization in terms of extended capabilities, but it has been also demonstrated to increase loyalty and retention of employees (Lawler, 2017).

After making investments in talent, it is evident that it is for the organization’s benefit to also retain that talent (Dries & Pepermans, 2007; Stahl et al., 2012; Schiemann, 2014; Lawler, 2017). Talent retention is seen as a major issue in talent management (Stahl et al., 2012; Lawler, 2017). Talent turnover is expensive from an administrative perspective, but often the greatest loss is the productivity of that talented individual. Talent is typically a resource that has unique skills and performance levels that are very difficult to replace. Retaining such talent is imperative for organizations and they should do everything they can to avoid turnover of the most valuable employees that
cannot be easily replaced (Lawler, 2017). Stahl et al. (2012) remind that there are no guaranteed solutions for retaining talent, but there are several suggested practices that can help with the issue. Decreasing turnover should begin from understanding why the high potential employees leave the organization (Stahl et al., 2012). Retaining talent requires a versatile approach. Competitive compensation is obviously necessary for being an attractive employer and retaining top performers, but that alone is not sufficient (Stahl et al. 2012; Dries & Pepermans, 2007). Stahl et al. (2012), suggests creating an “employee value proposition” which consists of both tangible and intangible elements such as appealing organizational culture, challenging tasks, employee autonomy and freedom, advancement and growth opportunities and an inspiring mentor.

2.4 The resource-based integrated TMS framework

Having reviewed respective activities and elements in talent management practices, the authors found it necessary to combine them and compose a resource-based integrated TMS framework which systematically integrates all the knowledge and cover an entire TMS.

2.4.1 The relevance of the resource-based integrated TMS framework

Technology advancements continuously reshape the business environment to become dynamic rather than static today. The dynamic business environment requires firms to make choices and apply actions regarding talent resources on a strategic level in response to such dynamics (Grant, 2010; Oracle, 2012). However, the review of the elements of talent management system indicate that research with respect to strategies on talent management has so far primarily only dealt with the theories separately. A systematic process of an integrated talent management system has neither been explored theoretically nor confirmed empirically so that the research question has remained unanswered. Based on the current theoretical background, a resource-based integrated TMS framework (see Figure 6) is developed by the authors to show the related connection of the respective theories. The new conceptual framework is anticipated to develop and enhance the understanding of current literature regarding talent management. The prospective contribution of this framework on practical side is for organizations to use it as a tool to identify and review their talent management practices and strategies.
Looking at the resource-based integrated TMS framework which is displayed in Figure 6, all the steps presented in this framework stem from current TM literature. A process connecting all of these elements and activities in a methodical way is developed. The reason why the authors consciously do so is that these elements are theoretically interrelated and interdependent. Placing them orderly allow us to identify the full-cycle of talent management practices and discover how talent management strategies are implemented in each activity.

Figure 6. The resource-based integrated TMS framework

2.4.2 The description of the resource-based integrated TMS framework

Overall, the resource-based integrated framework of TMS (see Figure 6) is inspired by resource-based view; VRIO framework (see Figure 2), the CRF talent management system (see Figure 3), strategic talent management model (see Figure 4) and talent lifecycle (see Figure 5).

**RBV** This thesis exhibits the resource-based integrated TMS framework that frames the insights resulting from RBV. RBV is presented as one rationale to explore how a firm’s human resource could become a potential source of competitive advantage. Thus, the ultimate outcome of managing talent is expected to achieve this goal (Barney, 1991). This can be seen at the last stage of the resource-based integrated
TMS framework (see Figure 6). That is to say, the purpose of managing all the elements and activities in a talent management system is to build a set of unique resources from employees.

**Strategic choices** In order to achieve a competitive advantage, the first main step in TMS is to make strategic talent management choices. Firms should firstly gain knowledge and understanding of their business landscape as a whole. More specifically, they should review and decide on what they need to achieve in the respects of firm growth, innovation accomplishment, customer demands, cost-effectiveness, talent diversity and anything related to business goals (Ashton & Morton, 2005). Once a firm has a comprehensive understanding and vision of their business situation and external environment, they could narrow the focus on what strategies and execution should be implemented on talent management and what purpose of having needs on talents. Then they can move onto next step to collect data regarding talents. This step is to further understand what current resources they have or have not, and what type of talents they need in the future. They need to figure out the number of talents, skills and capabilities and even what talents need from a firm (Ashton & Morton, 2005). The previous two steps are the base to frame their decisions on business needs and talent needs. They are vital as they help a firm set up plans on talents in the third step. The planning step includes activities for example to understand skill gap, talent costs and core people competence (Ashton & Morton, 2005).

**Pivotal positions** When a firm makes their strategic choices, they need to decide where to implement their strategies. Should they implement in every function or should they focus on key functions? According to Collings and Mellahi(2009), a firm should identify pivotal positions before filling in every position with top performers. Over-investment in every position with high potential talents is costly and ineffective. Pivotal positions play a key role in identifying the limited group who are the core people competence and in filling skill gaps (Collings & Mellahi, 2009). The pivotal positions should be filled with high performers who form a talent pool which can be internal or external. Therefore, ‘pivotal positions’ is illustrated as a key step right after strategic choices are made.

**Talent pool** As soon as the pivotal positions are identified, the firm can fill them with talents. Attributes of value, rareness and inimitability which stem from VRIO framework can be used to benchmark talent to identify, use and manage the talent pool. Inspired
by the theory (Barney, 1995; Barney & Wright, 1998), the resource-based integrated framework in this thesis shows that talents who form a talent pool should be considered as valuable, rare and inimitable human resources. First and foremost, a firm should consider if the new talent is able to create value for the firm. Only when a talent can help firms to reduce cost or be different from other competitors can be seen as valuable (Barney & Wright, 1998). Secondly, talent management is knowledge-based theory which posits that talents should have rare skills and capabilities in addition to be valuable. Being valuable and rare are not enough for a firm to seclude competitors as competitors can imitate over time, thus making the third criteria of imitability critically important (Barney & Wright, 1998). Barney (1991) indicate that a firm should learn how to manage talents so as to form their own culture and social complexity. All the valuable and rare characteristics can be imitated by giving enough time and money. However, competitors cannot easily imitate resources which are strategically fit (Andjelkovic-Pesic & Jankovic-Milic & Stankovic, 2013).

**Talent lifecycle** Talent in a talent pool perform a full lifecycle. A lifecycle encompasses five elements in the following steps: identification, recruitment, training and development, succession planning and retention. A talent lifecycle determines how effective the management of talent is in practice. A firm uses various appraisals to search for talents so that they can identifying talents’ motivation and driving forces (Dries & Pepermans, 2007). Then they can start a recruitment process to find talents who do not only have related skills and experiences but also are valuable and culturally fit (Stahl et al. 2012). Once talents are hired, their skills and capabilities should be continuously improved through training and development (Stahl et al., 2012; Dries & Pepermans, 2007). A firm may have concern that training and developing talent is costly so that one option for them to consider is to hire skilled talent from external labor markets (Lawler, 2017). However, training and development is still a necessary step for talents’ skills and capabilities to become rare characteristics. Succession planning should be followed in the next step as they support training and development (Stahl et al. 2012). Succession planning comprises activities of personal development plans and internal job applications and interviews (Dries & Pepermans, 2007). Lastly, retaining talents should be included as the last step in a talent lifecycle (Dries & Pepermans, 2007; Stahl et al., 2012; Schiemann, 2014; Lawler, 2017). The previous steps in a talent lifecycle show the investment that a firm makes which means they may not be able to afford to have a high turnover rate. When talking about evaluating talents’ value, rareness and inimitability, it mainly refers to evaluate their knowledge,
skills and capabilities (Barney & Wright, 1998). Once a talent resigns, the knowledge leaves the organization and it can be hard to substitute (Lawler, 2017). Hence, it is necessary for a firm to know how to retain talent (Stahl et al. 2012; Dries & Pepermans, 2007).

**Organization**  The attribute of organization in VRIO framework emphasizes that an organized TMS that links all the resources and capabilities enable a firm to fully exploit the potential of internal resources (Barney, 1995). Our framework is created for firms to utilize so that they can manage talents efficiently and effectively and ultimately achieve sustained competitive advantage. That is to say, collecting all the elements and activities in a TMS is not enough to reach that goal, rather, the TMS should be organized (Barney, 1995). This is due to the reason that all the elements and activities are interrelated and strategically associated with each other. Competitors may duplicate part of activities in a TMS, but it is difficult to imitate a whole set of activities.

**2.4.3 Using the framework**

The intention of this study is to analyze how the elements and activities within the framework are managed in adapting to disruptive business environment. We have theoretically combined TM literature and compose this framework to cover an entire TMS. However, to reach the research objective, this framework needs to be tested first. This framework is attempted to prove that all the elements and activities that are embedded in a TMS can be identified by an organization. Then the authors will try to find out how the organization manage each of the activities shown in the framework. Therefore, this framework is firstly used as a base to design the empirical study. We will then analyze the findings based on each of the activities and steps illustrated in this framework and end with a review and revision of framework.
3 METHODOLOGY

The following chapter presents the research methodology used in this thesis. The purpose of this chapter is to describe the process of designing the study and answering to the research question and research objectives. Therefore, the authors outline the research approach, research strategy and the collection and analysis of data. The research quality, ethical consideration and limitations are included to assess this study. The case company is presented anonymously due to confidentiality reasons. All the presented names of the interviewees as well as the name of the company are fictional and created for the purpose of this thesis.

3.1 Research approach and method

This thesis follows an abductive approach which is executed through a qualitative process study. The aim of the research is to contribute to the understanding of how an organization reshapes the activities and processes within a TMS when new talent needs emerge from disruptive developments in a business environment. In order to study such phenomenon, the conducted research on the case must be comprehensive, thus a qualitative process study suits the purpose. In qualitative studies the researchers observe the target (people) in its natural environment through interpretive practices (Denzin & Lincoln, 2011). The aim is to understand ‘what’ and ‘how’ things have developed in an extensive manner (Saunders, Lewis & Thornhill, 2012). A qualitative study was considered to be the most effective for the purposes of this research. The qualitative research is supported by applying a process model to the research. Van de Ven (2007) explains that a research that seeks to answer to ‘how’ a sequence of events occur benefits most from using a process model. This study fits well into that description and it justifies chosen model for the research.

Van de Ven (2007) suggests abductive approach for research that aims to conceive a theory, deductive approach to construct a theory and inductive approach to evaluate a theory. In order to use deductive or inductive reasoning for the research problem, a theory for the research purpose should exist and the sample of cases ought to be larger. As talent management is a relatively immature field of research with a limited theoretical foundation (Lewis & Heckman, 2006; Thunnissen, Boselie & Fruytier, 2013b; McDonnell et al., 2017), an abductive approach fits naturally to the research. An abductive approach is popular among qualitative studies that lack a solid theoretical foundation for the research (Bryman & Bell, 2015). Due to the fact that the
topic of the research has not been exactly studied previously, there exists no
established theory to relate directly back to. Instead, the study has collected relevant
theories that can be used to support in understanding the research phenomenon and
use systematic combining to develop a framework that can be used for the purposes
of the study (Dubois & Gadde, 2002). Understanding the existing knowledge is the
starting point for abductive research which then leads to finding new knowledge that
can be integrated to the broader context (Givón, 1989). Dubois and Gadde (2002)
argue that abductive research often leads to modification of existing theories due to
the new empirical findings that emerge during the research process. One advantage
of abductive research is that it leaves room for open and creative research because it
is not heavily bounded by existing theories (Bryman & Bell, 2015). These central
elements of abductive research are present in this research. The study consults and
combines existing theory, but is not limited by it. This thesis aims to contribute to the
TM literature in such way that new knowledge is created from exploiting and
developing existing theories with an appropriate abductive approach.

3.2 Research strategy

Research strategy is a general orientation to the conduct of a research and a plan to
answer the research questions and objectives (Bryman, 2008; Saunders et al, 2009).
Research questions that start with a ‘how’ tend to be explanatory which requires
researchers to explore operational links that occur over time (Schell, 1992). A case
study, as an empirical inquiry, is often used to elaborate on answers for ‘how’
questions as it delves a contemporary phenomenon in a real-life context (Schell,
1992). Moreover, a case study fits well to the novel research topic of this paper as
case studies are recommended to adopt at the early stage of research areas to
complement theory building (Eisenhardt, 1989). Researchers collect case data to
attempt to approach theoretical constructs that make arguments more persuasive
(Siggelkow, 2007). A case study provides comprehensive proof to research questions
and objectives, including both primary and secondary documentation as well as direct
observation and in-depth interviews. This fits well with the phenomenon of talent
management that has only been a matter of research for approximately two decades
and needs empirical research to contribute its theory.

Siggelkow (2007) claims that creation of high-quality theory relies on single case
studies while Dyer, Wilkins and Eisenhardt (1991) indicate that single case studies
produce more and better theories in comparison to multiple cases. This is a result of
observation time that researchers spend on case studies. Systematic and in-depth case studies require a certain amount of time to impugn old theoretical relationships and delve into new ones in order to help researchers probe the understanding of a given research topic (Dyer, Wilkin & Eisenhardt, 1991; Gerring, 2004; Yin, 2003). Put differently, if researchers have limited observation time, conducting multiple case studies will merely decrease the likelihood for generating qualified empirical findings. Due to the length of the investigated process as well as given time constraints of the research, a single case study has been considered more suitable for this thesis. In order to find answers to the research problem, this paper adopts a systematic process study with a retrospective focus and a detailed empirical research has been conducted as a case study of a Nordic company operating in the financial services sector (Van de Ven, 2007).

3.2.1 Case and sample selection

A purposive sampling technique was applied to decide an appropriate case and interviewees for the study (Saunders et al., 2012). The research objectives and research question should be used as the basis to help researchers form their own judgment and select appropriate cases (Saunders et al., 2012). This is a common technique among case study research especially with small samples because it allows the authors to select the case that is found to be the most valuable for the purposes of the research (Babbie, 2013). The authors decided to focus on a single case study, and an insurance company located in a Nordic country was chosen based on the criteria named in the following. Firstly, the selected insurance company ply its business in the traditional financial industry, which currently faces an urgency of digital transformation and the challenge of digital disruption. Digitalization have caused and continue to cause significant changes in the operating environment of the finance services (Pohjola, 2015). Financial products and services are exceptionally exposed to the threats and opportunities that digitalization brings, due to their immaterial nature (Pohjola, 2015). The currently offered products and services are already very much in the form of intangible data and contracts stored by the operators in digital form, so the leap to new game breaking digital innovations can be relatively short (ibid). The company together with its external environment shape the context of the actual case. Furthermore, the chosen company actively reconsiders their talents needs in their talent management system to meet the demands of technology advancements and to gain competitive advantage. They emphasize the strategic importance of talent management. Talented individuals in pivotal positions can have significant impacts on
the performance of an organization (Ashton & Morton, 2005). This view is shared with the case company as they want to carefully consider their talent needs in order to gain long-term success. This links the research objective and question in the context of this thesis. The case is located in the Nordics where best digital resources in the EU are possessed (Pohjola, 2015). Digitalization in the financial services has gradually and permanently changed the operating environment in Nordic countries (Pohjola, 2015). To summarize, the selected case company is aware of the strategic importance of talent management and the talent needs in times of disruption, which is aligned with the research objective to find out how talent management systems are managed in disruptive business environments and relationships between the elements that form a TMS.

Once the case company decision was clear and an agreement was reached about conducting the research, the representatives of the company for the interviews were chosen. The interviewee were selected in mutual understanding together with the case company, the authors proposed their research objectives and based on that criteria the most suitable interviewees were chosen for the study. The interviewee profiles are described briefly below, but in general the sample consisted of business areas that are involved in answering to the talent management challenges during the technology driven disruptive developments in financial services. The interviewees have extensive experience in the industry and with the case company and they are regarded as the people who can share the most valuable information regarding the study objectives. They are high profile employees at the case company, all responsible for their respective units or business areas. Due to a confidentiality agreement with the case company, all the names and exact details about the interviewees or the company are altered to respect their anonymity.

3.2.2 Interviewees at WIO

**Head of HR** has been working at WIO as head of human resource (HR) for eight years. She leads and takes responsibility for everything regarding HR unit and the internal services team, including; the recruiting process, training and development for employees, retention management, maximizing performance and potential employee related problem solving. On top of these responsibilities, she issues corporate level rewarding. As she says, “I play a critical role of a business coach to provide knowledge and HR views that business needs” (Head of HR, March 27, 2018).
**Head of Business Development**  Having been involved in financial business for over twenty-five years, head of business development stands on the strategy frontier today. As the Head of Business Development and Chief Digital Officer (CDO), he creates digital services and ensures the company’s product and service portfolio to remain on the edge of competitiveness. “Within our unit we move forward with digitalization to make sure our business cases succeed and the business needs are fulfilled. So we have a developing and maintaining role in this organization” (Head of Business Development, March 23, 2018). He has been careful about what strategic direction should be taken for the business, especially in a constantly changing environment. One of his main perspectives in relation to talent management is to find talents who can help WIO to offer products and digital services to continuously attract and satisfy customers

**Head of IT**  has experience in IT development of smaller companies in financial services and has been in charge of such companies. Since approximately ten years, he became the Head of IT at WIO to set up a unified IT system for the organization. The IT department works as developer for new IT solutions as well as maintains existing IT services at the company. “IT department is responsible for company’s IT architecture and IT resourcing. Employees work in IT department as developers for new IT solutions as well as provide current IT services for the company and coordinate IT services that are coming from suppliers”” (Head of IT, March 23, 2018). He oversees the IT unit that involves close to 70 employees at WIO. The IT department does close collaboration with the business development unit in new product development projects.

**Head of Legal**  As the Head of legal department, he governs matters regarding WIO’s legal, compliance and data governance which are centralized in the department. The department comprises of ten employees and two units and together they aim at ensuring the legal use of customer information in the business. Overall the department takes care of the legal issues that the company faces in relation to products, partnerships and governance as well as judicial support to executives and other organizations. The business affairs within the department are expanded towards finance compliance. He looks for new type of talents who are able to meet new business requirement.
Senior VP, Strategic Alliances is in lead of a strategic business unit that is responsible for strategic alliances. It is a sales unit that handles the commerce that is sold through the main partnerships that WIO has established. He is a member of the executive board and has over 30 years of experience at WIO. Under this business area there works approximately 40 employees that report to him.

3.3 Data collection

This research builds mainly on primary data collected through semi-structured interviews with representatives of the case company. Interviews are considered to be the most efficient and primary method of collecting data for this type of research (Saunders et al., 2012; DiCicco-Bloom & Crabtree, 2006). A total of 5 interviews were conducted with the case company between the time period of March 22, 2018 and March 27, 2018.

Secondary data

As Bryman and Bell (2007) propose, secondary data can be a valuable contribution to researchers to support the comprehension of the subject of study. In addition to the primary data, some secondary data was provided to the authors during the interviews in the form of internal company material such as internal presentations related to the topic, guidelines for objective ranking of positions and examples of descriptions used to evaluate and communicate job responsibilities and requirements. Also the annual report and the website of the company was used as a secondary source to support the research. That material provided valuable insight about the talent management activities in the case company and it supported in comprehending the case more thoroughly.

3.3.1 Designing interviews

Due to the nature of the study, a qualitative process study with an abductive approach, the method of semi-structured interviews was chosen be the primary research method for data collection in order to ensure the coherence between the research design and the purpose of the study (Van de Ven, 2007; Saunders et al., 2012; DiCicco-Bloom & Crabtree, 2006). Semi-structured interviews are typically designed around a predetermined set of open-ended questions that are complemented with other questions emerging during the dialogue between the participants (DiCicco-Bloom & Crabtree, 2006). This approach ensures a flexible but focused interview process that is beneficial for researching a topic that lacks theoretical foundation and an explicit
target (Saunders et al., 2012; Bryman & Bell, 2007). Having a structure in the interview also supports the analysis process as the responses of the interviewees can be compared and combined.

### 3.3.2 Preparing interviews

Once the interview design was chosen, a process of preparing the structure for the interviews and arranging the interviews started. First, an interview guideline was prepared by the authors in order to direct the interviews to a useful direction from the perspective of the research purpose. Preparing the interview was inspired by the work from DiCicco-Bloom and Crabtree (2006) which outlines the principles for successful semi-structured interviews. The intention was to establish rapport with the interviewee from the beginning by structuring the interview in a respectful, trustworthy and transparent manner (DiCicco-Bloom & Crabtree, 2006). The first part of the interview consisted of a brief introduction to the research and the topic and a disclaimer about the confidentiality, voluntary nature and the recording of the interview. The purpose of starting by introducing the research was to address transparency and to respect the rights of the interviewee in order to build trust. The section was an open discussion about the interviewee’s background which is a topic that should be easy to begin with to get a relaxed and non-threatening atmosphere to the interview. After the first two sections, the interview delved closer into the actual topic of the research and followed systematically the resource-based integrated TMS framework presented in the theory chapter. In fact, the resource-based integrated TMS framework proved to be a great guideline and a tool to visualize and trigger invaluable discussion in the interview and keep the discussion close to the topic at all times. After discussing through the whole integrated TMS framework, the interviews would be ended with a concluding discussion about the TMS as a whole and how the disruptive drivers have affected it.
<table>
<thead>
<tr>
<th>SECTION</th>
<th>GUIDELINE</th>
</tr>
</thead>
</table>
| A Introduction | • Introducing research  
• Disclaimer for confidentiality, voluntary nature and recording                                                                                             |
| B Interviewee’s background | • Position / role  
• Areas of responsibility  
• Unit / Organization                                                                                                                                             |
| C Disruption   | What change drivers are affecting the business?  
• Past, present, future  
• Why are they significant?  
• How do they affect the business?  
• Technology advancement focus                                                                                                                                         |
| D Connecting drivers to TM | • First question about how the drivers have affected TM  
• Introducing integrated TMS framework                                                                                                                                |
| E Strategic Choices | • Needs  
• Data collection  
• Planning                                                                                                         |
| F Pivotal positions | • Identifying  
• Filling                                                                                                           |
| G Talent pool  | • Definition of talent  
• Internal / External talent pools                                                                                                                                 |
| H Talent lifecycle | • Identification  
• Recruitment  
• Training / Development  
• Succession planning  
• Retention                                                                                                          |
| I Concluding discussion | • Continue discussion about change drivers and TMS as a whole  
• End interview                                                                                                                                                  |

Table 2. Interview guideline
The interviews were scheduled in advance as DiCicco-Bloom and Crabtree (2006) suggest for semi-structured interviews. The arrangement was done through email and phone communication with several representatives of the company. The company had assigned a contact person through which most of the communication went through and additional support was given by their communications and HR department. Before allowing any interviews, the company requested a description of the research, used methods, confidentiality, publication and the overall nature of the research for their communications department to verify. Together with the case company we discussed who would be the most relevant interviewees for the purposes of the research. High profile employees who work directly with TM matters and possess broad knowledge within their respective areas of responsibility were assigned for the interviews. After that they organized the schedule for the interviews with the assigned representatives, one hour for each interview.

3.3.3 Conducting interviews

The interviews were conducted separately with each of the 5 interviewees between March 22, 2018 and March 27, 2018. They were face to face interviews held at the case company’s head office. The interviews were recorded and transcribed which is a recommended procedure in order to gain access to the interviews afterwards and to avoid the limitations of memories (Merriam, 1998). For each of the interviews we had been given one hour booking with the company representatives. Our initial plan was to have one and a half hours scheduled for each interview, but unfortunately it was not possible. For interviews 1 to 3 the scheduled one hour was sufficient to get through the whole interview without any compromises. With interview number 4 we had to run a bit overtime to get through the whole set of questions. The interviewee number 5 had a tight schedule for next appointment after the interview and requested us to limit the interview to 50 minutes. With her we had to compromise by going through a few parts faster than initially intended, but we still managed to get through the whole interview and gain valuable material for the research. The first interview was slightly different by nature as it was also an introducing interview. The company representative wanted to introduce the company and their business in order to be better prepared for the forthcoming interviews. The first interview followed a different structure, but was around the research topic. The later four interviews followed the predetermined interview structure.
The benefit of having face to face interviews is that it allows the interviewer to directly react during the interview and synchronously communicate with the interviewee (Opdenakker, 2006). DiCicco-Bloom and Crabtree (2006) emphasize the importance of establishing rapport as an essential component of an interview. Developing rapport involves trust and respect factors for the interviewee and the information they share (DiCicco-Bloom & Crabtree, 2006). In order to establish a trustworthy and respectful interview situation, first of all, the interviews were held at the company’s premises which is part of creating a safe and comfortable environment for the interviewees to share their views and opinions in an open manner. Also, the interviews were held in the native language of the interviewee. All of the interviews begun with light small talk and a brief introduction to what is the purpose of the research. Also at the very beginning of each interview the confidentiality, voluntary nature and the recording of the interview were discussed to make sure the interviewees know their rights and how the material will be used in order to foster the openness of the interview. DiCicco-Bloom and Crabtree (2006) suggest that semi-structured interviews should begin with a broad, open-ended and non-threatening question to continue establishing rapport from the beginning. Thus, the first question of the interview was a question about the interviewees themselves, their roles and responsibilities and about their units. A question that the interviewee would feel comfortable talking about, very open and still relevant for the research purposes. After that the interviews followed the designed interview structure presented in the previous part.

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Position</th>
<th>Date</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewee 1</td>
<td>Senior VP, Strategic Alliances</td>
<td>March 22, 2018</td>
<td>01:01:20</td>
</tr>
<tr>
<td>Interviewee 2</td>
<td>Head of legal</td>
<td>March 23, 2018</td>
<td>41:22</td>
</tr>
<tr>
<td>Interviewee 3</td>
<td>Head of IT</td>
<td>March 23, 2018</td>
<td>56:18</td>
</tr>
<tr>
<td>Interviewee 4</td>
<td>Head of Business Development</td>
<td>March 23, 2018</td>
<td>01:16:44</td>
</tr>
<tr>
<td>Interviewee 5</td>
<td>Head of HR</td>
<td>March 27, 2018</td>
<td>55:13</td>
</tr>
</tbody>
</table>

*Table 3. Summary of interview details*
3.4 Data analysis

Once the interviews were conducted, the data analysis process began. First, the interview recordings were listened through and transcribed into text form, which would ease the process of going through and analyzing the interviews (Bryman & Bell, 2007). However, as the language of the study is English and the interviews and their transcriptions were made in the interviewee’s native language, the next step was to translate the transcriptions. The transcriptions and translations were stored in separate documents for each interviewee, structured in the order of the interview guideline. Each interviewee’s text was color-coded and highlighting was used to keep track of parts that had already been used and analyzed to follow the progress of going through the interview documents. This allowed the authors to analyze, compare and combine answers and the arrangement made the analysis process more effective and efficient.

After that, the research data was analyzed in the light of the main theoretical concepts presented earlier in this paper. Similarly as the interview guideline was structured based on the resource-based integrated TMS framework created by the authors, also the empirical findings and the analysis is based on the elements found from that framework. Due to the fact that the interview guideline was structured in a systematic and logical manner that fit together with the structure of the resource-based integrated TMS framework, the same structure was used as the basis for the coding frame of the transcripts. As Bryman & Bell (2015) suggest, a coding frame for open questions supports the identification of answers associated with each question. Due to the nature of semi-structured interviews, the interview does not strictly follow a predetermined sequence but occasionally the interview takes an unexpected course. When such irregularities were identified in the transcripts during the coding process, that part was relocated to the correct category of the respective answer. The coding frame and procedure proved to be of great assistance during the analysis as it enabled a more accessible presentation of the research material. This eased the analyzing process as a coherent structure followed throughout the different steps of the analysis process (Saunders et al., 2012). The coding provided categories for the analysis process where the material from each interviewee could be compared and common patterns in the answers were identified to add value to the findings.

Due to the lack of existing overarching theories and concepts in the field of TM, it was imperative for the authors to come up with their own framework to conduct the analysis in an area that has not been studied within TM as such. The resource-based integrated TMS framework provided clear borders and focus areas for the analysis and was of
great assistance throughout the process. The lack of existing research in the studied area shows in the analysis chapter in the way that the argumentation sometimes suffers from lack of research in the field. Despite these shortcomings, the analysis was successful both in making interesting findings for the research question as well as evaluating the use of the resource-based integrated TMS model in such research.

The analysis part is structured so that it first provides a general outline and overall impressions of the case as a whole and what conclusions can be drawn from the big picture when viewing the TMS. After the overview, the analysis goes through part by part the elements that are included in the resource-based integrated TMS framework, how they are present in the case company and what can be learned from that. After the analysis that bases on the resource-based integrated TMS framework is concluded, the actual framework is reviewed and some improvements proposed to improve the concept. After the analysis was finished, the authors went through the initial transcripts in order to make sure that no were missed during the analysis process and that the findings were consistent with the original interview data.

3.5 Research quality

Van De Ven (2007) describes the diamond model which covers four steps of activities to explain the research process: problem formulation, theory building, research design, and problem solving. These essential steps can be evaluated in terms of five criteria in the following: relevance, validity, truth, impact and coherence (Van de Ven, 2007).

The connection between the shape of talent management system and technology advancements are grounded in reality that is relevant to both researchers and practitioners (Van de Ven, 2007). More specifically, the rapid change of technology advancements shapes different industries and urges firms to fill the missing gap of skills and capabilities by reshaping their talent management system. Thus, the presented study is relevant as it has become a much-debated topic in current literature and a ubiquitous strategic consideration in organizations. Secondly, the theoretical model should be expressed clearly and consist of logical and valid arguments (Van de Ven, 2007). It can be seen through the structure of the theoretical framework that talent management is constructed as a core theory and it is framed through the lens of resource-based view. Based on existing theories and frameworks, a systematic process of talent management system is created to present the relations between theories and to provide for organizations to consider their talent management.
third criteria is to design and conduct research by following the standards and methods employed by the scientific community which believes to produce a reliable and unbiased result (Van de Ven, 2007). This paper follows an abductive approach and a qualitative process model to uncover research problems and questions. A single case study was chosen to support the qualitative study as suggested by Gustafsson (2017). Ultimately, the research findings are anticipated to impinge upon both the academical realm as well as practitioner side (Van de Ven, 2007). This paper is intended to advance the current theories within the field of talent management by focusing on talent management system and its connection with external environment change. Therefore, new insights are provided in the chapter of empirical findings.

To further ensure the quality of a qualitative research in terms of its reliability, the research can be assessed in four respects including: credibility, transferability, dependability and confirmability (Lincoln & Guba, 1985).

3.5.1 Credibility

The criteria of credibility requires the research findings to be reliable, congruent and believable as higher degree of credibility determines higher acceptability of research findings by readers and users (Bryman & Bell, 2007; Lincoln & Guba, 1985). To realize it, the research findings should be sent back to the information providers for reviewing and confirming the accuracy and adequacy (Bryman & Bell, 2007). Before interviews started, the case company demanded a brief introduction of this thesis to make sure the research direction matches the challenges and situations of their company. The authors of this paper have decided to follow this good practice, starting by reviewing the theoretical background within the research field before designing and conducting the empirical research. Then we read material that are provided by the case company through secondary data. The findings collected from the interviews were returned to the case company to be previewed and confirmed in order to avoid misinterpretations. Subsequently, the translated quotes were submitted to the case company to confirm its congruence, accuracy and adequacy (Bryman & Bell, 2007; Lincoln & Guba, 1985).

3.5.2 Transferability

Bryman and Bell (2007) claims that qualitative studies tend to go deep rather than broad which lead research findings to a contextual uniqueness and significance. However, a high quality of research is able to provide readers the understanding of whether the findings are transferable to different settings or not (Lincoln & Guba,
In order to enhance the understanding of the degree of transferability, firms should for example provide “thick descriptions” regarding the company’s context and background (Lincoln & Guba, 1985, p 316). Elaboration on the details of the case company helps readers from same or other contexts to use their judgment to decide whether the findings can be transferred or compared (ibid). Accordingly, the authors of this paper provide description of the case company, including its context, background, as well as the number of interviewees. Specifications about the interviewing process are also presented, including interviewees’ background, the reasons for selecting the particular interviewees, the methods to collect and analyze data and the location and time period of conducted interviews.

### 3.5.3 Dependability

Dependability refers to the stability of the findings over time (Bitsch, 2005). That means the process of research should be logical, traceable and clearly documented so that the conducted research can be accurately repeated (Tobin & Begley, 2004). This paper adopted the audit trail approach suggested by Lincoln and Guba (1985) to store and report the detailed process within the study. All the information associated with the problem formulation, research design, case company, interviewees, interviews, data collection as well as analysis are stored and noted or recorded. The authors continuously reviewed and reflected their work to ensure the dependability of this paper.

### 3.5.4 Confirmability

Confirmability is to assess the neutrality and objectivity of the data and the authors should reduce bias and personal preferences and judgment when reporting data (Tobin & Begley, 2004). In other words, the research findings should be derived from data rather than the authors’ personal imagination (ibid). For this purpose, semi-structured interviews were prepared to avoid proposing questions in the interviews. Quotations from interviewees were directly presented in this paper and by doing so, readers can easily distinguish the statements of interviewees from the authors’ interpretations. All the documentations were stored during the process of research study to increase the dependability as well as the confirmability. The authors also attempted to establish a trustable relationship with interviewees to minimize their bias and to make them willing to communicate as much information as possible.
3.6 Ethical Considerations

Saunders, Lewis and Thornhill (2012) address the importance of the ethical aspects of research. In compliance with the given principles in the literature, privacy and confidentiality are first and foremost considered while conducting interviews. Before the authors were granted full permission to start an official interview, the authors informed every participant that all the interviews follow the voluntary nature of participation and the right to withdraw. The confidentiality of data that is owned by the company were generalized meanwhile in the initial contact. The authors also guaranteed anonymity for the company and participants. Despite the mentioned limitations, this paper takes full responsibility to offer a clear and thick description of the case company by encouraging participants to be open and share information candidly. The research findings aim to maintain a high degree of integrity and accuracy.

3.7 Limitations

Due to limited length of research process, a more extensive study was not possible. In terms of the number of interviews, it was based on mutual selection. The authors proposed their research objective and then together with the case company the interviewees were chosen. These interviewees have the most relevant experience within the field of study and the case company is run in the financial services, which is highly disrupted by technology advancements. As a result, the empirical study is still adequate for the purpose of this thesis and able to answer the research question.
4 FINDINGS

This chapter presents the empirical findings collected from the interviews with the case company as described in the methodology chapter. The presentation begins by introducing the background circumstances for the empirical findings starting with a brief overview of the current situation and developments in the financial services industry. This is followed by a short introduction of the case company. After the background, the empirical findings are explained in the same order as the interviews were structured, based on the resource-based integrated TMS model created in the theory chapter.

4.1 Background

4.1.1 Financial Services

Financial services (FS) is going through a dramatic change due to different parallel developments within the field (PWC, 2016b). Technology advancements has affected the FS by increasing competition and innovation in digital services within the industry. Along the development, a new breed of finance companies has risen to join the race - the fintech firm (PWC, 2016a). Fintechs are technology-focused, customer-centric startups which have transformed the way customer access financial products and services (PWC, 2016a).

However, as a tightly regulated industry, the traditional players have been relatively safe from the threats coming from outside of the industry scope and the pace of digital development has been manageable due to regulation constraints (EVRY, 2016). A new EU directive, Revised Payment Service Directive (PSD2), as a consequence of technology advancements, has been applied in January 2018 (European Commission, 2017). The PSD2 directive enables new applications for financial services and opens the industry to third party service providers such as fintechs or companies like Facebook and Google to have a share of the business. Traditional financial services are no longer competing against each other, but everyone who offers financial services (EVRY, 2016). The turbulence in FS has increased uncertainty and firms are adjusting their strategies and resources accordingly (Pohjola, 2015). The new environmental circumstances require capabilities in areas where the firms are not used to operating in.
The threat that third party companies pose through digital services to traditional finance companies call for actions and adaptability to the new situation (Pohjola, 2015). One of the main concerns that the finance organizations have addressed is the changing talent needs (EVRY, 2016; Pohjola, 2015). Traditionally banks and insurance companies have relied on talent with for example finance skills, but with the current trends it is apparent that more weight will be on talent with more versatile skills and digital capabilities (PWC, 2017). The result of PWCs 20th CEO survey (2017) in which FS CEOs participated showed that not only technical know-how and digital skills in FS are important, but also other skills regarding employee characteristics such as problem solving, collaboration and creativity are prioritized (PWC, 2017). As a knowledge intensive industry, much of these capabilities derive from the human resources, thus talented workers are a crucial component for competitive excellence. In order to gain competitive edge, firms need to carefully consider their talent management strategies.

While recognizing that TM play as a key strategy in FS, the implementation of strategies between companies differs due to each company’s different views and knowledge on talent needs (PWC, 2016c). It can be beneficial for FS to employ a proactive strategy on talent needs and to take new skills and capabilities into key consideration. More importantly, firms should consider their TM strategies carefully as such proactive move should be based on in-depth knowledge of talent needs in order to gain a competitive edge. This requires each firm to attain extensive understanding of their business and to align it with its talent needs (ibid).

4.1.2 The Case - Wealth & Insurance Organization (WIO)

Wealth & Insurance organization (WIO), is a Nordic company working in the financial services industry. They are a service provider in insurance as well as investments. They are a medium to large size company with roughly 500 employees. The company has gone through a radical transformation during the 2000’s, they described it as a transformation from an insurance factory into an independent service provider. Before the transformation their role was to provide insurance services and products to another operator in the financial services who would sell WIO’s products. Today, they provide services to their own customers and develop new products and services to the changing needs of the customers. Becoming an independent service provider in the FS has affected WIO in many respects. They have had to fully redesign their business model and adapt to the new circumstances as an organization.
This case study has focused on the business areas at WIO that are directly involved in the contemporary challenges technology advancements pose and where talent management is an important part of answering to the challenges. These business areas are respectively business development, IT, legal, human resources and strategic alliances.

“In essence, there are only two things in this business; we have human resources and we have IT. That’s all, just people and data. Then we have money as the fuel to keep the business running.” (Senior VP, Strategic Alliances, March 22, 2018)

4.2 Disruption

This part presents the driving forces of change that WIO is currently experiencing in their business. The recent developments of the business that were addressed by the interviewees are grouped in 3 sections; technology advancements, changing expectations and regulation.

Technology advancements

The message that all interviewees at WIO addressed was that technology advancements will revolutionize the financial services and partly already has done so. Digitalization, artificial intelligence, automation, data and other trends that come with the technology advancements such as changed customer behavior and expectations have an enormous impact on financial services. Finance products and services are exceptionally exposed to the threats and opportunities that digitalization brings, due to their immaterial nature. The currently offered products and services are already very much in the form of intangible data and contracts stored by the operators in digital form, so the leap to new digital innovations can be relatively short. WIO described their situation as standing on a threshold, they have a door open to somewhere where they cannot see very far, but it is clear that it involves a significant change. They are just about to take the step towards fully entering the digitalized future of the business.

“Insurance and financial services are one of the industries together with retail and media that will be totally revolutionized by technology advancements” (Head of HR, March 27, 2018)
They estimated that within the next 2-5 years, much of the traditional human resource intensive work such as claim handling and liability decisions about insurance compensations will be completely automatized. During the next one and a half years they will have people working whose job is to teach a robot. From a human resource and talent management perspective it will bring a new challenge because many employees will not have their jobs anymore and they will have to be relocated. However, WIO sees a positive side in this development as much of the “factory-like” routine work will disappear and people will have more interesting jobs. There will be a clearer distinction between jobs that actually require human presence and jobs that can be done by a robot. Jobs that require for example interpersonal skills, empathy or understanding customer needs, these cannot be performed by a robot.

The fact that basically everything is stored in a digital form in their business today and all new services and products that they launch have digital elements if they are not fully digital. WIO explained that the logic of providing services has changed due to the way data is handled and how it can be exploited in digital applications.

**Technology advancements and changing employee expectations**

The increasing uncertainty and speed of development have also influenced the ways of working. The interviewees emphasized the increasing importance being agile and having workers that can adapt to new situations quickly. They told that since they have changed from an “insurance factory” to become an independent a service provider, they had to fundamentally rethink the type of people they will need and how the work is done. Being now directly involved in solving.

“You have to be agile and flexible with managing talent because of the speed of changes and the uncertainty of new technologies.” (Head of IT, March 23, 2018)

Also the new generations, the digital natives that are entering the job markets pose new demands for WIO as an employer. According to the interviews, the younger workers demand more flexibility from the work structures, but are also willing to be more flexible on their side. This appears in requirements for flexible work arrangements and advanced digital tools for working. Also they seek for more meaningfulness in their job and want greater involvement throughout all levels and tasks. They want to take part in decision making and responsibility in problem solving. WIO attempts to take these new requirements into account, but admits that they may
be a bit lacking in some of these aspects, for example in providing advanced working tools that would meet the expectations of the new workers. Today, people are so used to having excellent devices, connectivity, mobile services and applications in their everyday life at home, but employers struggle to keep up with that development.

“We also speak a lot about the new generations and that the digital natives are coming to job markets and that their expectations from their managers or work community is a bit different. They hope flexibility from employer’s side, but they are also willing to be flexible on their side.” (Head of HR, March 27, 2018)

Regulation and technology advancements
All of the interviewees brought up the significance of the regulation in their business. They addressed that especially the EU has become more and more active in generating new regulation and they have had to put more resources into applying the vast amount of new regulation in order to fulfill the regulatory business requirements. It is not only the EU regulation, but also the national politics shake the business every once in a while. This is one aspect of the business that increases the volatility and uncertainty in the industry and requires agile adaptation to the changing demands.

“Digitalization overall, it affects our department in the way that we have to be involved in applying these regulations and thinking about how the regulation works in a digital channel. How it will be implemented in that channel.” (Head of Legal, March 23, 2018)

At the same time as the regulation is developing at an accelerated speed and the technological advancements bring new innovations, new channels and platforms, the company has to make sure that all of the regulations are applied in the digital services properly. That all the data is securely stored and appropriately used. Also the regulation sets boundaries to the development of the digital services, so WIO has to make sure that their new digital services are not contradicting with the rules and regulations of the business. The interviewees described it as constant balancing between developing new and following the rules of the game. Breaking the rules would lead to massive sanctions that could risk their business.

“To characterize it, the regulation in this business requires us to tighten out belt, wear suspenders, parachute, wetsuit and flippers, and then we are told to be agile. It is an
enormous challenge for our company” (Senior VP, Strategic Alliances, March 22, 2018)

4.3 Talent management system

One of the objectives of the conducted interviews at WIO was to identify their talent management system using the resource-based integrated TMS framework as a basis for framing the concept. This part will present the findings according to the data gathered from the interviews.

4.3.1 Strategic choices on talent management

The process of making strategic choices on TM at WIO was explained to be done on two levels. On a higher strategic level as a part of five-year planning and on lower, unit level a need-based approach on a constant basis. They have been using this approach for a longer time now and there has not been significant changes in how the talent decisions are made at WIO. These two approaches will be presented separately in this part.

Strategic five-year plan approach Through interviews the authors attempt to find out how the case company gains knowledge to understand their talent needs and how they collect data to eventually make strategic choices on talents. Overall, WIO implements a strategic five-year plan when considering long-term perspective on talent needs. The five-year plan is discussed in-depth and decided upon by the executive board together with the head of HR. In order to understand talent needs, the executive board has to understand the business needs first. All the business lines collaborate with each other and discuss their respective business needs. “We have strategic prioritization for example if we want to grow business in investment, we need to figure out what are the triggers for growth and what does that mean to business. What kind of enablers do we have to deliver and what do we have to offer for our customers?” (Head of Business development, March 23, 2018). When it comes to talent needs, they take the business developments into consideration and vision a big picture accordingly in regards to what kind of talents are needed in order to execute their business strategy in the next five years and where to get the knowledge to understand what kind of talents they should search for. Furthermore, the strategic five-year plan also includes a discussion about being sustainable in terms of talent management. WIO aims at ensuring that talents’ skills and capabilities are up-to-date.
Strategic talent planning is considered as an important part of strategy formulation at WIO and it often involves large research investments. Hence, when the executive board collects data and starts to map the talent needs, corresponding business incentives are needed to back every strategic decision they make. WIO for example joint their talent research with a consultancy company to conduct research on future talent needs. This research revealed that WIO lacks of talent with digital skills to develop and provide digital services such as mobile service from scratch. Aside from that, the research by the consultancy company also assessed whether each position they need now will still be necessarily needed in the next five years and whether automation will substitute some current jobs.

On the other hand, they also realize that assumptions made during every five-year plan has to be adjusted frequently and flexibly in the next five years due to the uncertainty of environmental change. “No one knows exactly what is going to happen, just like five to ten years ago we could not understand how all services are digitized on mobile as we have today. But we do understand that we have to be more agile on many frontiers” (Head of HR, March 27, 2018).

**Need-based approach**  WIO does not have any systematic process for short-term planning in terms of talent management but they use a need-based approach, where the unit managers have the responsibility to review the alignment between talent resources and strategic business objectives. The need-based approach is locally run within business units and talent management is taken care of as new needs emerge from the ongoing and starting business projects. These business projects are planned and executed in cross-functional teams that link all business areas related to the project together. The roles that are usually involved in the project planning involves business owners, head of sales, representative of business development, operations/back office representative and one of the lawyer to make decisions. All their needs, timeframe and requirements from different business perspectives are specified as clear as possible in the planning phase before the project proposal is sent to the executive board for approval. Once new business project plan is approved, unit managers have right to decide on talents on operational level. In the initial stage of every approved project, WIO formulates business plans and evaluate what they require for accomplishing the projects. They also gather people from various disciplines to decide what talents they need for the project. They discuss for instance what talents are required, where they can get all the qualified talents and how much
that will cost. All the proposed projects are evaluated through WIO’s decision-making mechanism, Development Case management (DCM), where the executive board, operational managers and the Head of IT are the evaluators. A project will not be approved unless all the information are brought to the evaluators, such as what the project is for, how much it costs and in particular who and what talents are needed for the project. The reason why WIO uses DCM mechanism is because they create one project for each business case so they have many projects ongoing simultaneously. DCM mechanism can facilitate top management team to ensure the qualified and right talents that are required for the projects are available. “The DCM mechanism has helped to us to work better all the time… And when we decide in DCM, we need to decide how the projects will be resourced. Will it be from our internal talent pool or external, who are they, who is going to lead the project, how much does it cost and so on. The DCM has been the concrete place where we make our strategic talent choices” (Head of IT, March 23, 2018).

Once the talent requirements for each project are clear and it has been decided that the project will proceed, the different roles for the project are filled. For each of the business units that are involved in a project, it is mainly the unit managers’ responsibility to make sure that they have the required talent to fill the roles. If no suitable talent is available from their internal talent pool, they may either start a recruitment process or hire a talent from an external talent pool to fill that position. Whether they want to have internal or external workers in certain roles depends on the nature of the role. A basic principle at WIO is that the leading positions that control the way a project is executed should be filled with their own people. Roles for more specific or supporting tasks are often filled with external workers as well. To conclude, strategic choices on talent management at WIO are determined by the needs emerging from different project work in progress and the decisions are made on a constant basis as the business evolves.

4.3.2 Pivotal positions

Business as usual In this part of interviews the authors aim at finding out whether the case company WIO identify a limited group who work at pivotal positions and fill the skills gap. WIO indicate that pivotal positions arises from the need and are decided upon during the process of strategic choices. That is to say, WIO does not plan a structured step for pivotal positions in talent management system. On an organizational level, when WIO discusses their needs during strategic choices on
talents, they have already taken pivotal positions into account. As WIO has mentioned, their business follows a need-based approach. On account of different needs in different projects, they may realize they are short of internal talents who have sufficient knowledge and strong capability to lead the projects intermittently. Followed by newly emerged needs, WIO created a temporary role ‘process owner’ which are pivotal for business projects. They search for talents who can fit in the pivotal positions to fulfill the responsibility make significant development of the new business projects.

“When I get a project of IT architecture to work on, I will identify whether we need to set up a new pivotal position for this project and who can handle this position. We have to fill that position either from internal or external pool” (Head of IT, March 23, 2018)

“We had a promising candidate who can lead the pivotal position and I was there to assess what kind of support this talented candidate would need. Then we made an analysis to see what type of talents we should put around him in the hope that we can succeed with the project. This is how we proceed with each project in the very beginning” (Head of Business development, March 23, 2018).

Deciding pivotal positions is need-based and happens on-the-go. When a vacancy for a pivotal position appears, which used to be filled by an expert in this specific area, it can be replaced by a brand new profile. It all depends on what the company need at the moment. Nowadays the needs of WIO are kept increased due to continuous development of technology advancements, thus making them change the way they look for talents accordingly. More specifically, when an employee leaves a job position at WIO, it is not necessarily replaced by a similar profile. Rather, current needs and situation will decide corresponding profile, namely ‘Business as usual’.

**Risk management perspective** Insurance or investment businesses require a license to operate which implies that WIO has to receive a license from the governing body of financial services to run business. From a risk management perspective, the business license is on the other hand to determine pivotal positions that are essential for the business to operate. As a result, it demands WIO to designate pivotal positions and have a successor plan for these special positions. This is done on an annual basis and will be discussed further later in the succession planning part.
4.3.3 Talent pool

WIO considers both internal and external talent pools as an essential element of their talent management and both of the approaches have a special role in supporting their business. From the interviews there can be identified clear changes or tendencies in the use of talent pools and who they regard as talent. The disruptive developments of the industry have clearly had effects on this part of the TMS.

Internal talent pool

Internal talent pool in WIO consists of people they describe as the core talent who has the core expertise. By core they refer to the most critical, essential knowledge their business requires in order to perform the core tasks in-house. They want to avoid any “vendor-locks” and dependencies to partners and suppliers by having the core expertise to themselves. Once they have control over their core business areas, they can scale their talent resources by using external talent pools.

They recognize internal talent in two ways, as high potential employees and then the actual talents that already have the expertise they value. However, they do not actively keep a record of their talent as such, but much of the talent assessment and recognition responsibilities are placed on the talents’ immediate managers. The last time such a listing was made was a few years ago, but that was done from a risk management perspective, thus who are the most critical talent in which positions to keep the business running. The managers that were interviewed in this research told they can name their key talent within their unit but it is not done systematically on a regular basis. Their most common argument for approaching the internal talent pool in this way was that they consider their organization small enough with roughly 500 employees that the unit managers can handle this responsibility more or less independently. Also they view it as a way to avoid rigidness and enable agility in their decision making by authorizing the unit leaders to make autonomous judgments in their respective talent matters. Obviously the HR function, executives and other managers can and often are consulted when making decisions, but majority of the responsibility lies on the unit manager.

In WIO they do not have an official description for what determines talent in their organization, but the interviewed managers shared views that an employee regarded as talent is someone who they especially want to keep in-house, someone that they will be needing in the future. They are people that possess expertise that is valuable
for WIO by having a significant impact in the business area that talent is working in. They also mentioned that talent is something that is difficult to replace. One interesting common nominator that they brought up was how much personal qualities weigh in assessing talent. They raised positive attitude and interpersonal skills as one of the most important qualities for talent in their organization. They argued this by saying that knowledge and substance can be developed through experience and working, but right attitude and interpersonal skills are more difficult to teach to people.

“I view talent as the people that I especially want to keep in-house and who I will be needing in the future. When I consider who they are in my unit, it goes by who are the most valuable, needed and difficult to replace talent” (Head of Legal, March 23, 2018)

External talent pool
WIO explained that during the last decade the importance of external talent pools has increased especially in business areas that are closely linked to changes emerging from technology advancements, such as business development and IT departments. The HR manager that was interviewed expected the trend of using external talent pools only to increase even more in the future. That there would be less permanent employment contracts and that companies would buy talent for specific projects from a global talent pool.

At WIO, the use of external talent in their IT and business development projects forms already a share of approximately 60% of the involved workers. They see various benefits in doing so and partly they see it as a consequence of the overheated market situation in development projects, that it is just utterly difficult to recruit talent for these projects in this overheated situation. The benefits they see in exploiting external talent pools is that, first of all, the employment contracts are easy to manage. When the business environment is very volatile and changes happen at a constant rate, the light consultant contracts enables flexible scaling of the talent resources as the needs change. Also, the offered expertise in the external talent pools are much broader compared to their internal talent pool and if they start a new project that requires specific expertise, it is much easier to find that from the external talent pool. Another reason why WIO avoids keeping talent with niche expertise in the organization is that they are afraid that the talent’s knowledge and skills would deteriorate if it was only applied in the financial services for a longer period. They see it as an advantage that they can get workers from outside of the industry who have experience from other
businesses as well, because they can bring fresh insight to the company that they would otherwise lack. However, they did address the fact that using external talent pools is also very expensive in the long run and it already is a significant expense to the company. For expertise that they know they will be needing increasingly in the future, they attempt to hire talent to their internal talent pool for cost reasons as well.

4.3.4 Talent lifecycle

The activities to manage talent pools, the talent lifecycle, has been impacted by the recent developments in the business environment of financial services. Especially in the areas of recruitment and retention, but also in training & development. From the succession planning part no major changes were identified from the studied case.

Identification

Identification as a part of the talent lifecycle did not generate useful information for the case study. Discussing identification with the interviewees would bring discussion that is paralleled with the pivotal positions and identifying talent needs as part of strategic choices or the discussion would almost directly proceed to the recruitment phase of the talent lifecycle. The usefulness of identification as a part of integrated TMS framework will be further discussed in the analysis chapter when the framework is reviewed.

Recruitment

Recruitment at WIO is rather traditional and the fundamental way of recruiting talent has not been affected much by the developments of the industry, but the speed and quality of the process has been revised. In the recruitment process, the manager who is looking for a new worker and the HR department work in close collaboration. Basically the process begins by the respective manager analyzing the requirements for the vacant position and providing these requirements to the HR department to start the recruitment process. They use open recruitment for most positions, but for very specific needs they may also use headhunters. In replacement recruitment the need for the old role is always evaluated and often modified to better meet the current business needs. If there is more need for a talent with a different profile, the old role is exchanged to a more relevant role. Internal workers are always considered first for filling a new position in order to allow career progression to employees. WIO told that they also have positive experiences in using junior academies where recent graduates are first hired from external talent pools to work in projects for relatively low consultant
prices and if they prove to be suitable talent for WIO’s needs they can then hire these young people internally.

However, the recruitment has been indirectly affected by the general developments driven by technology advancements. The overheated market situation has made recruitment of talent for positions that require digital and technological expertise very challenging due to the high competition for these talents. Also the expectations for the recruitment process from the applicants has changed as people are more and more used to fast response and throughput times. WIO considers the recruitment process as an important part of employer branding as well. They pay high attention to the communication during the process, also to the people that are not chosen for the position. They believe this builds a positive employer image which they consider as an important factor when attracting talent to work for them.

“Changes for recruitment, the speed of recruiting has increased. If we want a good talent to work for us, there are many other companies competing for the same person. I have to say I am quite proud of our recruitment process. It runs very fast and we have especially put effort into communication. For example, we inform candidates very well, also the ones that are not chosen. The best cases are when we get praise for good recruitment process from people that were not chosen. They say that thank you for letting me be part of it. These are very important messages for us. It means that we have succeeded at building a good employer image and serving people.” (Head of HR, March 27, 2018)

Training and development
Training and development is offered to WIO talents on many different levels. They see the current business situation challenging from this perspective too, as there are new technologies and market logics introduced frequently. Their approach to training and development involves some “business as usual” procedures as well as some more special ways that are also influenced by the general technology advancements.

Development progression and needs of talents are discussed annually in superior-subordinate meetings and observed in daily work. The responsibility for listening for needs and fulfilling related wishes lies mainly on the immediate manager of the talent. The managers try to take into account the wishes of the employees in their personal development. Different types of training that emerge from business needs are provided
to talent who will need to use the trained skills in their job. As examples for the recent training needs WIO gave an agile methodology training. As the business environment requires responsiveness and adaptability from the organization, they wanted to implement a new working method to battle this challenge. WIO sent many of their people to a SAFE methodology training to become certified in SAFE and to apply that methodology in their daily work. Due to the fact that technology advancements and digitalization have had and will continue to have an enormous impact on their business environment, they have also started a partnership with a local university to customize a training for a specific group of talents, approximately 25-30 people. The purpose of the training is to go through the phenomena of digitalization and what it means to their business environment and also what it means to their customers’ behavior and expectations. The reason this training was organized was that WIO has realized that the digital development of the industry is the future of their business and the more they have understanding of this phenomenon, the better prepared they are to face the development. For this particular training they picked talent from all over the organization in pivotal positions so that they could spread their knowledge as widely as possible in their units. They also offer relevant seminars and some online training for their employees.

Another approach they consider as employee education is their use of talent from external talent pools. Especially in the business development and IT projects where a large amount of workers come from external talent pools, they mix their internal staff with the external workers. One of the reasons for mixing them is to absorb knowledge and skills from the external talent. They value this method as an effective one as they believe that most learning happens during actual work. Versatile learning in the project groups is enforced by job rotation between different projects. They realize that the speed of executing products would be faster with teams that would focus on similar projects, but for the benefits of more varied learning and better job satisfaction WIO has decided to allow job rotation in their projects.

**Succession planning**

Succession planning in WIO is done at two levels. On a corporate level, the license to operate in the financial services requires the company to communicate a successor plan to the public for the most critical roles from risk management perspective. This is done annually by the board of directors in the organization and it includes a long-term successor plan and a short-term successor plan for the critical positions.
On the individual employee level, the interviewees explained that succession obviously does happen within the organization, but not in a very systematic manner. The procedure is closely related to the employee development discussed earlier, where the immediate manager has a key role in supporting the employees’ development or succession. Career objectives and wishes are discussed and taken into account when vacancies appear, for example. Succession is seen also as a part of building job satisfaction through offering new responsibilities to employees. In case of retirement or other vacancies that can be prepared for, a successor is named early enough for the leaving employee to transfer the expertise and knowledge to the successor before leaving. In case of sudden vacancies, a temporary successor can be named to take care of the duties before a permanent employees is found for the job.

Retention
Retaining talent at WIO starts from building a workplace where employees enjoy to work. They pay a lot of attention into this by annually taking part in a workplace research where companies are evaluated and ranked based on how good place it is to work at. The results are taken very seriously and every year WIO goes through their results with the whole organization and attempts to improve in areas that are lacking. During the past decade they have reached very high rankings in the research and they are very proud of their success. WIO considers investing in employees’ wellbeing as a matter of value and business. Job satisfaction is seen as the single most important factor when it comes to talent retention.

Talent retention is supported with other approaches as well. A part of building job satisfaction is about having an interesting job. This is enforced in WIO by allowing job rotation in project work for example. Also giving talent more responsibility and influence in their role is seen as a way to keep the job interesting and the workers motivated. Monetary incentives are also big parts of retaining talent. With the very heated market situation, WIO explained that they have had to review their salary levels more often than previously in order to stay competitive in this regard. They also use bonuses and other compensation to motivate employees. However, they addressed that monetary incentives are definitely not sufficient themselves. They talked about the risk of building “golden locks” with incentives that corrupts natural employee turnover and makes the organization rigid. If employees have too good benefits it would
eventually decrease their work motivation and the company would not get return for the incentive investment, they argue.

### 4.4 Summary of findings

In order to make the finds easy to follow and understand. The findings are summarized in the table in below. The table is presented by following the structure of the resource-based integrated TMS framework (see Figure 6, Chapter 2).

<table>
<thead>
<tr>
<th>SECTION</th>
<th>SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disruption</td>
<td>● The main disruptive developments WIO is experiencing in their business environment today emerge from technology advancements (digitalization, AI, robotization, data), regulation and changes in employee expectations.</td>
</tr>
<tr>
<td>Strategic choices on TM</td>
<td>● The process of making strategic talent choices at WIO was explained to be done on two levels. On a higher strategic level as a part of five-year planning and on lower, unit level a need-based approach on a constant basis</td>
</tr>
<tr>
<td>Pivotal positions</td>
<td>● The pivotal position is need-based and happens on-the-go. When a vacancy for a job position appears, which used to be filled by an expert in this specific area, it can be replaced by a brand new profile. It all depends on what the company need at the moment.</td>
</tr>
<tr>
<td></td>
<td>● From a risk management perspective, the business license is on the other hand to determine pivotal positions that are essential for the business to operate.</td>
</tr>
<tr>
<td>Talent pool</td>
<td>● Talent is viewed as an important strategic resource and WIO wants to invest in talent.</td>
</tr>
<tr>
<td></td>
<td>● Internal and external talent pools both have a special role at WIO. Core talent and minimum capacity are kept in internal talent pools and external talent pool is exploited to scale talent resources and to rent niche talent.</td>
</tr>
</tbody>
</table>
In recruitment process emphasis is put on speed and quality of the process. Building an attractive employer image is an important part of attracting talent.

Training & development focuses on improving skills to apply more agile methods at work and to understand the changing business environment.

Succession planning is done from risk management perspective, but general planning for other positions is limited.

Retention bases on building a workplace where employees enjoy to work. Annual workplace research plays an important role in improving job satisfaction. Retention is supported with appropriate incentives and compensation.

| Talent lifecycle | In recruitment process emphasis is put on speed and quality of the process. Building an attractive employer image is an important part of attracting talent.  
Training & development focuses on improving skills to apply more agile methods at work and to understand the changing business environment  
Succession planning is done from risk management perspective, but general planning for other positions is limited.  
Retention bases on building a workplace where employees enjoy to work. Annual workplace research plays an important role in improving job satisfaction. Retention is supported with appropriate incentives and compensation. |

*Table 4. Summary of findings*
5 ANALYSIS & DISCUSSION

In this chapter the empirical findings will be analyzed using the theories presented in the second chapter and other relevant literature. The aim is to find answers to the research question and draw conclusions from the research that would contribute to the existing talent management literature. The structure follows the order of the resource-based integrated TMS framework which will also guide the analysis. Based on the analysis of the study, the resource-based integrated TMS framework will be reviewed and improved at the end of the chapter. The chapter begins with a broad overall analysis of the case which is followed by an examination of each TMS area.

5.1 Overview

The researched case provided an interesting and fruitful empirical environment to approach the research question of how an organization manages their TMS during the disruptive period of technological advancements. The case confirmed that the financial services is undergoing disruptive developments that are driven by technology advancements and they will have significant effects on the ways the business is run. In order to analyze how an organization answers to the rapid changes, the uncertainty and the new demands that a volatile business environment brings in terms of managing a TMS, first the TMS has to be identified. For identifying a TMS at WIO, the resource-based integrated TMS framework was applied in this analysis to provide borders for the concept of a TMS.

5.2 Resource-based view of analysis

To choose RBV among other theories to frame this thesis' topic is because on the one hand, this thesis focuses on the study of talent management. Furthermore, if a firm manages their talent management system in order to gain competitive advantage in times of technology advancements, the resource-based view (RBV) fits properly. RBV can be a theoretical bridge is built between company strategies and human resource management (Wright, Dunford & Snell, 2001). In conjunction with VRIO framework, Barney (1991; 1995) highlights the importance of skills, knowledge and capabilities that are rooted in human resources. Human resources can become a potential source for organizations to gain competitive advantage as the skills and capabilities can
become unique value. As a result, competitors will find it difficult to imitate (Barney, 1991).

Using RBV to frame the study field of talent management is throughout the whole thesis. Inspired by RBV, the authors firstly created a theoretical conceptual framework to show the sequence and relationships of elements in talent management system. Based on the order of the structure of the resource-based integrated TMS framework, the process of empirical study was designed and conducted. In this chapter, RBV continues to frame the way the research study is analyzed. More specifically, the analysis direction of this thesis turns towards the internal focus to see how the case company make strategic decisions on talents in terms of talent needs and planning, talent skills and capabilities, and dynamic capabilities. Through the lens of RBV, the empirical finding are analyzed and discussed so that researchers and practitioners attain better understanding of the link between business strategies and talent management. In the latter part of this chapter, the resource-based integrated TMS framework is reviewed and modified.

5.3 TMS Structure

The resource-based view suggests that the competences of a company lies within the internal resources and capabilities. Whether a company wants to achieve success and growth, it has to identify, use and manage these resources and capabilities effectively (Barney, 1991). In essence this is what a talent management system is about, only focusing on a specific stream of resources, talent resources. Applying the VRIO framework to the analysis (Barney & Wright, 1998), the structure of the TMS is viewed as the ‘O’ (Organization) of VRIO framework, as the establishment that may or may not support the potentially valuable, rare and inimitable talent resources in the pursuit for gaining sustained competitive advantages. As Barney (1995) suggests, the internal resources are not sufficient alone to reach a sustained competitive advantage unless they are organized appropriately. This paper views the TMS as the organization of talent resources and it should be organized in a way that it supports the talent resources to acquire sustained competitive advantage for the organization.

As an overall impression and in the light of the empirical findings, it could be said that the case company uses a relatively lightweight or unstructured TMS to answer to the
TM challenges they encounter. By saying lightweight or unstructured we mean that the interviews revealed that there was not a structured TMS body or a general protocol to control the TM activities at WIO. All of the elements of the resource-based integrated TMS model were identified, but the execution of these elements was not necessarily tightly interconnected in a structured manner with other elements of the TMS. Performing the different elements of the TMS was done quite separately and autonomously by the relevant units and much of the responsibility over talent matters lies on the unit managers. It could be said that the TM at WIO follows a best fit approach rather than a best practice approach, as it is evident that there are no best TM practices that are followed strictly, but space is given to allow practices that appears to fit the current situation (Boudreau & Ramstad, 2005; Garrow & Hirsh, 2008; Collings & Mellahi, 2009; Sparrow, Hird & Balain, 2011; Vaiman et al., 2012; Dries, 2013).

The light structure of the TMS at WIO can be interpreted as an enhancing factor to battle the uncertainty in the industry. The structures of TMS have not been previously studied as such, but as a part of an organizational structure, analogies from other studies about organizational structures can be drawn. As Hedberg, Nystrom and Starbuck (1976, p.44) write, “Systematic procedures offer weak protection against unpredictability”. They suggest that organizations with less rigid structures are more adaptive and flexible in uncertain business conditions (Hedberg, Nystrom & Starbuck, 1976). In similar fashion, Hobday (2000) explains how increased complexity and uncertainty requires more agile structures to cope with; project- based structures. Interestingly, the interviewees at WIO described their approach to managing their TMS as “project-based”. What they meant by that was that they for example make talent decisions as new needs emerge in the projects and other business that they are involved in. This is an interesting finding as it implies that structuring a TMS in a certain way might have similar effects as structuring an organization in general. Whether it be more organized and rigid or unstructured and adaptive.

Ashton and Morton (2005) emphasize the importance of integration in a TMS as being the key to connect strategy, business planning and talent management together. Despite the rather unstructured TMS at WIO, it seemed that the company strategy and talent management were aligned. Their most common argument to support this was that their organization is still relatively small with approximately 500 employees, thus the talent management can be handled effectively without strict procedures. The
question this raises is that can such lightweight arrangement for a TMS work effectively in larger organizations with thousands of employees or would it require a more structured approach? The overall constitution of the TMS at WIO provided an interesting starting point to delve deeper into the elements the lightweight TMS structure keeps inside.

5.4 Analysis of TMS

The TMS at WIO will be analyzed part by part in the sections below. The analysis aims to identify factors and ways to manage a TMS that has an impact in answering to the challenges a disruptive business environment brings.

5.4.1 Strategic choices on talent management

In an industry where majority of assets are intangible and most important resource is the knowledge that is possessed by the human resources of the organization, it is natural that talent is at focus. However, it became evident at the case company that as the volatility in financial services has increased, even more strategic emphasis is being put on taking care of the talent resources. In accordance with the resource-based view (Barney, 1991), Grant (2010) argues that in a disruptive business environment, focusing on internal resources provides a more solid and secure foundation for sustained competitive advantage than a focus on the external environment that is constantly changing. This is one valid argument for the usefulness of talent management in disruptive business environments and why the resource-based view supports the logic of talent management. This is a general observation from the findings of the research and about the case company’s reasoning in relation to talent management. Below the activities and processes to make strategic choices on talent management will be examined further.

Centralized and Decentralized strategic choices on TM

On centralized level, WIO adopts a strategic five-year planning so that strategic choices are made by the executive board every five years. According to Merchant and Van der Stede (2012), in order to grow business and adapt to environmental change, such as technological change, organizations often involve key staff in detailed reviews of budgets and expenditures and centralize most key decisions including for example hiring. The strategic planning typically involves seniors of the executive board to conduct a board process in order to discuss the organizations’ visions, objectives,
missions and the means that are used to achieve them. (Merchant & Van der Stede, 2012). A typical strategic planning usually projects 3-5 or 10 years into the future as this planning process is expected to eventually establish the strategy on an organizational level, as well as, identify internal resources requirement and investment (ibid). In practice, the case company WIO tend to hold a long-term view to formulate thoughts for a strategic five-year plan, including their strategic decision on talent management. Normally, they first gather the executive board and start a board process to evaluate their business needs and then narrow down to the needs and requirement on talents. The strategic choices on talent management are made in centralization and are reviewed every five years.

WIO is well aware that uncertain environment, especially regarding technology advancements, that can disrupt industries and their company. Therefore, they employ a need-based approach applied within business units parallel to the strategic five-year plan approach run by a central body throughout the organization. The difference is that a need-based approach at WIO is used on a decentralized manner as decision rights are delegated to line managers and project leaders in different functions (Merchant & Van der Stede, 2012). However, this is by no means an unusual approach to staffing as there is evidence that usually staffing decisions are made at the level of the job (Huselid, Becker & Ulrich, 2001; Lepak & Shaw, 2008). By adopting a need-based approach on talent management, WIO aims to be agile and flexible so as to be able to adjust their talent strategy in times of technology advancements. This requires collaboration across functions and the decisions are made by unit managers.

According to the empirical findings, the need-based approach seemed to work very well in the difficult times for the case company. It provided a flexible starting point to adapt to the emerging developments in the industry and the interviewees did not address any wishes to change towards a more structured approach in managing the talent resources on unit level. This finding indicates that at least in organizations of similar size, a rather unstructured and open way to approach TM can be an advantage when encountering uncertainty and volatility in a business environment.
5.4.2 Strategic steps: Need, Data Collection and Planning

As the resource-based integrated TMS framework shows (see Figure 6), strategic choices are the result of three steps, namely: need, data collection and planning. The empirical findings at WIO show that these steps are highly relevant to the case and are important process of strategic decision-making. As Ashton & Morton (2005) claim, the first step, ‘need’, is to map demands of business strategy, business model and external environment. Only when they understand the business strategy needs, they can possibly understand needs on talent. This is supported by the findings of this study, as the case company first makes use of their strategic approaches to figure out the trigger for firm growth, customer preferences and environmental change before they come up with relevant ideas regards talent needs.

The empirical findings support the second step of theoretical notions as well (Ashton & Morton, 2005). As soon as WIO gains knowledge about business needs, they start to examine internal human resources and compare it with organizational goals. Hereby, gap of skills and capabilities are likely to be found. WIO collects all of the data to identify and fulfill current and future needs on talent and match them with organizational objectives.

The last step before making strategic talent choices is talent planning, which in regard to talent costs, talent gaps, and core people competence (Ashton & Morton, 2005). This is once again highly relevant to WIO which consider talent management as a
large investment. However, they still agree upon filling the gap of talent. They collaborate with a consultancy company in order to plan their requirement on talent more efficiently and effectively.

To sum it up, the theoretical assumptions have been verified by the case study. The case company follows a three-step process to make strategic choices on talent management. These findings can support and contribute to part of integrated framework of TMS while answering part of the research question. However, whether an organizational structure managed in both centralization and decentralization should be concerned with the strategic choices on talent management has not been verified.

5.4.1 Pivotal positions

Collings & Mellahi (2009) highlight the importance of key positions in a company as these pivotal organizational roles can influence a firm’s competitive advantage. Over-investment in non-strategic roles and appoint them with top performers are not a prudent choice as these non-pivotal positions may only have marginal impact on organizational performance. A common pattern found in empirical study was that WIO does not identify the pivotal positions for permanent use on an organizational level as a whole. Rather, at WIO pivotal positions arises from the need and changes according to change of the need. Following a need-based approach, WIO identify pivotal positions on account of business projects’ need. The pivotal positions are not necessarily the same group of talents for every project if needs of skills and capabilities are not alike between projects.

Pivotal positions as a vital step at WIO, is involved in the need-based approach and considered carefully during the process of strategic choices. However, it differs from the theory which emphasizes that the focus should be narrowed from all the employees of a firm to a limited group of high performers in pivotal positions (Collings & Mellahi, 2009). WIO tends to be agile in response to environmental change. Whether a pivotal position can stay as pivotal is depending upon the current needs and situation at the moment. On the other hand, WIO works in the insurance area where the business license demands identifying certain pivotal positions, thus urging the case company to carefully consider pivotal positions from a risk management perspective.

Looking at the resource-based integrated TMS framework (see Figure 6), the authors propose a step of pivotal positions right after strategic choices for companies to identify
and fill with top performance talents. Similar notions can be found in the literature written by Collings and Mellahi (2009). The empirical findings show the alignment in a way that pivotal positions play a crucial role in talent management system. Nevertheless, it broadens understanding from practitioner side and contribute to academic side as pivotal positions derive from needs, involving it as one step in strategic choices will help companies to flexibly forecast and foresee the environmental change. In accordance with rapid technology advancements, companies should reflect upon when pivotal positions are more appropriate and whether they should be adjusted.

The further question is in which strategic step pivotal positions should be placed. According to empirical findings, when WIO starts a new project, first they decide if they need to set up pivotal positions and then think about who will fill in this position. Following the findings, the authors decided to place pivotal positions after the step of need and before the step of data collection (see Figure 8). The reason for doing so is that pivotal positions stem from need. Once organizations obtain the knowledge of external environment and business strategy, they should narrow down the focus on the strategy of talent management. Before they collect data to find out where and who need to fill the gap of talent, pivotal positions should be decided beforehand so that they can focus on investing and filling high performers in key areas.

![Figure 8. Pivotal positions revised](image-url)
5.4.3 Talent pool

Collings and Mellahi (2009) explain that an effective talent management system requires development of the talent pool to supply the key strategic roles. When analyzing how WIO has changed their approach in regards to talent pools, a few central elements can be identified from the empirical findings; who is regarded as talent, how external talent pools can be exploited and what is the role of the internal talent pool in a dynamic business environment. As Bidwell & Keller (2014, p.1036) write: “Some jobs may be more likely to be filled by internal mobility, while others are predominantly filled by hiring”. This is also evident in the case of WIO and examining the reasons for the division of external and internal talent hiring is especially interesting in the studied case.

Talent profiles and cultural fit

Stahl et al. (2012) outline the importance of values and cultural fit and not just job-related skills and experience when considering who to recruit. Similar criteria was identified at WIO in how they had changed their perception on what kind of talent they want to recruit. WIO described how they have changed their view about what kind of attributes and knowledge a talent should have in order to be the most useful for WIO. Before becoming an independent service provider in the business and before they were as deeply involved in the digital side of the business where uncertainty and rapid developments are part of the everyday business, they valued talent with deep and narrow knowledge, skills and capabilities. Highly trained experts that would excel within their specific business area, within a business “silo”. When aiming to build a dynamic business, such workers with an extremely narrow focus became a burden. In a dynamic business environment where integration and adaptability are a prerequisite for successful performance (Teece & Pisano, 1994), the most important positions should be filled with talent that see the organization-wide business and not just their own business area. In the case this problem was dealt with by changing the perception of talent from specialist to more generalist employees who would understand the business in a more complete manner and work in many different units and roles. Also WIO emphasized the importance of cultural fit by stating that they look for talent with the right positive attitude and interpersonal skills that fit their organization. This was a clear action to increase integration and more comprehensive business understanding throughout the organization. The downside of this development, which WIO admitted themselves as well, is that the deep substance knowledge in specific business areas may suffer. Stahl et al. (2012) point out the risk of limiting the talent pool in pursuit to
cultural fit to candidates with too similar profiles. This kind of development eliminates the diversity organizations need for being innovative and adaptive to new circumstances (Stahl et al., 2012). It is constant balancing with the talent profiles which clearly has an impact in business operation. The studied case indicates however, that a more generalist view on talent can be beneficial for an organization to strengthen integration and overall business understanding in the organization, but it involves risks that may become apparent only in long-term. This approach helped WIO to adapt to the changing demands of the business environment and to the changing customer expectations.

**Exploiting external talent pools**

Another identified way to improve an organization’s flexibility through managing their TMS is by exploiting the benefits of external talent pools. It became evident from the case that as the technology advancements and other related developments have become more significant, WIO has purposely increased their use of external talent pools. Despite the fact that using consultant workers is more expensive in the long term, the flexibility benefits that it offers outweigh the expenses of it in the studied case. As the business environment becomes increasingly volatile and uncertain, the future prospects of the business are also less clear and short-term. Investing in human resources in financial services is one of the biggest expenses the companies have to consider in the business. When the future vision is blurry, it is apparent that companies would rather avoid making long-term talent investments before a specific talent need has proved to be more certain. The use of external talent pools is a very suitable tool for this purpose as the investments are short-term and the talent resources can be easily scaled to the present business needs. As WIO explained, as some talent needs become clear that they will be needed for many years to come, then they will attempt to hire that type of talent to their internal talent pool. But in the digital business where new trends for channels and platforms appear on a regular basis (Hagel, Brown & Davison, 2008), it is difficult to forecast which developments are to stay and which will be replaced by new ones. The same uncertainty then reflects to deciding which talent will be needed in the future and which will be just a passing trend. Similarly to the view of Stahl et al. (2012), the managers at WIO expected the use of external talent pools and global talent pools only to increase in the future as well, which is understandable considering the ever increasing pace of the industry development.
WIO addressed also other benefits of using external talent pools that can help them respond to the challenges that the business environment brings. The fact that the external talent can be used for very specific and short projects where niche expertise is required adds to the usefulness of this aspect of managing TMS. As new business needs emerge that an organization wants to test but does not necessarily want to invest in a larger scale or a specific need is just so small that it would be waste of resources to hire that talent internally, for such situations the external talent pool is a great option. These situations are more prevalent in increasingly volatile business environments like the financial services than more stable environments. As WIO addressed, it would also harm the individual talent to be hired in a company where that talent would not be able to fully utilize the potential and expertise that he/she possesses. This view is supported by Andjelovic-Pesic, Jankovic-Milic and Stankovic (2013) as they write that continuous environmental changes and new technologies may erode a company's competencies, thus regular renewal of talent resources prevent the erosion. Also, the use of external talent pools allows companies to learn from the prior employers of these talents (Rao & Drazin, 2002; Rosenkopf & Almeida, 2003) and even help in building new relationships with the previous employers (Dokko & Rosenkopf, 2010; Somaya, Williamson & Lorinkova, 2008). This was an aspect that WIO brought up as a significant benefit from using external talent pools. Based on the findings of the case it can be said that using external talent pools is an important part of managing a TMS in times of disruptive business developments.
Role of internal talent pools
The findings suggest that managing external talent pools is crucial part of enabling adaptiveness and flexibility for managing talent resources, but what is the role of the internal talent pools? From the perspective of the case, WIO emphasized the internal talent pool as the core talent. The talent that has the essential skills and capabilities for running the business, thus knowledge about the different business areas, products, customers and the overall business. They also referred to the internal talent pool as the “minimum” capacity to run the business. So in case no new developments would occur and the business would stall and they would just run the core business, they could do it with their internal talent pool. Another dimension to this is that WIO wants to avoid any dependencies to suppliers and other stakeholders by keeping the core talent internally so that they can always be in charge of their own business. But with the TMS management trend going more towards using external talent pools it would seem that there is a risk of becoming more dependent on talent suppliers. However, having a “minimum capacity” in internal talent pool maximizes the benefits an organization can gain from exploiting the external talent pools. This raises the question that how sustainable this kind of management of a TMS is in long-term. WIO defended their approach by explaining that as some developments become more permanent, they attempt to recruit and incorporate related talent to their internal talent pool, which would save costs and decrease dependencies in long term. However, an aspect that should not be underrated is the overheated market situation in developing services and products to the demands of technology advancements. The highly competitive situation at the labor markets for these talents may have distorted the internal/external talent pool balance in this industry to highlight the usage of external talent pools. Despite that, the findings of the case suggest that managing the internal/external talent pool balance may have significant impacts in responding to the demands arising from the disruptive developments of an industry. It is an interesting finding from the research that could be studied further.

Talent pool - Value, Rareness, Imitability and Organization
Analyzing the talent resources that WIO possesses through the internal and external talent pools, it is intriguing to examine it from the resource-based view using the VRIO framework. As Barney (1995) suggests, internal resources can be a source of sustained competitive advantage if they meet the criteria of value, rareness, imitability and are supported by the organization. The talent resources WIO uses from internal
and external talent pools can obviously meet the criteria of being valuable for the organization and especially now during the overheated market situation, many talents are considered as rare. Also the way the talent management is organized at WIO can be seen to support in gaining competitive advantage. However, the question whether the talent resources are imperfectly imitable or not raises interesting debate especially when examining the features of internal and external talent pools. The talent who are in the internal talent pool appears to be less vulnerable to imitation as they are more strongly tied to the organization and they are more likely to be affected by the unique historical conditions and social complexity in the organization (Barney, 1991). However, as the tendency is towards exploiting the benefits the external talent pool has to offer, could it mean lower possibilities of reaching sustained competitive advantage? The talent resources from the external talent pool may very well meet the criteria of being valuable and rare for the organization and even the organization can support this talent resource. Yet, as the external talent ought to be less tied to the hiring organization and they still have ties to their actual employer, also the benefits of the organizations support can be questioned. When it comes to the imitability of talent from external talent pools, the protection against imitating seems rather weak. The short contracts and weak ties to the hiring organizations make external talent very mobile between different organization and even competitors. Preventing the imitation appears to be out of the hands of the hiring organization, as it was addressed in the findings also that for example bigger clients to the consultancy companies can choose first which talent they want. A smaller client has nearly nonexistent protection against the risk of imitating.

This finding suggests that talent resources from external talent pools can hardly meet the criteria of imitability. According to the VRIO framework (Barney & Wright, 1998) this means that using external talent pools can only provide temporary competitive advantage rather than a sustained competitive advantage. Reflecting this conclusion to the disruptive business environment of financial services, we could ask the question whether companies are seeking to gain sustained competitive advantages or are they rather attempting to reach consecutive temporary competitive advantages? In a volatile business environment where the future prospects are unclear and no-one knows what will be the winning future developments, is going after sustained competitive advantages relevant?
Eisenhardt (2002) discusses the same dilemma with sustained competitive advantage: “The duration of competitive advantage is unpredictable. It may last 10 minutes, 10 months or 10 years. So although most executives would like sustained competitive advantage, they are forced to operate as if it does not exist. The challenge is, therefore, not so much achieving sustainable competitive advantage as it is coping with not knowing whether such an advantage actually exists - expect in retrospect.” (Eisenhardt, 2002, p.91)

With more and more new developments emerging in the financial services, it seems like a natural decision by the managers to pay attention to the adaptability and flexibility capabilities of an organization rather than ensuring that a competitive advantage lasts as long as possible. As it has been seen in other industries as well, the technology advancements can change whole industries in a very short time (Christensen, Raynor & McDonald, 2015) and the same can happen in financial services. In this light, a disruptive business environment could be considered as a reason for attempting to gain temporary competitive advantages and get success through them in various and constantly changing business developments. As Eisenhardt (2002) noted, it is only possible to say in hindsight whether a competitive advantage has existed or not. After analyzing the talent pool management through the resource-based view and the VRIO framework, the decisions that have been made regarding the use of external talent pools does make more sense in the disruptive environment that WIO operates in.
5.4.4 Talent Lifecycle

![Talent Lifecycle Diagram]

Figure 10. Talent lifecycle analysis

Recruitment

Analysis of the empirical findings reveals that the current developments in the financial services business, driven by technology advancements, has affected the management of recruitment activities as a part of a TMS. First of all, the requirements speed and quality of the recruitment process have increased notably. In order to be able to recruit the best talent to an organization, the recruitment process as well as the company profile has to be appealing to the candidates (Lawler, 2017). This aspect is highlighted currently in the financial services due to the overheated market situation and fierce competition over talent. The situation has also forced the case company to pay more attention to their recruitment process. But it is not only the demands arising from the market environment, the findings also indicate that the expectations from the applicants have also changed. According to the findings from the case study, people generally are used to getting faster quality service in their everyday lives and it is reflected in the applicant expectations towards employers. Technology advancements is a part reason for this development as well, not necessarily because of developments in the industry, but general developments in consumer behavior and the application of technology in the everyday life of people. It was addressed in the interviews that as
the applicants and workers are used to using advanced technology and digital services in their free-time, they also expect similar approaches from the employer.

When competing for the best talent, having an attractive employer brand has an important role (Schiemann, 2014; Lawler, 2017). This is an aspect that WIO has increasingly put more efforts into through their annual workplace research and systematically improved the job satisfaction and work quality of their employees. Another aspect which has changed that was more thoroughly discussed in the talent pool part of the analysis is how the target of recruitment, the type of talent has changed from the specialist profiles towards more generalist talents. It is also a factor that has an impact on managing the recruitment process as it can be built to aim towards a specific type of candidates.

To summarize, the challenges that technology advancements other disruptive developments in an industry can be reduced by appropriate approaches in recruitment as well. From this case it can be identified that increasing the speed and quality of the recruitment process together with building an attractive employer image can be tools to improve the overall performance of a TMS in times of disruption such as technology advancements.

**Training & Development**

Lawler (2017) argues that developing talent is different today than it was two decades ago because of the changes in workforce, the development of technology and the fact that organizations need to be more agile than before. Looking at the ways of providing training and development to talent at WIO, it can be said that the technology advancements and the demands emerging with it have impacted this part of the talent lifecycle. At WIO, the major trainings that they offered for their talent were all related to the trends driven by the disruptive developments of the industry. The main focus of the recent training had been on understanding the impacts of technology advancements in general to the business and applying new agile working methods to cope in the volatile business environment. The methods of the training were rather conventional, course-like setups, but they had established a new partnership with a high-level institution, a local business university. This approach hints that in times of technology advancements, providing relevant training to talent is a useful way to battle the challenges through managing a TMS. As the volatility and uncertainty in the business increases, it seems like a natural consequence to prepare talent to the
uncertainty through training and by applying agile working methods that are more flexible in answering to the emerging threats and opportunities. From a resource-based perspective, training and development plays a big role in forming company culture and creating the social complexity that prevents competitors from imitating resources (Barney & Wright, 1998).

Succession planning
Succession planning is considered to be a useful tool to plan and develop talent (Stahl et al., 2012), but the findings of the succession planning part of the talent lifecycle did not reveal any specific changes or certain ways of managing that would have been driven by the demands of a disruptive business environment. The way succession planning was conducted at WIO was very general and they admitted themselves as well that they are probably not very good at it. Proper succession planning was done from risk management perspective, but that was mainly done for the reason that it was required by their license to operate in financial services. On a more individual talent level, they said they do not do succession planning in a structured and regular basis. However, when vacancies do appear then they consider the career moves from their internal talent first to allow their own people to progress in their careers. More researched cases would be needed to find out how succession planning could be used to improve performance during disruptive times, as the researched case did not provide much interesting insight from this perspective. However, in the light of current talent management literature, an improved succession planning procedure in an organization like WIO could benefit through talent motivation and loyalty that are byproducts of effective succession planning (Lawler, 2017).

Retention
Talent retention is considered as a major issue in talent management (Stahl et al. 2012; Lawler, 2017). Based on the empirical findings, talent retention is an area where the developments of the business environment can be seen to have impacted the way it is managed. In the studied case the rapid changes driven by technology advancements have overheated the labor market for workers with talent to respond to these digital developments as majority of the companies are competing for these talents. As talent has become increasingly scarce resource, retaining that talent has grown its significance. The studied company has set the employee satisfaction and wellbeing as much a strategic objective as it is a company value. This is very understandable in the sense that talent turnover is very expensive from both
productivity and economic perspective (Lawler, 2017). Paying more attention to job satisfaction was stated as the single most important way of managing talent retention, but also much due to the competitive labor market situation, they have had to review compensation levels more often. As Stahl et al. (2012) propose, the first step to decrease talent turnover should be understanding why talent leaves the organization. WIO approached this by conducting interviews with every employee that leaves the organization in order to gain knowledge and improve their talent retention. The findings of the case indicate that when major disruptive developments appear in a business environment and the whole industry wants to take part in that, it puts more pressure on talent retention and companies should make effort to remain as an appealing employer to be able to retain key talent in their organization.

5.5 Resource-based integrated TMS framework reviewed

Following the sequence in the structure of the resource-based integrated TMS framework, an analysis of how to manage TMS in times of technology advancements has been accomplished. As it was mentioned in theoretical background, the created resource-based integrated TMS framework was a developed theoretical concept built upon current literature in relation to talent management. Due to lack to empirical study in current literature, this framework was tested. Firstly, the authors followed the orders of the resource-based integrated TMS framework to design the empirical research and the interview guideline for the semi-structured interviews. After conducting the research based on the developed framework, also the findings and analysis followed the structure and were guided by the theories behind the resource-based integrated TMS framework. All the elements shown in the framework were tested during the empirical study and modifications are explained in the following.

5.5.1 Modification

The original model which is displayed in Figure 6, seeks to incorporate all the activities involved in talent management system throughout the whole TMS process. The testing of the resource-based confirmed that the framework works for the purposes of identifying and analyzing an organization’s TMS and the separate elements could be identified even in an organization that had not established a formal TMS structure. During the empirical testing the authors attempted to reveal deficiencies in the framework in terms of missing elements or parts of elements that should be addressed in the framework but failed to come across any. This indicates that the theories that were used in developing the framework are relatively complete in terms of forming an
all-encompassing TMS framework. Obviously, it has been taken into consideration that the brief testing of the framework is rather limited and calls for further testing and more research. The authors believe that deficiencies can be identified from the framework in further research and that it can be improved in the future. Based on this research, the authors will suggest minor modifications to the original framework presented in the second chapter of this study.

First of all, the original framework emphasized pivotal positions as an individual element after making strategic talent choices. Presenting it this way does give pivotal positions the highlighting it deserves as Collings and Mellahi (2009) explain. However, the conducted research suggests that when making a representation of an organization's talent management system, chronologically, the considerations with respect to pivotal positions happens during the phase of making strategic choices and not after it as suggested in the original framework. Therefore, the framework is proposed to be revised in the way that pivotal positions are integrated into the process of strategic choices. The original framework shows the logic that a company makes important strategic choices regarding talents and then decides the fixed pivotal positions and fill these positions with high performers from a talent pool. The evidence for proposing this modification is very light but clear, and the authors wish for further research to prove which representation of pivotal positions is more suitable.

Another pattern found was that identification in talent lifecycle is overlapping with pivotal positions and recruitment phase of the talent cycle. During the research, when conducting the interviews it became apparent that when discussing the identification phase of talent lifecycle, the discussion would always lead to discussing identifying pivotal positions or identification talent in recruitment phase. The experienced overlapping may be due to the reason these terminologies are written in different literatures and the focal point of each article is different. Dries and Pepermans (2007) claim that identification should be the first step in the talent lifecycle to identify high potential talents, the theory of pivotal positions also suggest to identify top performers (Collings and Mellahi, 2009). A firm should recruit and appoint the top performers to work for key positions. However, in this article pivotal positions are highlighted. Given this reason, identification should be removed from the resource-based integrated TMS framework.
Lastly attraction is decided to be added in talent lifecycle. At WIO, attracting talents and focusing on employer brand have given much attention in the phase of recruitment in talent lifecycle. WIO perceives enhance different dimensions of employer attractiveness will positively attract more talent to work for them and gain competitive edge (Schiemann, 2014; Lawler, 2017). The essence of employer branding is to create a desirable and reputable image for employers as the best place to work so as to engage the employees (Verma & Ahmad, 2016). Creating a positive employer’s image to attract talents was indeed mentioned and aligned with theories (see Chapter 2). However, the authors did not convey this to the resource-based integrated TMS framework before conducting the empirical study. The resource-based integrated TMS framework was tested and now should be improved so as to further develop current literature. As shown in Figure 11, ‘attraction’ is put together with recruitment as companies usually attempt to attract talents in the process of recruitment.

![Figure 11. Revised resource-based integrated TMS framework](image)

### 5.5.2 The message of the resource-based integrated TMS framework

As it was mentioned in the previous chapters, the motivations for the authors to create the resource-based integrated TMS framework are twofold. Since the current literature of talent management only provide fragmented theories respectively rather than a systematic process of TMS which can encompass all the elements, the authors create
this framework to develop the current literature. The framework can also be used as a tool for companies to identify all the elements and the connection between each.

After reviewing and modifying this framework, it can be seen that this framework by no means serves as a theoretical concept. Nevertheless, the extent of research findings and conclusions are generalizable in different practical settings as well. Resource-based perspective also suggests the practitioners to keep in mind that this framework can ultimately be helpful for firms to protect knowledge-based resources from imitations in times of disruptive environment. The practitioners can use this framework to easily review and compare their own activities on talent management. Whether a firm for example has a strict or light structure of TMS can be found out. What the reasons for them to have a similar or different TMS are in comparison of the one created in this thesis and how to review it and further improve it. The practitioners do not necessarily have exactly the same elements and steps as the one illustrated in this thesis. On the contrary, it is flexible and can be used as reference standard for companies to reflect upon their own strategies on talent management accordingly.
6 CONCLUSION

In this chapter the mystery of the thesis is uncovered and the thesis is finished up with the summaries of the findings and analysis. The research question set in the first chapter is ready to be answered in this section. Implications and future research are discussed while it allows the readers to have a clear overall understanding of the research.

6.1 Answering the research question

The aim of this thesis was to extend current knowledge on talent management and more specifically focus on talent management systems and how they are managed in times of disruptive changes in business environment. The research question was approached by conducting a literature review in talent management and based on the existing knowledge in the field, a conceptual framework was developed to support the research objectives. The resource-based integrated TMS framework worked as a backbone to provide boundaries and guide the empirical study and further analysis of the findings.

To summarize the main findings from this study, first of all the research indicated that managing a TMS has an important role in adapting to disruptive environmental changes. Talent as a valuable organizational resource should be managed through an appropriate TMS that fits to the circumstances the business environment brings. From the studied case there were several central elements identified within a TMS that enable organizational flexibility to adapt during disruptive developments. The first identified factor was the overall structure of a TMS and how a lightweight TMS where most talent decisions are made locally in units with a need-based approach added responsiveness in the case organization. This is an interesting finding about the way a TMS can be structured and prompts further research to be carried out in exploring the possible structures of a TMS. The structure aspect of a TMS was examined through the VRIO framework (Barney & Wright, 1998) and it became clear that the overall structure is the main determinant for how the organization supports the management of talent resources in the pursuit to achieve competitive advantages.

Another key finding from the study is the significance of the use of external talent pools in bringing scalability and adaptiveness to managing talent resources. Alongside the lightweight structure of of the TMS in the studied case, the talent pool management
appeared to be one of the most powerful management elements within a TMS to adapt to the disruptive developments of the industry. By keeping the core or “minimum” talent in their internal talent pool and by scaling other talent resources by exploiting the external talent pool, the case company seemed to achieve a higher level of adaptability in their business. On the downside of their talent pool management the talent expenses increased due to the relatively high use of consultant workers. The analysis of internal and external talent pools was the section where the VRIO framework (Barney & Wright, 1998) was utilized in its fullest due to the fact that these are the pools where the talent resources are reserved. The analysis through VRIO triggered exciting discussion about whether the use of external talent pools can only lead to temporary competitive advantage because of the high risk of imitating external talent resources and what are the reasons for going after temporary rather than sustained competitive advantages. The research proposes that in disruptive business environments where the uncertainty about the major future developments is immense, companies may decide to aim for temporary competitive advantages and short-term business victories. In such situation the benefits of exploiting external talent resources outweigh the disadvantages of it, thus results in increased share of external talent in comparison to the internal talent.

The study also revealed that it not just about how the TMS is managed, but also who is considered as talent. One way to prepare for uncertainty that was introduced in the case was that the perception of talent in the case company had been changed from a specialist profile with narrow expertise towards a more generalist profile. The reason for that was that a generalist worker would be more flexible in working in changing circumstances, thus more useful in a wider spectrum of potential disruptive scenarios. From the talent lifecycle perspective the findings imply that managing recruitment, training and retention would have notable influence in adapting to the demands technology advancements have brought to the business. With the overheated market situation that was present in the case, the importance of the speed and quality of the recruitment process as well as the employer image are highlighted. In order to attract the talent that can battle the disruptive developments, an inviting image and recruitment process must be established. Similarly, in order to keep the scarce talent in the organization, retention management must be a high priority. The findings also suggest that the knowledge of existing talent can and should be developed through appropriate training that would prepare the workers for an uncertain future.
Overall this study does provide valuable insights to the research field of talent management and talent management systems. The research question is answered in the analysis in a holistic manner that aims to cover all the aspects that are present in a talent management system. The results of the research contribute to the understanding of complete talent management systems in the form of the developed conceptual framework that was proven to function in practice. Through the findings that were generated by utilizing the developed framework in the research, the authors managed to gain results that can be considered to be generalized in a larger scale and at least studied further in order to strengthen the justification of the findings.

6.2 Implications

Having approached the topic of this thesis from both a theoretical and an empirical point of view, implications can be summarized for both researchers and practitioners.

6.2.1 Theoretical implications

Based on the existing talent management literature, knowledge was integrated and it resulted in one of the main contributions of this paper, the resource-based integrated TMS framework. The authors of this thesis used a resource-based view to look at and support the standpoint of the strategic importance on talent management (Ashton and Morton, 2005). This thesis is devoted to explore the role of talent management in supporting business strategy. While integrating knowledge, the resource-based integrated TMS framework was purposely developed to support the research. It combines various activities that are embedded in talent management including making strategic choices, exploiting talent pool and managing the talent lifecycle. All the activities illustrated in the framework are placed orderly and the purposes of the framework are twofold. Firstly, the framework can contribute current theories of talent management since a comprehensive model of a talent management system has not existed in the research field previously. Secondly, on practitioner side, organizations can use the framework to assess and identify their talent management systems and benefit from it in designing and improving them.

The study findings confirmed that a systematic talent management system is relevant throughout the whole talent management process as most activities within talent management system are sequential and exists in organizations. The interrelation between talent management system and disruptive business environment were
proven by the study as well, that talent management can be a tool to answer to the challenges a disruption may bring.

This thesis also deepens the understanding about existing talent management literature. The literature emphasizes that pivotal positions should be identified before talents are identified so that organizations will not over invest in every position and appoint them with top performers (Collings & Mellahi, 2009). The empirical study findings confirmed the importance of pivotal positions but indicated that there is limited knowledge about how the process of identifying pivotal positions is managed. According to this study, pivotal positions arise from needs so that they are adjusted in accordance to the changes in the business needs. Furthermore, common activities in TM practices are also reviewed in this study. Activities involved in a talent lifecycle include identification, recruitment, training and development, succession planning and retention (Dries & Pepermans, 2007; Collings & Mellahi, 2009; Stahl et al., 2012; Thunnissen et al., 2013b), which are challenged by the view of this thesis. More specifically, identification should be omitted while attraction is suggested to be added. Consequently, some adjustments to the framework created in this thesis were proposed.

Moreover, the resource-based integrated TMS framework was not only stemming from theoretical insights but also tested by empirical study. The authors provide a rationale from RBV perspective for talent management to be considered as a source of competitive advantage. One contribution of the resource-based integrated TMS framework is also to help understanding the sources competitive advantage from a talent management perspective.

6.2.2 Practical implications

This thesis can help practitioners to get an overall understanding how talent management practices could provide a source of sustainable competitive advantage. Exploring the role of talent management from RBV perspective can enhance firm competencies. In order to achieve that goal, this study initiate the resource-based integrated TMS framework which collects a set of activities in talent management practice to further help practitioners. Being aware of the sequence and interdependencies among the set of activities would help practitioners grasp a logical and comprehensive understanding of talent management. They can use the
framework offered in thesis as benchmark to review and analyze their own talent management practices.

Moreover, this is a study of disruption in talent management, which was conducted on the impacts a disruptive business environment to TMS. It extends the understanding on the influence of external factors on TMS. Practitioners should identify and understand the talent management system first and view it as an important strategic element in the dynamic environment. Further, practitioners can evaluate whether disruption has a strong impact on any activity in TMS and then to develop their TMS accordingly.

6.3 Future research

This research confirmed the notion that exploring talent management systems is a meaningful and extensive line of research and there would be plenty of topics to delve deeper into. First of all the authors suggest that similar studies that examine the concept of a TMS in different types of organizations and how the TMS is managed and structured would make a great contribution in further understanding TMS and their role in an organization. This study was a single case study that brought interesting findings from one type and size of an organization in one industry, but it would be intriguing to explore multiple organizations and their TMS to make comparisons and conclusions of what role a TMS can have in different organizations. Studying more organizations would provide the field with knowledge about what are the main determinants for how a TMS is structured, for example size, industry or overall business circumstances. In this case study, a lightweight TMS structure was deployed to answer to the challenges a disruptive business environment may bring, but are there other structures that can bring similar benefits in such situation?

Also, the authors suggest that the resource-based integrated TMS framework would be further tested and used in similar research in order to test and develop it further. Conducting such research would be important in developing a theoretical model that would represent a complete TMS that could be used as a basis when discussing TMS. The integrated framework is the first attempt to form such framework, but it is evident that there has not been enough testing of the framework to prove its full applicability. The findings that were produced in this research through utilizing the resource-based integrated TMS framework proved that it worked well for the purposes of this research, but further experimentation ought to be carried out with the new framework.
References


Barney, J. (1986). "Organizational culture: can it be a source of sustained competitive advantage?" *Academy of management review 11.3: 656-665.*


Opdenakker, R. (2006). Advantages and disadvantages of four interview techniques in qualitative research. *In Forum Qualitative Sozialforschung/Forum: Qualitative Social Research (Vol. 7, No. 4)*


Appendices

Appendix 1. Interview guideline (English)

INTERVIEW GUIDELINE

A. Introduction

A1. Disclaimer: Timeframe (1h), confidentiality, anonymity, recording, voluntary, use of data

A2. Introducing research: Introduce university, authors, topic, purpose, research focus

B. Background

B1. Experience: What is your background? How many years of experience you have in this business?

B2. Current position: What is your current position? What are your tasks and responsibilities?

B3. Role in TM: How are you involved in talent management? How many subordinates do you have?

C. Disruption

C1. General drivers: What main change drivers have/are affecting your business/unit?
   - Past change drivers
   - Present change drivers
   - Future change drivers

C2. Technology drivers: What have been/are the main change drivers to your business/unit from the perspective of technology advancements?

D. Connecting drivers to TM

Right after discussing change drivers, build the first touchpoint to connect the drivers to TM. Attempt to reveal if the interviewee makes direct connections to TM and discuss it here. If not and after that discussion, continue to introduce the concept of TM and TMS by introducing the resource-based integrated TMS framework into the discussion.

D1. Change drivers and TM: How the change drivers have affected TM in your unit / this company?

D2. Building a bridge to TM: *Introduce resource based integrated TMS framework*
E. Strategic TM decisions

E1. Participants: Who is involved in making strategic talent decisions?

E2. Needs: How do you map your talent needs?
   How do you evaluate your needs based on strategic objectives?
   What activities and processes it involves?

E3. Data collection: How do you collect data about?
   ● Current talent resources
   ● Future talent needs
   ● People wants

E4. Planning: How do you do your talent planning?
   Who is involved in the planning process?
   How long time scope do you have for planning?

F. Pivotal positions

F1. Identifying: Do you identify pivotal positions?

F2. Decisions: How do you decide what a pivotal position is?
   Why do you do decide pivotal positions?
   How are pivotal positions filled?

G. Talent Pool

G1. Talent: What is talent for you?
   How does talent contribute to your organization?
   What competencies are required to be viewed as talent?
   Is talent important and why?

G2. Talent pools: What is a talent pool for you and who are involved that?
   ● Does it involve internal and external talent?

G3. Internal talent pool: What purposes does internal talent pools serve?
   How is it managed?

G4. External talent pool: What purposes does external talent pools serve?
   How is it managed?

H. Talent Lifecycle

H1. Identification: How do you identify talent?

H2. Recruitment: How do you attract and recruit talent?

H3. Training & Development: How do you train & develop talent?

H4. Succession planning: How do you do succession planning for talent?
H5. Retention How do you manage talent retention?

I. Concluding discussion
After going through the planned interview structure and the TMS framework, return to an overall viewpoint about the change drivers and TM together and continue discussion in general level and attempt to trigger more conversation about interesting matters that were brought up during the interview. Ask if anything else regarding the topic would come to mind at this point. In case time is running out, end the interview appropriately and thank the participants.
Appendix 2. Description of research & methods letter

Description of research & methods

To:
Wealth & Insurance Organization
Address

Research description
We are two students from Linköping University in Sweden working on our master thesis for the master program Strategy and Management in International Organizations. We are conducting research about talent management in financial services. The purpose of the study is to examine how an organization adjusts its talent management system to meet new demands emerging from business strategy and industry developments. The study focuses on changes that are driven by technology advancements, thus digitalization and other related phenomena.

The research will be conducted in the form of a case study. Data for the empirical research will be collected through interviews with representatives of the case company. The case company’s and the interviewees’ information will be treated as strictly confidential and will be anonymized in the research. Names of the interviewees, name of the company or any data sensitive to the company will not be revealed in any research reports. The strict confidentiality applies throughout the whole research process.

The interviews are voluntary and the interviewee can stop the interview or refuse to answer questions at any time. The interviews are recorded for data collection and analysis purposes. The recordings will only be used by the two researchers in order to be able to go back to the interviews and make an in-depth analysis of the collected data.

The final research report will be published by Linköping University in an online research publication portal. As in every research report regarding this study, also in the published final research report all the participants’ information will be strictly confidential and anonymized.
If you have any further questions regarding the research, please contact us. Thank you very much for your participation and interest in our research project!

Best Regards,
Daniel Honkanen & Hong Zhu