

MBA 2006/7

The impact of talent management practices on business performance

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**A research project submitted to the Gordon Institute of Business
Science, University of Pretoria, in partial fulfilment of the
requirements for the degree of Master of Business Administration**

14 November 2007

ABSTRACT

Talent management practice within an organisation is an international human resources strategy that seeks to identify, develop, deploy and retain talented and high potential employees. Although talent management practices may be applied in South African companies, they can only contribute optimally to business performance if both top management and employees are aligned on its objectives and implementation in the organisation. However companies are often unaware of the extent of misalignment between the perception of employees and top management. Using a combination of quantitative and qualitative approaches, this study examined the perceptions of Talent Management Practices of 42 employees and seven top managers in a major South African mining company with reference to international best practice. The study then compared the perceptions of employees and top management on six themes of talent management practices. The empirical results revealed that the perceptions of the employees were misaligned with international best practice, particularly on the themes of implementation and the instruments used to identify high potential employees. Furthermore, there was misalignment between the perceptions of employees and top managers, particularly on the themes of transparency, competency models and communication. Company talent strategy focussed more resources on perfecting the Talent Management Practices on the Executive Talent Pool rather than throughout the organisation. Furthermore, top managers were more focussed on the implementation of the strategy itself rather than on measuring its impact on business performance.

DECLARATION

I declare that this research project is my own, unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Business Administration for the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university.

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Date:

Sibusiso Ntonga

ACKNOWLEDGEMENTS

I wish to express my sincere thanks and gratitude to the following persons:

- My supervisor, Dr. Mandla Adonisi, for his patience, guidance and support during the completion of this research report.
- The respondents and top managers from Company X who participated in this research. This research report would not have been possible without your generosity and willingness to participate.
- My family and particularly my wife Hlengiwe, and my sons Lebo and Vuyo. Your continuous and unwavering support and encouragement over the past two years motivated me more than you can ever imagine.
- My friends for walking this path with me.



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LIST OF ABBREVIATIONS

HR	Human Resources
GIBS	Gordon Institute of Business Science
HIPO	High Potential
ETP	Executive Talent Pool
IGTP	Inter Group Talent Pool

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1. DESCRIPTION OF THE PROBLEM AND BACKGROUND

As business searches for new and/or better means of achieving competitive advantage, the capacity of every functional area to improve organisational performance is under scrutiny. As a result talent management programs strive to develop and retain high potential employees, and thus provide organisations with managerial talent source and competitive human resource advantage which will impact organisation performance.

The logic behind talent management is based on the fact that businesses are run by people. Processes, technology and capital are important but it is people who make the decisions. It's people who create value by using these corporate assets to create products and services that people need. Thus this means that the better people an organisation has, the better it will perform. This is the rationale behind talent management to attract, develop and utilise the best brains to get superior business results.

The future of most businesses is reliant on the acquisition, development and retention of talented people to create the leadership capacity and talent required to implement new strategies so as to meet current and future business needs.

The need for talent and its expert management is always a difficult challenge as it involves identifying tomorrow's stars today and ensuring they live up to expectations. This need for talent is also driven by macro trends including:

- New cycles of business growth, often requiring different kinds of talent.
- Changing workforce demographics with reducing labour pools and, therefore a talent squeeze.
- More complex economic conditions which require segregated talent and talent management.
- The emergence of many small and medium- sized companies that are increasingly targeting the same people sought by large companies, by offering opportunities for impact and wealth that few large companies can match.
- Job mobility is increasing, as a result top performers change employers more than twice in their full careers.
- A global focus on leadership which is now permeating many levels of organisations.

As a result of these macro trends workplaces everywhere are facing an increasingly complex and ever-changing landscape in their efforts to acquire, retain, motivate and develop the talent needed to keep organisations operating efficiently and competitively so as to create long-term organisational success (Pfeffer, 1994).

Most business leaders understand that having the right people in the right place at the right time to maximise business opportunities has become the most important factor in ensuring ongoing organisational success.

A number of surveys show that effective management of an organisational talent ranks as one of business leaders most critical challenge. For example Accenture (www.accenture.com) latest global survey found that attracting and retaining talent is the third biggest concern of senior business executives coming only after the health of the global economy and worries over competition.

An effective solution to these problems according to Rothwell (2002) lies in succession planning and management, a systematic, long-term approach to meeting the present and future talent an organisation must have if it is to continue to achieve its mission and meet or exceed its objectives.

People, intellectual capital and talent are ever more critical to organisational strategic success. This observation is so common today that it almost goes without saying. Digitisation, labour shortages, growth through acquisitions, simultaneous downsizing and expansion, workforce demographic changes and globalisation are just a few of the trends that have made talent a top priority (Lawler & Mohrman, 2003; Frank & Taylor, 2004)

Researchers (Lawler, 2005; Farley, 2005; Rose & Kumar, 2006; Ordonez de Pablos, 2004) point out that by capitalising on human resources and integrating it into the strategy of the business, suggested by talent management theories, a source of competitive advantage can be provided at the same time as, and by, making employees happy.

In response to some of the trends discussed above, many organisations have started to internally target and develop talented staff using criteria that are linked to future organisational needs and role capabilities (Huang, 2001). In other words succession management approaches are being used to facilitate effective organisational positioning and development to ensure that within an organisation the “right” leaders are available at the “right” time (Rothwell, 2001).

The relevance for talent management from a South African point of view is that those individuals deemed to be exceptional can benefit by being provided with tools, and processes to learn, grow, and remain engaged with their current employers and they also get a chance to be proactive in shaping their careers with the organisation.

In response to the above talent management phenomena South African companies will have to hold on to, develop their most valued employees, and be evermore dependent on their ability to manage talent effectively, since it is

getting harder to find replacements. By finding and developing talent companies will develop strong leadership teams which will improve their position in the market place and perhaps even create a competitive advantage that will enable the organisation to reach financial and organisational success.

1.2. CONTEXT FOR THE PURPOSE

Three years ago Company X adopted the Talent Management Practices intervention that's extensively are supposed to improve business performance as well as improve the career progression, advancement and growth of employees within the organisation. The purpose of the study should be understood relative to this background.

1.3. PROBLEM STATEMENT

Talent management is an international human resources strategy that seeks to identify, develop, deploy and retain talented and high potential employees in an organisation. Although talent management practices may be applied in South African companies, they can only contribute optimally to business performance if both top management and employees are aligned on its objectives and the way in which it is implemented in the organisation. However companies are often unaware of the extent of misalignment between the perception of employees and top management. Identification of areas of misalignment in the

context of the six major themes of Talent Management Practices is thus essential for realising the potential benefits of this human resources strategy.

1.4. PURPOSE OF THE STUDY

The purpose of the study is three fold:

- i. To assess the perceived impact of Talent Management Practices on SA employees in Company X.
- ii. To examine the differences of perceptions between SA employees and top management in Company X.
- iii. To investigate top managers perceptions of talent management practices and their impact on business performance.

Accordingly the information generated from this study will be useful for the organisation as it will assist top management in their efforts to ensure that talent management practices as defined by the policies, procedures and processes are well understood and help to retain employees. In addition the research could assist in identifying suitable retention interventions for the organisation.

CHAPTER 2: LITERATURE REVIEW

In today's business climate where growth is largely a product of creative and technological advancements, human capital is one of the company's most valuable assets. To obtain competitive advantage companies must attract, retain and engage talented employees. As such companies must not work only to attract and retain talent, but also equip employees with the necessary skills to become leaders.

Talent management treats talent management processes as a system of interrelated parts that help companies to strategically leverage talent. By recognising the interrelatedness nature of talent management, companies are able to better develop, promote and retain their talent to meet current and future business needs.

2.1 TALENT MANAGEMENT DEFINITION

Talent in the organisation refer to the core employees and leaders that drive the business forward (Hansen, 2007). They are the top achievers and the ones inspiring others to superior performance. Talent are the core competencies of the organisation and represent a small percentage of the employees (Berger & Berger, 2004)

Talent Management (TM) is not just a new fancy word for finding and developing employees (Laff, 2006). Talent management requires a

systematic view that calls for dynamic interaction between many functions and processes (Cunningham, 2007). It is an ongoing, proactive activity (Schweyer, 2004). Talent Management is about attracting, identifying, recruiting, developing, motivating, promoting and retaining people that have a strong potential to succeed within an organisation (Laff, 2006; Berger & Berger, 2004; Schweyer, 2004).

Berger & Berger (2004) presents three main goals with a TM Strategy;

1. To identify, select and cultivate employees that demonstrate superior performance and who inspire others to perform at the same altitude.
2. To find, develop and position highly qualified backups for key position in the organisation.
3. Allocate resources i.e. compensation, training, coaching, job assignments etc. to the employees based on their actual or potential contribution to excellence.

According to Hartley (2004), Talent Management is a term that extends over a wide set of activities, such as succession planning, HR planning, employee performance management etc. Creelman (2004) defines Talent Management as the process of attracting, recruiting and retaining talented employees.

Knez et al (2004) express a similar view of the concept when arguing that it refers to a continuous process of external recruitment and selection and internal development and retention.

As the term Talent Management implies, it generally refers to highlighting and supporting a set of carefully selected employees, referred to as “talented” individuals, which are seen as critically valuable to the succession planning and the success of the organisation. Important issues are thus to attract, recruit, develop and retain such individuals and the concept is extending through a wide set of activities in these different phases.

2.2 THE DECISION SCIENCE OF TALENTSHIP

Boudreau and Ramstad (2005) pioneered the term Talentship which refers to the decision science that provides a logical, reliable and consistent framework that enhances decisions about key resources. They further say that Talentship is to HR what finance is to accounting, and what marketing is to sales.

Boudreau and Ramstad (2005) further argue that as Talentship evolves organisations will increasingly succeed not simply through HR practises, but by the quality of decisions about talent resources throughout the organisation. They further state that the goal of a talent decision would be

"To increase the success of the organisation by improving decisions that impact or depend on talent resources."

A talent decision science contributes to scale by lending consistency to the strategic logic, and how it is learned and used by HR professionals. Although a talent decision science certainly improves specific HR decisions, plans and strategies, an even more significant contribution of Talentship is developing, using and *teaching* a consistent logical point of view about how talent resources connect to strategic success.

A logical point of view provides a consistent script for an ongoing dialogue about talent and strategy allowing a more reliable and consistent diagnosis, analysis, and action on talent issues throughout the organisation. This improves talent decisions within the HR function and outside it, where the opportunity for impact and improvement is greatest.

Boudreau and Ramstad (2005) created a model the HC Bridge[®] decision Framework that outlines the logical connections supporting Talentship. The HC Bridge[®] framework is based on three anchor points – efficiency, effectiveness and impact that are common to all decision sciences (Fig. 1).

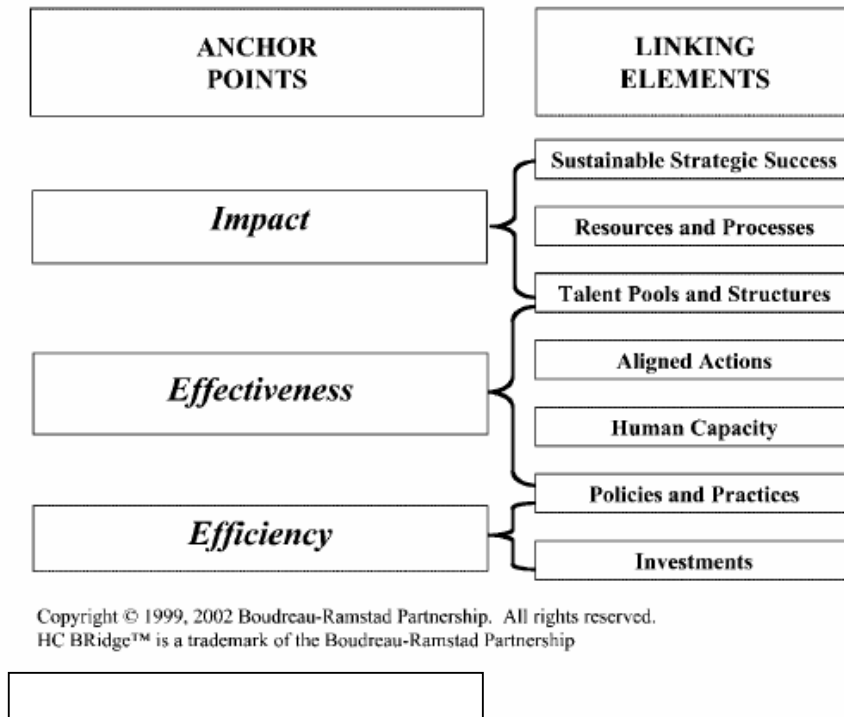


Figure 1 -The HC Bridge Decision Framework

Efficiency

The efficiency anchor point focuses on what resources are used to deliver HR practises.

Effectiveness

The effectiveness anchor point focuses on how HR policies and practises affect the talent pools and organisational structures to which they are directed. Effectiveness refers to the outcomes of HR policies and practises on human capacity (a combination of capability, opportunity and motivation) and the resulting “aligned actions” of the target talent pools.

Impact

Impact reflects the hardest question of the three and most vividly illustrates the fundamental differences revealed by a focus on talent decisions beyond simply HR service delivery. Impact asks, “How do differences in the quality or availability of different talent pools affect strategic success.

The HC Bridge spans multiple situations and decisions setting up a logical way to describe situations, organise information, create deeper understanding and improve decisions (Boudreau & Ramstad, 2005)

The framework is useful in guiding execution, by starting with HR investments and practises at the bottom and clarifying how they connect upwards to business processes, resources, and sustainable strategic success. This new paradigm based on Talentship a decision science for talent resources is a significant opportunity for organisations to achieve sustained competitive success through one of their most important resources, the talent of the people.

2.3 TALENT MANAGEMENT THEORITICAL FRAMEWORK

Deloitte in 2004 developed a talent management framework namely Develop-Deploy-Connect Talent Management Framework as shown in Figure 2 below based on a Deloitte Research conducted in 2004.

According to Deloitte the Develop-Deploy-Connect model should be at the core of an organisations talent strategy.

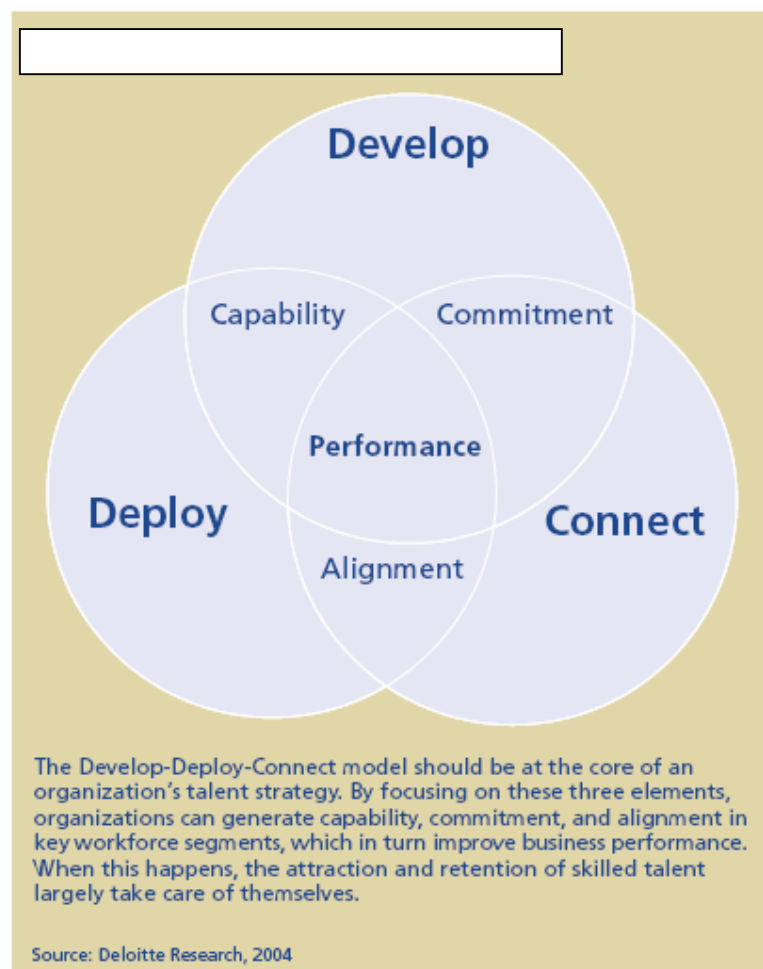


Figure 2 - The Develop-Deploy-Connect Model

The research further states that companies must not focus on metrics and outcomes (“acquisition” and “retention”), they must rather concentrate on the things that employees care about the most: *developing* in ways that stretch their capabilities, *deploying* onto work that engages their heads and hearts, and *connecting* to the people who will help them achieve their objectives.

The research findings of Deloitte further states that by focussing on these three elements organisations can generate capability, commitment and alignment in key workforce segments which in turn will result in improved business performance.

By *Development* the framework refers to providing real life learning employees need to master a job and not just traditional classroom or online education. Importantly development refers to “trial-by-fire” experiences that stretch capabilities and the lessons learnt from peers, mentors and other.

By *Deploy* the framework refers to working with key individuals to:

- a) Identify their deep-rooted skills, interest and knowledge
- b) Finding the best fit in the organisation
- c) Crafting the job design and conditions that help them to perform

Finally by *Connect* the framework refers to providing critical employees with the tools and guidance they need to:

- a) Build networks that enhance individual and organisational performance
- b) Improve the quality of their interaction with others

The Develop-Deploy-Connect model is interconnected and virtuous. An improvement in one area naturally leads to an improvement in another. For example people develop better skills when they are deployed in stretch assignments and connected with others from whom they can learn and grow. Likewise effective deployment occurs when people have knowledge, skills, networks and relationships they need to succeed.

Finally important benefits result from this virtuous circle, the first one being capability, which result when capable individuals work together, they build organisational capability. The second one is alignment that occurs when the right people are in the right jobs. The third result is commitment. People are more likely to master work that engages them, fosters their growth and encourages productive relationships. When people feel the organisation takes keen interest in their interests, skills and connections, they are far less tempted to look for challenges outside the organisation.

2.4 KEY FACTORS IN SUCCESSFUL TALENT PLANNING AND DEVELOPMENT

According to Heinen and O'Neill (2004) Talent-planning techniques have evolved significantly over the last decade. Table 1 shows the shift that has

occurred from traditional replacement planning to succession planning to the current more dynamic and integrated approach to talent planning and development.

<i>Dimension</i>	<i>Replacement Planning</i>	<i>Succession Planning</i>	<i>Talent Management</i>
Purpose	Risk management	Strategic staffing and development	Widespread sourcing and development
Target	Key executive jobs	High-potential pool	Broad organizational involvement
Assessment	Job-specific potential and performance	Performance trend and leadership competencies	All capabilities and outcomes that matter
Outcome	Replacement plan for critical positions	Development and staffing plan for high-potential pool	Development and deployment system fully integrated with HR processes
Career Path	Linear, mainly within function	Cross-function, some geography and division movement	Opportunistic, cross-function, geography and business
Implementation	Yearly review	Yearly review, include development planning	Ongoing activities aligned with other HR processes
Ownership	Executives	Corporate	Shared: employees, staff specialists, leadership, CEO
Participation	Compliance	Acceptance	Involvement

Table 1 - Evolution of Talent Management

In order to optimise the success for the individual and the organisation, leading companies typically merge their workforce planning, career planning and development processes through the integrated talent management practises.

Mercer’s ongoing research on effective talent management has identified ten key factors for success. These are used to test the success of talent

management efforts and as a guide to program development efforts. These are summarised below.

1. CEO Ownership

According to Mercer research the organisation CEO must be the ultimate owner of the talent management system and in so doing drive the planning and development of the organisation talent, especially the top group of leaders.

The CEO creates a shared set of leadership values around talent management and establishes explicit guiding principles for acquiring, managing, developing and rewarding talent.

Finally the CEO communicate that managers are directly accountable for ensuring that they have the talent in their respective business units sufficient to:

- Run their own business areas,
- Fuel the growth of their business, and
- Contribute to the growth of the talent in the larger organisation

2. A Business Activity, Not an Administrative HR Task

According to Mercer's research successful organisations view talent management as an ongoing strategic priority. Its is also a critical business process, not an administrative HR practise. Thus the talent-

planning process needs to be directly linked to business and strategic-planning processes.

Figure 3 illustrates the process organisations go through to link business strategy and talent strategy.

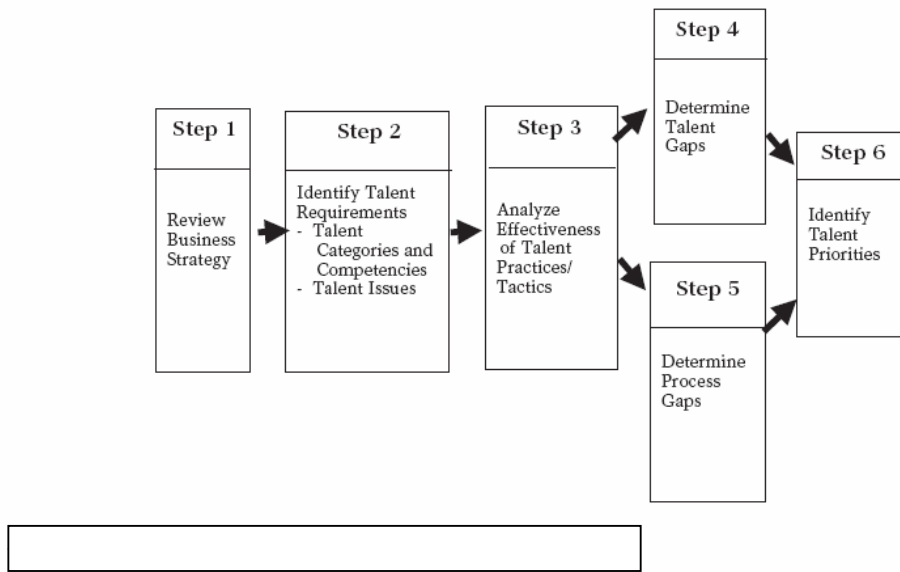


Figure 3 - Linkage of Talent Strategy to Business Strategy

Each year the organisation reviews its long-term strategy and annual goals to identify the talent issues that must be addressed for success and to determine the specific category of talent or the competencies required for success.

Once the talent needs are identified attention is given to analysing whether the current talent practises are appropriate to support the

business strategy. This leads to an overall identification of issues and gaps, the specific talent issues are then prioritised for attention in relation to their impact on business.

According to Sears (2003) staffing and development must be linked directly to business goals using what he termed “talent strategy”, he further states that because these two strategies are so closely linked, success in one is dependant on the other. He also argues that by linking employee staffing to business goals organisations can be successful in building for the long-term and initiate the talent strategies that must be addresses in advance to help drive company results.

3. Development must be Forward Looking

Developing talent requires planned activities that concentrate on developing skills and abilities for future business needs as well as development of skills for current job performance.

4. Focus on Rigorous Candidate Assessment

Successful development has as its foundation a strong and rigorous assessment of candidates competencies. This includes assessing current performance, it also includes assessing the capabilities the person will need in future leadership roles and also creating developmental plans to help the individual to achieve those capabilities.

5. Balance Organisational and Individual Needs

Talent planning and development must balance the needs of the organisation with the needs of the individual. Addressing individual needs and concerns is a critical factor in the attraction and retention of key talent.

6. Invest in staff and Process Support

While the CEO must play a pivotal leadership role in talent management, key staff roles are needed to facilitate the talent management process and accumulate organisational learning.

7. Develop Multiple Talent Pools and Career Paths

In today's ambiguous and uncertain world, emphasis is more on developing talent pools rather than specific individual in order to ensure there is an adequate supply of talent from which to choose from when an opening occurs.

Thus by creating a pool of people who are given development experiences to prepare them for future opportunities, the organisation minimises the risk of being unprepared to fill a key vacancy, yet provides opportunities for motivated high-potential talent,

8. Focus on On-the-Job Learning

Job assignments and experiences are the best development opportunities. Most development occurs on the job, and many organisations have found that there are key positions that offer rich learning opportunities for high potential employees. Many organisation

have found it helpful to identify specific positions that allow critical learnings with minimal risk.

9. Conduct Regular Talent Reviews

Leading companies generally conduct regular talent reviews of all their key people so as to plan and coordinate development activities and monitor progress. These talent reviews are used to spotlight individual and organisational capability issues.

10. Leverage Technology and Measure Success

The emphasis on this aspect of talent management factor is on leveraging technology use by HR to automate talent management processes. Today new Web-based software makes it easy for managers and employees to access online performance documents and gather comments and approvals for managing talent to maximise performance.

The talent strategy process according to Bergeron (2004) generally consists of three phases, which are:

1) Phase 1 – Building the talent strategy

This phase include the documentation of action plans on preparing the workforce to execute the business strategy effectively. This action plan consists of a mix of projects for acquiring, cultivating, developing, rewarding and organising talent. It also includes initiatives needed to deliver value proposition to employees.

2) Phase 2 – Design & Implementation

This phase puts the action plan into action plan into place and is largely focussed on designing and implementing the projects outlined in the action plan

3) Phase 3 – Measure & Monitor

This phase consist of monitoring the performance outcomes as the talent strategy is implemented.

2.5 LINK BETWEEN TALENT MANAGEMENT AND BUSINESS PERFORMANCE

It is generally accepted amongst management researchers that a sustainable competitive advantage comes from the internal qualities that is hard to imitate rather than for example the firm's product-market positions. Human capital is such a resource and especially the resource and knowledge based views recognises the firm's knowledge resources as its tool for achieving a sustainable competitive advantage (Odonez de Pablos, 2004).

Heinen and O'Neill (2004) argue that Talent Management can be the best way to create a long-term competitive advantage. A sustainable competitive advantage stems from the valuable, company-specific resources that cannot be imitated or substituted by competitors. Ordonez de Pablos (2004) further argues that human capital, relational capital and structural capital can all be sources of long term competitive advantage but the most significant evidence favours human capital.

A recent international study (Wyatt, 2003) found that the more robust a company approach to building internal leadership capacity, the greater the financial returns in critical financial measures such as shareholder returns, growth in net income, growth in market share and return in sales.

There is also abundant evidence (Carretta, 1992; Gutteridge *et al.*, 1993; Pattan, 1986; Sahl, 1992; Walker, 1998; Wallum, 1993) that companies with a formal succession plan for their top managerial posts enjoy a higher return on investment (ROI) than those that do not have one. Carretta (1992) finds that the advantage is even greater for firms that adopt plans covering the managers two tiers below the top.

According to Pattan (1986), strategic management succession plans enable firms to specify managerial functions and performance standards, ensure continuity in management practises, identify outstanding candidates for senior management posts, and satisfy the aspirations of employees for career advancement.

Through the planning process, succession plans guide actions to enhance the quality of the leadership talent pool relative to business requirements. It is believed that succession planning can build a competitive advantage through the superior development of their leadership talent (Walker, 1998)

The interests in quantifying the impact of HR practises on financial performance have led to a number of studies which linked the impact of HR practises to specific firm outcomes. Investment in various HR practises have been linked to firm financial performance such as: training (Russell, Terborg, & Powers, 1985), selection and staffing (Terpstra & Rozell, 1993), appraisal (Borman, 1991), and compensation (Gerhart & Milkovich, 1992)

A research study was conducted which evaluated the financial impact of HR practises (CCH, Inc., 1995). This research resulted in a number of both general and specific findings about HR in general and the relationship between HR and financial performance in particular. Of interest for this research, this study developed an overall quality HR index based on all HR activities adopted by the firm.

The quality HR index was related to four financial measures, namely,

- market/book value - market value of the firm based on stock price divided by firms assets, which represented "value added" by management
- Productivity Index
- Market value – stock prices x outstanding shares
- Sales

All the four financial measures increase dramatically with the quality of HR practises, see Table 2 below.



<i>Performance Index</i>	<i>Quartile of HR Index</i>			
	<i>Bottom 25%</i>	<i>Second 25%</i>	<i>Third 25%</i>	<i>Top 25%</i>
Market/book value	0.15	0.23	0.24	0.40
Productivity index (output/employee)	0.16	0.17	0.20	0.21
Market value	878	1250	2031	3667
Sales	1017	1598	2090	4420

Source: CCH Incorporated, 1995. *Human Resource Management: Ideas and Trends in Personnel*, Issue 356.

Table 2 - SHRM/CCH Study of HR Quality and Business Results (Ulrich, 1997)

The data clearly indicated that when HR professionals perceive a higher quality of HR practises, the firms have higher business results. Evidence now exists to show that investment in HR practises impacts business results, both financial results and the market value of firms.

The companies doing the best job of managing their talent deliver better results for shareholders. According to Huselid (1995) study the results shows that a standard deviation increase in high performance talent management practises is associated with enormous economic returns. Huselid (1995) study further states that the top 15 percent companies that were selected in the study in terms of their use of high-performance talent management practice were associated with the following financial advantages:

- A 7 percent increase in turnover
- An increase of \$3,800 in profits per employee
- \$27,000 in sales per employee
- An increase of \$18,600 in market value per employee

The imperative to effectively manage talent is more urgent than ever as it has the potential to deliver greater shareholder value and sustained competitive advantage through proper implementation of talent management practises within organisations.

The literature has revealed a number of characteristics, concepts and themes that can be utilised to evaluate talent management practises in an organisation. Key characteristics and themes arising from the literature review for successful application of talent management practises are:

- Extent to which the talent management practise are linked to business strategy
- Level of involvement of CEO and senior management
- Extent to which developmental processes are used
- Benefits of instigating talent management practises into the organisation
- Compensation & Rewards system
- Performance management
- Identification and development of employees
- Transparent open process

Taking these findings as a starting point, the research will aim to investigate the impact of talent management practises on business performance. The research will focus on reasons for employing talent management practises, the structures

and processed employed and it's perceived effectiveness on business performance.

2.6 SUCCESSION MANAGEMENT EFFECTIVE PRACTICES

Succession management programs focus on developmental processes, thus creating a clear picture of existing human resources strengths, and relating these to anticipated needs and isolating areas requiring action (Elliot, 1998). Leibman *et al.* (1996) called on executives to modify their approach to succession planning to assure that it remains a relevant means of regenerating corporate leadership. Leibman *et al.* (1996) pointed out that the most important goal of succession planning must become the development of strong leadership teams.

Kur and Bunning (2002) argued that to successfully engage in succession management, "the focus in organisations must shift from a narrow goal of developing individual leaders to that of developing the leadership function and the team of leaders who will lead the organisation through significant change. This shift must impact on everything from recruitment to succession planning, compensation and executive development".

Therefore conceptually succession management should incorporate a broad range of standardised performance evaluation methods and involves gathering information on employee performance from multiple perspectives; designed to

supplement subjective manager judgements of potential with independent objective assessment data related to key succession criteria.

Kur and Bunning (2002) further define succession management as consisting of two processes:

- 1) identification; and
- 2) development

The purpose for succession management according to Kur and Bunning (2002) is to identify people who can jointly develop into better leaders as a team and then provide them with opportunities to further develop their individual and shared leadership capabilities.

In order to meet this leadership development challenge Kur and Bunning (2002) propose a three track model of leadership development based on theory and practise as illustrated in Figure 4 below.

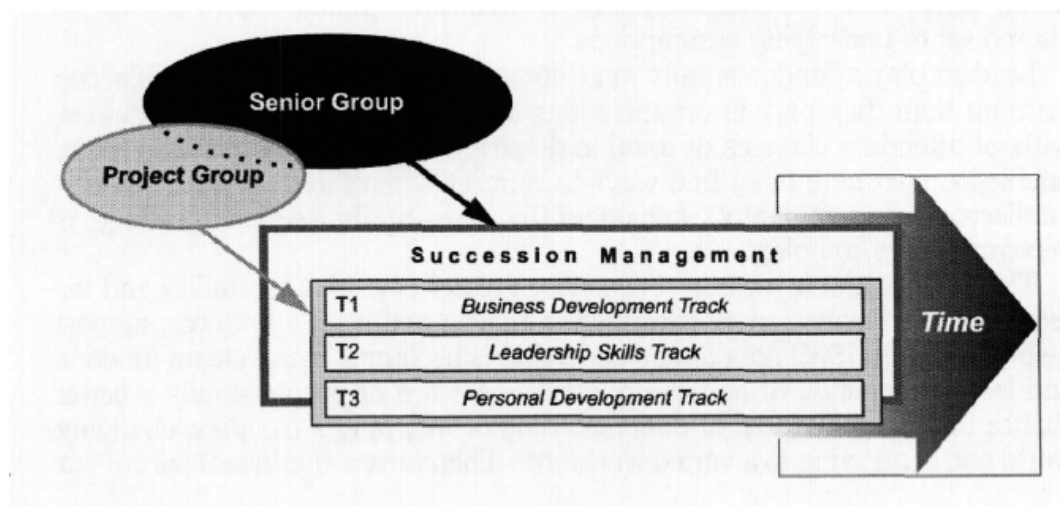


Figure 4 - The three-track leadership (TTL) (Kur and Bunning, 2002)

The TTL is not aimed at individual leaders, but at the total leadership function.

The TTL process integrates three aspects of leadership development:

- 1) *Track 1* – a business track where individuals study the total enterprise and its business environment
- 2) *Track 2* – a leadership track which teaches behavioural based skills to influence individuals, teams and the total organisations.
- 3) *Track 3* – a personal track where the individuals understand and continuously develop themselves and manage their personal resources.

The Three-track leadership (TTL) meets the two-part challenge of succession management: identifying and developing future leaders. It focuses on developing the leadership function, the team that will lead and change the organisation and each individual on that team. The TTL provides opportunities for groups of future leaders to learn their business (track 1), learn to lead(track 2) and grow personally (track 3).

The components of an organisation succession management program can vary as much as its scope of application. There are several critical elements that have been identified as fundamental to effective succession management.

Eastman (1995) offered the following list of commonly reported effective practises. A succession management program should:

- receive visible support from the CEO and top management;
- be owned by line management and supported by staff;

- be simple and tailored to unique organisational needs;
- be flexible and linked with strategic business plan;
- evolve from a thorough human resources review process;
- be based upon well-developed competencies and objectives of candidates;
- incorporate employee input;
- be part of broader management development effort;
- include plans for development job assignments;
- be integrated with other human resources systems; and
- emphasize accountability and follow-up.

These items are supported by other studies that have found highly effective succession management systems are characterised by CEO involvement, support of senior management, line management identification of candidates, use of developmental assignments, and succession management processes linked to business strategies (Purcell, 1995; Rioux and Bernthal, 1999; Tyson, 1997).

2.7 RULES FOR SUCCESSION MANAGEMENT

More recently, Conger and Fulmer (2003) came up with five “rules” for succession management.

- Rule one, the fundamental rule on which the other four are build, is a focus on developmental, succession management must be a flexible system oriented towards developmental activities.

- Rule two, succession management must focus on linchpin positions, jobs that are essential to the long-term health of the organisation.
- Rule three, is to make the succession management transparent, no secrecy.
- Rule four, is regular measurement of progress, moving away from the replacement mind-set of succession planning.
- Rule five, is keep it flexible.

Conger and Fulmer (2003) stated that succession management systems are effective only when they respond to user needs and when the tools and processes are easy to use and provide reliable and current information. At the foundation of a shift towards succession management is a belief that leadership talent directly affects organisational performance. In an empirical study, Friedman (1986) characterise the succession systems according to seven dimensions. They are formalisation; control system; resource allocation; information systems; political criteria; technical criteria; and staff role.

He suggested that a succession system will be more successful, if it is highly formalised, has system of checks and balances, has sufficient resources, has extensive information, uses competence rather than political criteria for selection, and has credible staff.

CHAPTER 3: RESEARCH QUESTIONS & HYPOTHESES

The purpose of the study is to assess the perceptions of employees and top management of Talent Management Practices and top management's perceived impact of these practices on business performance.

In addressing the purpose, the study will seek to address the following objectives:

1. To assess the perceptions of employees at Company X regarding the intervention of Talent Management Practices in the company, in relation to international best practice.
2. To assess the perceptions of top managers at Company X regarding the intervention of Talent Management Practices in the company, in relation to international best practice.
3. To compare the perceptions of employees and top managers of the intervention in Company X, and to recommend pre-emptive steps if necessary.
4. To evaluate whether top managers perceive Talent Management Practices in Company X as having an impact on business performance.

In order to address the objectives of the study the following research questions will be answered.

Research Question 1

What are the perceptions of employees regarding Talent Management Practices?

- **Null Hypothesis H₀ 1a:** There is no significant difference between the perceptions of how employees at Company X perceive Talent Management Practices in their company, compared to international best practice.
- **Alternative Hypothesis H₁ 1a :** There is a significant difference between the perceptions of how employees at Company X perceive Talent Management Practices in their company, compared to international best practice.

Research Question 2

Is there agreement between the perceptions of employees and top management on talent management practices?

Research Question 3

Do top management see the link between Talent Management Practices and business performance?

CHAPTER 4: RESEARCH METHODOLOGY

4.1 CHOICE OF METHODOLOGY

The research comprised both the quantitative and qualitative research methods.

The quantitative research involved a survey questionnaire that was distributed to a non-probability convenience sample of employees within Company X.

The qualitative research involved face-to-face interviews with top managers within Company X using a semi-structured interview schedule.

The study combined both quantitative and qualitative research methods to address the research questions. Punch (1998) argued that quantitative research is thought to be more concerned with deductive testing of hypotheses and theories, whereas qualitative research is more concerned with exploring a topic, and with inductively generating hypotheses and theories.

Broadly speaking, qualitative data analysis entails (i) "...an ongoing process involving continual reflection about the data, asking analytical questions, and writing memos throughout the study" (Creswell, 2003), (ii) open-ended data, for the most part requiring asking questions and developing an analysis from the data collected, (iii) tailoring data analysis to specific types of qualitative research strategies or designs, including case studies, ethnographic research, life histories, phenomenological research and narrative research.

One of the key objectives of this research will be to integrate both quantitative and qualitative measures, so that a more holistic and comprehensive understanding of talent management practices and its perceived linkage to business performance could be assessed.

4.2 POPULATION AND SAMPLING

The company chosen for the research project is one of the nation's leading mining companies. In this research paper, the company in question is referred to as Company X to protect the company's identity. The author of this paper is currently employed by Company X.

The company that was selected for conducting the study was selected on the basis that firstly, the author worked there, and secondly, that it was an ideal company in which to conduct the research as the Talent Management Practices are currently being implemented throughout the organisation.

The research targeted two populations:

- i. The quantitative survey of the research targeted employees who were graded according to the Paterson grading at DL and above and who were in a professional career path.
- ii. The qualitative in-depth interviews aspect of the research targeted top managers in Company X.

4.2.1 POPULATIONS OF RELEVANCE

The research targeted two populations:

- i. The targeted employees graded according to the Paterson grading at DL are employees who are in a professional career path in the different disciplines within the mining company. Employees in this category typically include middle management, professional employees across the different disciplines, i.e. finance, engineering, metallurgy, mining, mineral resource management, HR etc. These employees typical form part of the different talent pools within the organisation that are being developed for future leadership position. The survey instrument was sent to 129 such employees in total.

- ii. The targeted top managers in Company X were the most strategically committed and involved in talent management within the organisation and were graded according to the Paterson grading at EL and above. Additional information was gathered by means of semi-structured face-to-face interviews with Top Managers based at Company X Johannesburg Corporate Headquarters. Seven participants ranging from senior to executive management were selected and participated in the study.

4.2.2 *SAMPLING*

For the quantitative aspects of the study, a non-probability convenience sample was used to collect the data using a survey questionnaire which was administered to respondents at Company X. This convenience sample of individuals identified by the researcher was complemented by a snowball sampling procedure as each employee was asked to propose the names of three or four colleagues who fitted the criteria of the study. Snowball sampling is typically used in an inter-connected network of people which begins with a few people and spreads out on the basis of links to the initial cases (Neuman, 2006).

For the qualitative in-depth aspect of the study, a non-probability judgement sample of the seven most strategically involved top managers in talent management practice within Company X was selected to participate in the qualitative aspect of the study.

4.2.3 *RESEARCH INSTRUMENTS*

As is typical in survey research, the research instrument used was a quantitative questionnaire (see Appendix 1 for the Survey Questionnaire). According to Neuman (2006), the survey instrument measures many variables

about past behaviour, experiences and characteristics, with the aim of forming an integrated whole.

In general, survey research is quantitative with little or no emphasis on open-ended qualitative questions. However in the present study, each section of the survey questionnaire for the employees of Company X was complemented by an open-ended question that the respondents could answer in-depth.

The research instrument for the top managers was an in-depth qualitative semi structured in-depth interview (see Appendix 2 for the Face-to-Face Interview Schedule). Face-to-Face interviews have high response rates and permit the most detailed enquiries, but are costs and time consuming (Neuman, 2006).

The survey questionnaire items and the in-depth face-to-face interview schedules were formulated by the author guided by a review of the literature.

The survey instrument was used to collect data from a large sample of employees and their direct managers from Company X. As the company identity was masked, the company name was replaced with letters.

Based on extensive review of literature, the survey instrument and face-to-face interview schedule included items that assessed perceptions of the themes of talent management practices.

4.2.3.1 QUESTIONNAIRE DESIGN

The results from literature review were used as a basis for designing both the quantitative and qualitative survey questionnaire that was used during the survey. Both surveys comprised six main questions, each addressing one of the six themes:

- Theme 1 : Reasons for using talent management practices in organisations
- Theme 2 : The approach that organisations take in employing Talent Management Practices
- Theme 3 : The approach that companies take in identifying talent within organisations
- Theme 4 : The linkage between Talent Management Practices and other HR management systems
- Theme 5: The level of sophistication of the talent management planning systems
- Theme 6 : The characteristics of Talent Management Practices

The survey quantitative survey questionnaire was piloted to five respondents for possible refinement of items before it was sent out to the target population.

The testing of the survey instrument was done for the following reasons:

- To measure the time it took for respondents to complete the questionnaire
- To identify areas of difficulty from the pilot respondents,

- To establish/gauge the ease of filling the survey instrument

The feedback from the pilot testing was very positive, firstly the researcher was able to establish that the instrument took between 10 and 15 minutes to complete. Secondly the respondents were impressed that the questions were short and to the point, which made it easy for them to respond. This was important as the attention of the respondents was likely to be kept for the duration of the questionnaire completion.

There were one or two questions which were reworded / refined on the advice of the test pilot respondents. In general the feedback was that the instrument was well designed and asked relevant question which were short and to the point.

4.2.3.2 INTERVIEW SCHEDULE DESIGN

The main advantage of the open-ended interviews using a schedule is that the data are obtained relatively systematically. This facilitates the analysis of the data and ensures that important issues are not forgotten Yin (1994).

Furthermore, the interviewers do not have to be particularly skilled in the art of interviewing.

Yin (1994) describes the advantage of the interview as its ability to glean information that would be hard to convey in a non-personal context. Further,

Andersson (1985) mentions the structure of an interview giving the interviewer two main schools, the oral interview and the written interview.

Intuitively the oral format lends itself to greater flexibility, allowing the interviewer to reformulate questions or explain question further if this becomes necessary. There is also an advantage to the oral interview in that a connection can be established between the two parties which allow the interview to transform from a monolog into a dialog where more information can be reached and follow up questions can probe deeper.

Yin (1994) further points out that open ended interviews facilitate the communication of values and opinions. Also the ability of the interviewee to suggest further knowledge also becomes a valued bonus.

Miles and Huberman (1984) believe that data of qualitative research are particularly attractive because they provide:

1. well-grounded, rich descriptions and explanations;
2. preservations of time flows, chronologies, causality;
3. serendipitous findings for new theory construction; and
4. a quality of "undeniability"

The goal is to understand as fully as possible the talent management practices through 'perceptual triangulation' (Bonoma, 1985, p.203), and the accumulation

of multiple entities as supporting sources of evidence to assure that the facts being collected are indeed correct.

The in-depth interviews complement the closed-ended survey question by allowing the much more meaningful question of *why*, rather than just *what* and *how*, to be answered with a relatively full understanding of the nature and complexity of talent management strategy.

The survey questionnaire and semi-structured face-to-face interviews questions focused on six themes, previously mentioned.

4.3 PROCEDURE

In total 129 survey questionnaires were e-mailed to respondents including a covering letter explaining the rationale behind the survey and assuring the respondents of the confidentiality and utmost privacy of the respondents and supplied responses.

The 129 potential respondents of the study were identified as follows:

- The researcher first found the names of all the people that fitted the criteria for the target population.
- He then approached each person on his original list to ask for three or four additional names that met the criteria for the survey, for subsequent addition into the list.
- In total 129 names of respondents were compiled and the survey instrument was sent to this target population.

An introductory e-mail on the survey containing the survey questionnaire was sent out to all respondents setting out the study aims and inviting participation in the study.

The respondents were given four weeks to complete and return the survey questionnaire to the researcher via e-mail, internal mail or to return the completed survey question to the pigeon hole of the respondent at Company X.

At the end of the four week period, only 42 completed survey questions were returned to the respondent via the mechanisms as described previously. This represented a response rate of 32 %.

The interviews were conducted in the executive's offices and tape recorded where possible for subsequent transcription and analysis also detailed notes will be taken during the interview. The interview process aimed to solicit and provide information or data about the content and delivery of Company X talent management practises and outcomes.

The group of questions focussed on the use of talent management practises within Company X Family of Companies, also questions about talent management practises characteristics were included.

4.4 DATA ANALYSIS

4.4.1 QUANTITATIVE ANALYSIS

The quantitative survey comprised of six main questions, each addressing one of the six themes. The items in each of the six sections were measured on five point Likert type scale ranging from strongly disagreed to strongly agreed.

Although Likert scales are strictly ordinal, several researchers consider the scale to be at an equal interval level when there are at least five categories of response.

In line with the approach of several authors (Stacey, 2005) the Likert type scale with five response categories was considered as an equal interval scale in the study. Accordingly the means and standard deviations were computed as well as parametric tests to test the statistical hypotheses of no significant difference between how employees at Company X perceive Talent Management Practices in their company, compared to international best practice.

In order to test the hypotheses of alignment between South African employees' perceptions versus best practice the mean perception score was compared against the reference constant of 3.5 i.e. midway between a neutral and agree response categories. Means significantly lower than this reference constant were considered to imply misalignment. According to Wegner (2002), whenever a claim is made about the likely value of a single population mean, the claim

can be tested using a T test of the single sample mean. As long as the sample size is as least 30, the sampling distribution of the mean can be assumed to be approximately Normally distributed by the Central Limit Theorem. Accordingly, the T tests can be used for the comparison of the mean against a specified reference constant.

These T tests were supported by graphs of the means, as well as graphs of the frequency of respondents who responded positively or strongly positively.

As this T test analysis was required for every item of the questionnaire, multiple T tests were performed. In order to overcome the problem of capitalising on chance that arises when conducting multiple tests, the level of significance for all univariate T tests was restricted to a significance level of 1 % rather than conventional level of 5 %.

Means significantly lower than 3.5 were considered indicative of misalignment between South African practice and international talent management best practice. The responses of all the respondents were scrutinised for recurrence themes in the data.

4.4.2 QUALITATIVE ANALYSIS

The qualitative data from face-to-face interviews was transcribed directly from the tape recordings, detailed notes and questionnaire data. The data and supplementary information from Company X was analysed using content analysis technique (Weber, 1985) a quasi-statistical approach that turns textual responses into quantitative data for statistical testing.

The interview and questionnaire data was organised within the main themes and cross-checked to ensure consistency in coding.

To explore the data fully, a coding structure was developed which will consists of a number of categories and themes in analysing the talent management practises.

Bogdan and Biklen (2003) state that data analysis, amongst other things, entails a process of systematically searching and arranging interview transcripts, field notes and other materials the researcher accumulates to increase his or her understanding of the subjects subjective experiences to enable him or her to present his findings. As a result data analysis enables one to organise the mass of information into logical systematic outcomes.

Each category of the data was clearly defined to ensure consistency in the analysis and interpretation of the results. The analysis of the data sought to explore links, themes and patterns with data.

Denzil & Lincoln (1994) argued that when interpreting collected data it is important to sort out all relevant information and at the same time ensure that no important information is lost. This is particularly crucial when using unstructured questions because of the contents of such data often involves a large amount of redundant and unnecessary information that may complicate this process.

An important phase in the interpretation of the collected data is according to Holme & Solvang (1997) to structure the material in a way that data from different sources that deals with the same issues or concerns are positioned together. The reason for organising the data this way is to simplify the interpretation process and make it easier to communicate to the reader (Holme & Solvang, 1997).

In organising the collected data, Kvale (1995) present three major phases that are needed to be considered. In the first phase the data is written down and printed, in order to be carefully examined. In the second phase all the relevant information is sorted out and redundant and irrelevant information is cut off. In

the last phase information from different sources are structured and put together with respect to as a set of main themes or issues that will be analysed.

4.5 RESEARCH LIMITATIONS

As the data was collected from a single company, conclusions drawn from this data will only be specific to the particular organisation (Company X) and may not be generalisable.

The additional limitation of the study was that the non-probability convenience sample selected within Company X was merely a convenience sample rather than a random sample. The implication of this sampling method is that the results of the study are not necessarily generalisable to all the employees of Company X.

To overcome the limitations of closed-ended survey questionnaires, open ended items at the end of each of the six themes of talent management practice were complimented by detailed open-ended items.

CHAPTER 5: RESULTS

To analyse the results obtained from the qualitative and quantitative data the following approach was adopted:

1. The mean response to each questionnaire item was evaluated relative to the reference constant of 3.5 to check for alignment with international best practice. The analysis of the means was supported by a graph of the corresponding items which reflected the frequency of the “agree” and “strongly agree” responses. See Table 3 and Figure 5. This section of the analysis addresses Research Questions 1 and tests the associated Null Hypothesis H_0 1a.
2. The single group T tests was used to test whether the mean response is significantly lower than the reference constant of 3,5. The reference constant of 3,5 was used a cut-off to indicate positive mean responses to each item accommodating mean responses which would be rounded up to 4, i.e. indicating agreement. Therefore only mean responses of 3,5 and higher were considered to be positive to the extent of exceeding the upper limit (approaching 3,5) of the neutral point. Mean responses significantly lower than 3,5 are indictive of misalignment of the perceptions of employees regarding the implementation of talent management practices compared to international best practice.

3. Thus mean responses significantly lower than 3, 5 were taken as indicative of a lack of agreement. This reference constant thus yielded a more significant result than would have been obtained using a reference constant of 3. However additional 0, 5 was used to accommodate rounding of mean responses.

4. The second part of analysis included the comparison of management views with employee's perceptions for each of the questions asked for the Theme 1, thereby checking for areas of alignment and misalignment. Reasons for the alignment or lack thereof were derived from the open-ended responses of the employees and from the interviews of top management.

5. The final part of analysing the data included analysing the perceptions of top management of the link between Talent Management Practices and Business Performance by examining the responses associated to open-ended in-depth interview question.

The abovementioned methodology for analysis of the data was repeated for all the six themes to elucidate information on talent management practices as employed in Company X.

5.1 REASON FOR USING TALENT MANAGEMENT PRACTICES IN ORGANISATIONS

The results for the reasons for using talent management practices in Company X, as perceived by its employees, are presented in Table 3 and Figure 5.

Table 3 - Summary of Frequency & One tailed T Tests Results for Theme 1 - Reasons for implementing talent management practices

THEME 1	Proposition International Best Practice	Positive or strongly positive respondents (%)	T Test - Statistical Results			
			Mean	Std.Dv.	t-value	p (1-tailed)
Reasons for using talent management practices in organisations	Desire to improve business results	79%	3.79	0.84	2.20	
	Growth in business requiring better management of talent	67%	3.74	0.86	1.80	
	Need for greater diversity in management	64%	3.69	0.90	1.38	
	Anticipated changes in skills of future leaders	50%	3.38	0.85	-0.90	
	Company growth	55%	3.48	0.89	-0.17	
	Driven by the CEO desire to manage internal talent effectively	55%	3.57	1.15	0.40	
	Sustain the organisation due to retirement of current managers	29%	2.93	0.97	-3.81	p<0.001
	Retirement of current managers	24%	2.81	0.83	-5.37	p<0.001
	Recent merger/acquisition	12%	2.48	1.02	-6.52	p<0.001
	Poor promotion history	38%	3.14	0.93	-2.50	p<0.01
	Change in the management structure	48%	3.29	0.97	-1.43	
	Need to increase retention of internal talent	60%	3.57	1.09	0.43	

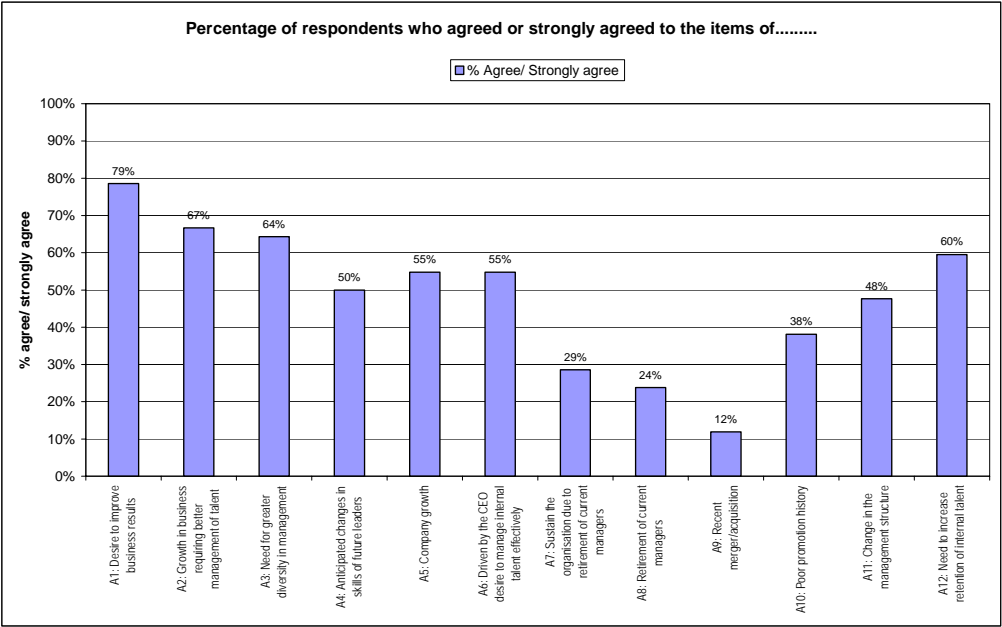
Of the twelve items assessing best practice, responses were significantly lower than 3,5 on three items at the 0.1 % level of significance and a fourth item at the 1 % level.

On all these items the percentage of respondents who responded positively or strongly positively was between 12% and 38 % (see Table 3 and Figure 5).

On the other items of this theme responses were generally positive ranging from 50 % to 79 % of respondents with positive or strongly positive responses, apart from one item to which 48 % of the respondents were positive.

The results as tabled in Table 3 are presented graphically in Figure 5 where the percentages of positive responses to the items are reflected.

Figure 5 - Graphical presentation of the frequency of the mean responses above 3.5 for Theme 1 - Reasons for implementing talent management practices



5.2 THE APPROACH THAT ORGANISATIONS TAKE IN EMPLOYING TALENT MANAGEMENT PRACTICE

The results for the approach that Company X took in employing Talent Management Practices as perceived by its employees are presented in Table 4 and Figure 6.

Table 4 - Summary of Frequency & T Tests Results for Theme 2 - The approach to Talent Management Practices

THEME 2	Proposition International Best Practice	Positive or strongly positive respondents (%)	T Test - Statistical Results			
			Mean	Std.Dv.	t-value	p (1-tailed)
The approach that organisations take in employing Talent Management Practices	B1: Linked to strategy	67%	3.60	0.86	0.72012	
	B2: Used to improve organisational outcomes/business performance	64%	3.57	0.83	0.55732	
	B3: Supported by senior management	71%	3.76	0.79	2.14723	
	B4: Changes in response to changing business plan	36%	3.17	0.96	-2.24884	
	B5: Development included	52%	3.38	0.82	-0.93519	
	B6: To fill future jobs	62%	3.50	0.92	0.00000	
	B7: Involve CEO	48%	3.45	1.09	-0.28402	
	B8: Contains a time frame	36%	2.88	1.15	-3.48275	p<0.001
	B9: Open and transparent process of sharing of talent related information	12%	2.36	0.93	-7.94369	p<0.001
	B10: Uses objective assessment of employee competence	29%	2.69	1.12	-4.70503	p<0.001
	B11: Shares ownership across all levels of organisation	10%	2.57	0.83	-7.24517	p<0.001
	B12: Rewards managers for development of staff	10%	2.14	0.90	-9.78244	p<0.001
	B13: Considers employee career wishes	43%	3.12	1.02	-2.42762	p<0.01
	B14: Consists of defined requirements for employee competency	26%	2.86	1.00	-4.15895	p<0.001
	B15: Used to fill existing jobs	40%	3.12	0.89	-2.77704	p<0.01
	B16: Relies on HR staff	33%	3.02	1.09	-2.82361	p<0.01
	B17: Involve line managers	62%	3.48	0.86	-0.17897	
	B18: Relies on a computerised tracking system	7%	2.43	0.94	-7.38094	p<0.001

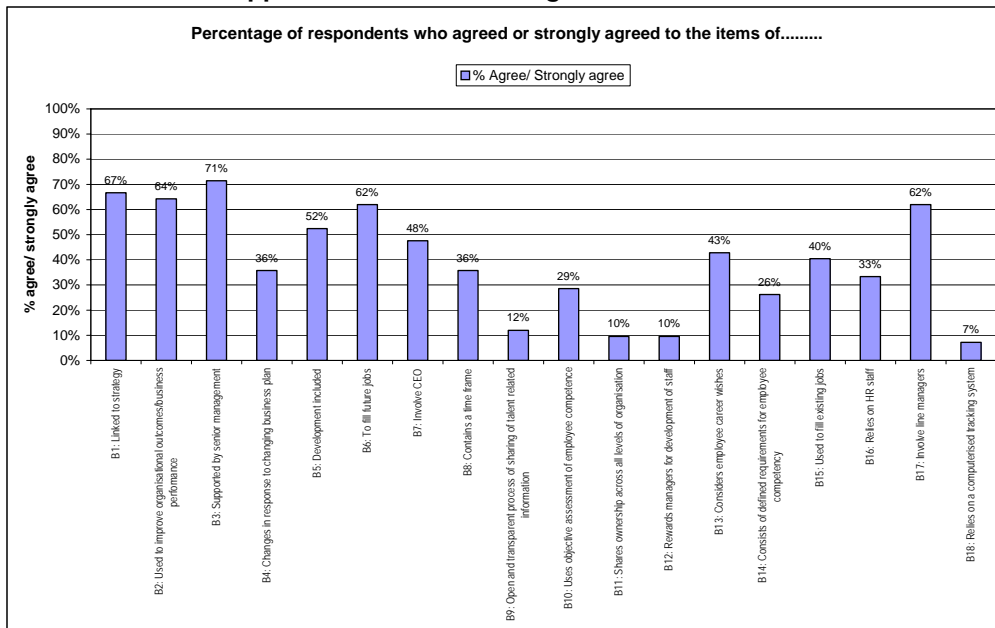
The means of 10 of the 18 items were significantly less than 3, 5. Seven of the ten items were significant at the 0.1 % level and the other three were significant at the 1 % level.

The mean responses to the other items of this theme were not significantly negative. The percentage of respondents who agreed or strongly agreed with

these items ranged from 52 % to 71 %, with the exception of one item where 36 % agreed of strongly agreed. The mean response to this item was however not significantly less that the reference constant of 3, 5.

The results as tabled in Table 4 are presented graphically in Figure 6 where the percentages of positive responses to the items are reflected.

Figure 6 - Graphical presentation of the frequency of the mean responses above 3.5 for Theme 2 - The approach to Talent Management Practices



5.3 THE APPROACH THAT COMPANIES TAKE IN IDENTIFYING TALENT WITHIN ORGANISATIONS

The results for the approach used in identifying talent within Company X as perceived by its employees are presented in Table 5 and Figure 7.

Table 5 - Summary of Frequency & T Tests Results for Theme 3 -The approach used in identifying talent

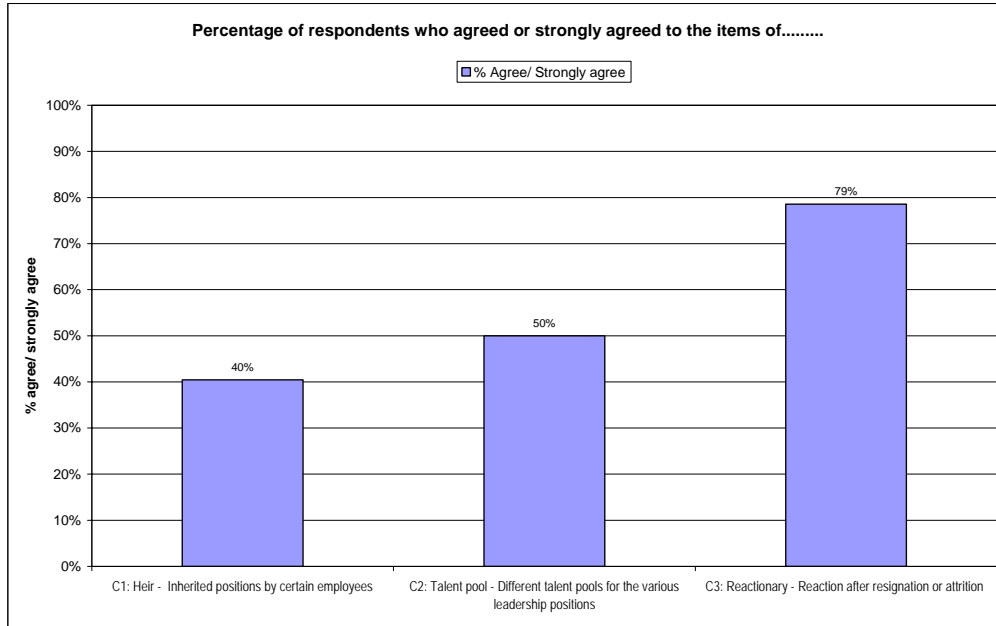
THEME 3	Proposition International Best Practice	Positive or strongly positive respondents (%)	T Test - Statistical Results			
			Mean	Std.Dv.	t-value	p (1-tailed)
The approach that companies take in identifying talent within organisations	Heir - Inherited positions by certain employees	40%	3.05	1.06	-2.77072	p<0.01
	Talent pool - Different talent pools for the various leadership positions	50%	3.43	0.99	-0.46700	
	Reactionary - Reaction after resignation or attrition	79%	3.95	0.82	3.55371	

The mean of one the three items was significantly lower than 3.5, with 40 % of the respondents agreeing to the item. 50 % and 79 % of the respondents responded positively to the other two items tapping this theme (see Table 5 and Figure 7).

The results as tabled in Table 5 are presented graphically in Figure 7 where the percentages of positive responses to the items are reflected.

In describing the organisation approach to talent identification the majority of respondents (79 %) indicated that the organisation took the “react” approach, which was defined as, “reaction after resignation or attrition” on the questionnaire. This was followed by the “pool” approach (50 %), “different talent pools for the various leadership positions”, and then there was the “heir” approach (40 %) of “inherited positions by certain employees”.

Figure 7 - Graphical presentation of the frequency of the mean responses above 3.5 for Theme 3 – The approach used in identifying talent



5.4 THE LINKAGE BETWEEN TALENT MANAGEMENT PRACTICE AND OTHER HR MANAGEMENT SYSTEMS

The results indicating the extent of linkage between Company X Talent Management Practices and other human resource management systems as perceived by its employees are presented in Table 6 and Figure 8.

Table 6 - Summary of Frequency & T Tests Results for Theme 4 – Extent of linkage between Talent Management Practices and other HR management systems

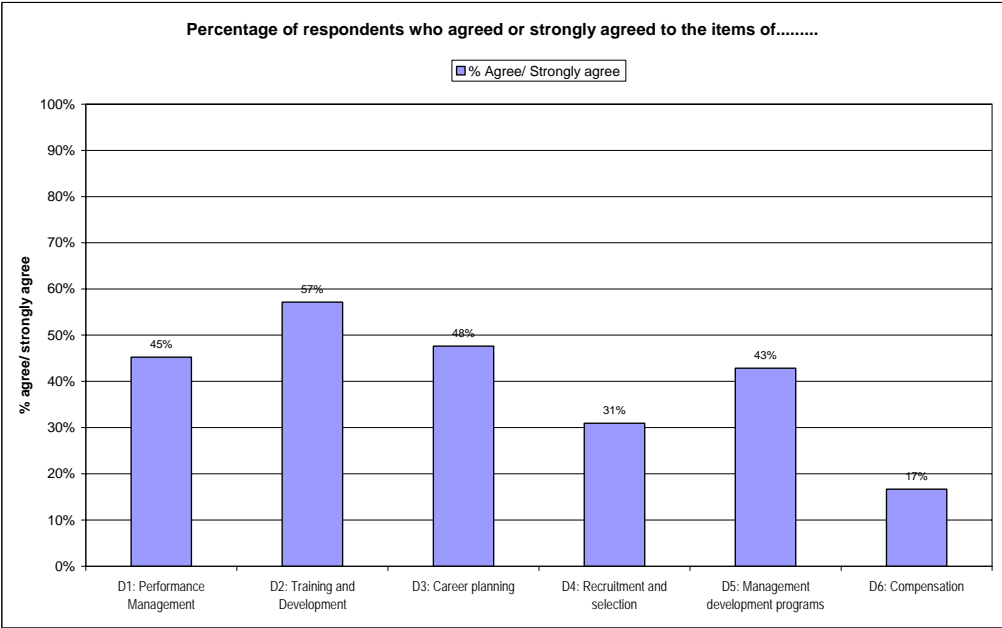
THEME 4	Proposition International Best Practice	Positive or strongly positive respondents (%)	T Test - Statistical Results			
			Mean	Std.Dv.	t-value	p (1-tailed)
The linkage between Talent Management Practices and other HR management systems	Performance Management	45%	3.12	0.99	-2.48697	p<0.01
	Training and Development	57%	3.26	1.08	-1.42432	
	Career planning	48%	3.12	1.09	-2.27218	
	Recruitment and selection	31%	2.83	1.01	-4.27724	p<0.001
	Management development programs	43%	3.07	1.09	-2.54621	p<0.01
	Compensation	17%	2.71	0.89	-5.71298	p<0.001

Responses to four of the items of theme four were significantly negative, two of which were significant at the 0.1 % level and the other two at the 1 % level.

The percentage of respondents who were positive towards the other two were 57 % and 48 % respectively (see Table 6 and Figure 8).

The results as tabled in Table 6 are presented graphically in Figure 8 where the percentages of positive responses to the items are reflected.

Figure 8 - Graphical presentation of the frequency of the mean responses above 3.5 for Theme 4 - Extent of linkage between Talent Management Practices and other HR management systems



5.5 THE LEVEL OF SOPHISTICATION OF THE TALENT MANAGEMENT PLANNING SYSTEMS

The results indicating the level of sophistication of the talent management planning systems as perceived by its employees are presented in Table 7 and Figure 9.

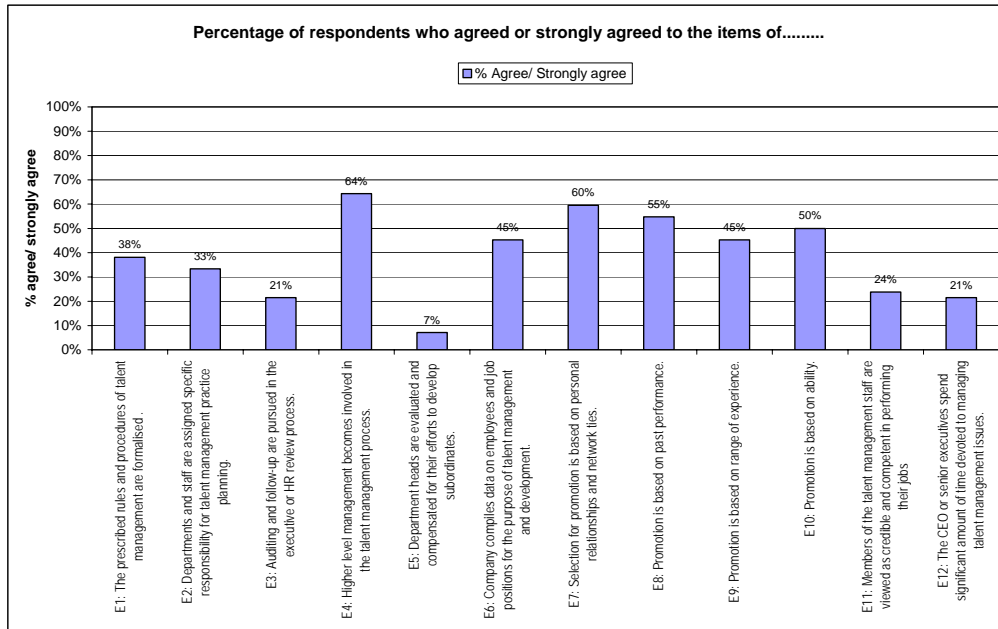
Table 7 - Summary of Frequency & T Tests Results for Theme 5 – Level of sophistication of the talent management planning systems

THEME 5	Proposition International Best Practice	Positive or strongly positive respondents (%)	T Test - Statistical Results			
			Mean	Std.Dv.	t-value	p (1-tailed)
1. The level of sophistication of the talent management planning systems	The prescribed rules and procedures of talent management are formalised .	38%	2.83	1.10	-3.9189	p<0.001
	Departments and staff are assigned specific responsibility for talent management practice planning.	33%	2.93	0.95	-3.9097	p<0.001
	Auditing and follow-up are pursued in the executive or HR review process.	21%	2.71	0.99	-5.1188	p<0.001
	Higher level management becomes involved in the talent management process.	64%	3.55	0.92	0.3369	
	Department heads are evaluated and compensated for their efforts to develop subordinates.	7%	2.17	0.79	-10.8859	p<0.001
	Company compiles data on employees and job positions for the purpose of talent management and development.	45%	3.07	1.00	-2.7847	p<0.01
	Selection for promotion is based on personal relationships and network ties.	60%	3.69	1.00	1.2348	
	Promotion is based on past performance.	55%	3.43	0.83	-0.5573	
	Promotion is based on range of experience.	45%	3.17	0.88	-2.4516	p<0.01
	Promotion is based on ability.	50%	3.26	0.86	-1.8003	
	Members of the talent management staff are viewed as credible and competent in performing their jobs	24%	2.86	0.81	-5.1204	p<0.001
	The CEO or senior executives spend significant amount of time devoted to managing talent management issues.	21%	2.69	0.98	-5.3808	p<0.001

The means of eight of the twelve items of the fifth theme were significantly lower than 3.5, six of which were significant at the 0.1 % level and the other two at the 1 % level. At least 50 % of the respondents responded positively to the other items (see Table 7 and Figure 9).

The results as tabled in Table 7 are presented graphically in Figure 9 where the percentages of positive responses to the items are reflected.

Figure 9 - Graphical presentation of the frequency of the mean responses above 3.5 for Theme 5 - Level of sophistication of the talent management planning systems



5.6 THE CHARACTERISTICS OF TALENT MANAGEMENT PRACTICE

The results indicating the characteristics of talent management practice as perceived by its employees are presented in Table 8 and Figure 10.

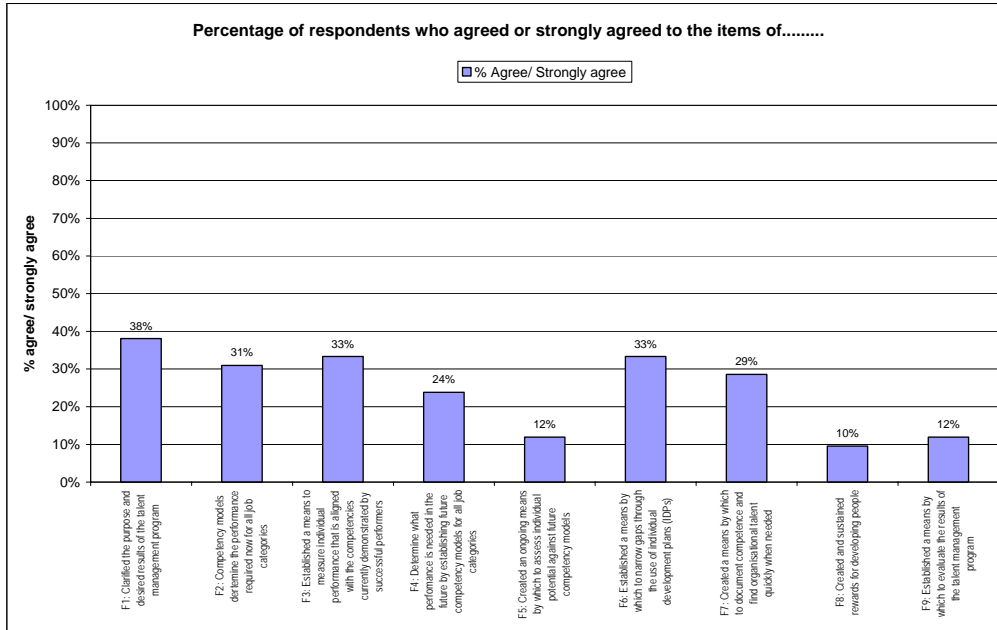
Table 8 - Summary of Frequency & T Tests Results for Theme 6 – Characteristics of Talent Management Practices

THEME 6	Proposition International Best Practice	Positive or strongly positive respondents (%)	T Test - Statistical Results			
			Mean	Std.Dv.	t-value	p (1-tailed)
The characteristics of Talent Management Practices	Clarified the purpose and desired results of the talent management program	38%	2.95	1.06	-3.35402	p<0.001
	Competency models determine the performance required now for all job categories	31%	2.74	1.01	-4.87167	p<0.001
	Established a means to measure individual performance that is aligned with the competencies currently demonstrated by successful performers	33%	2.88	0.99	-4.04133	p<0.001
	Determine what performance is needed in the future by establishing future competency models for all job categories	24%	2.57	0.97	-6.22750	p<0.001
	Created an ongoing means by which to assess individual potential against future competency models	12%	2.36	0.85	-8.71061	p<0.001
	Established a means by which to narrow gaps through the use of individual development plans (IDPs)	33%	2.95	0.96	-3.69104	p<0.001
	Created a means by which to document competence and find organisational talent quickly when needed	29%	2.81	0.99	-4.50366	p<0.001
	Created and sustained rewards for developing people	10%	2.19	0.86	-9.84350	p<0.001
	Established a means by which to evaluate the results of the talent management program	12%	2.43	0.91	-7.59317	p<0.001

The means of all the items of the sixth themes were significantly lower than the reference constant of 3,5 at the 0.1 % level of significance. The percentage of respondents who agreed with these items ranged from 10 % to 38 % (see Table 9 and Figure 10).

The results as tabled in Table 8 are presented graphically in Figure 10 where the percentages of positive responses to the items are reflected.

Figure 10 - Graphical presentation of the frequency of the mean responses above 3.5 for Theme 6 - Characteristics of Talent Management Practices



5.7 RESULTS OF THE PERCEPTION OF EMPLOYEES ON TALENT MANAGEMENT PRACTICE

The results indicating the overall results of the perceptions of employees on Talent Management Practices are presented in Table 9.

Table 9 - Summary of responses to employee's perceptions to Talent Management Practices items

Theme	Number of items	Significantly negative or neutral items	% items significantly reflecting misalignment
1	12	4	33%
2	18	10	56%
3	3	1	33%
4	6	4	67%
5	12	8	67%
6	9	9	100%
Total	60	36	60%

The means of the responses were significantly negative to the majority of items tapping the six talent management practices themes. As shown in Table 9

employees' mean responses were significantly negative on 36 of the 60 items, with the greatest contribution being from disagreement to the items of theme 6 followed by themes 4 and 5.

The null hypothesis Ho 1 is thus rejected overall. However, had hypotheses been framed separately for each theme, they would have been rejected for themes 2, 4, 5 and 6 only, the criterion for rejection being whether there was significant disagreement to a majority of items on each theme.

5.8 SUMMARY OF OPEN-ENDED RESPONSES TO QUALITATIVE ITEMS

The summaries of major responses derived from the qualitative open-ended survey items of employees and the semi structured face-to-face interviews are presented in Table 10. This table is structured as follows:

- Each of the six themes is represented as two rows in the table.
- In the first of these rows, the response categories mentioned by either or both the employee and management groups are presented.
- Directly below each of these response categories, the researcher's judgment is entered, specifying whether there is agreement between the responses of employees and managers for the particular response category of the theme. The word "AGREEMENT" is coloured green and the word "DISAGREEMENT" is coloured red, providing a visual analysis.

Table 10 - Summary of major responses derived from the open-ended responses of employees and top managers for themes 1 to 6.

	RETENTION	MANAGING DEMAND & SUPPLY	SUCCESSION	STRATEGY	LEGISLATIVE	PERFORMANCE MANAGEMENT	ENVIRONMENTAL CHALLENGES	SUSTAINABILITY
THEME 1 - REASONS FOR USING TALENT MANAGEMENT PRACTICES IN ORGANISATIONS	AGREEMENT	AGREEMENT	AGREEMENT	AGREEMENT	MENTIONED BY MANAGEMENT ONLY	MENTIONED BY MANAGEMENT ONLY	MENTIONED BY MANAGEMENT ONLY	MENTIONED BY MANAGEMENT ONLY
	DISAGREEMENT	DISAGREEMENT	DISAGREEMENT	DISAGREEMENT				
THEME 2 - THE APPROACH THAT ORGANISATIONS TAKE IN EMPLOYING TALENT MANAGEMENT PRACTICES	COMMUNICATION	CLARITY	BUY IN	TRANSPARENCY				
	DISAGREEMENT	DISAGREEMENT	DISAGREEMENT	AGREEMENT				
THEME 3 - THE APPROACH THAT COMPANIES TAKE IN IDENTIFYING TALENT WITHIN ORGANISATIONS	TALENT IDENTIFICATION APPROACH	REACTIVE						
	AGREEMENT	DISAGREEMENT						
THEME 4 - THE LINKAGE BETWEEN TALENT MANAGEMENT PRACTICES AND OTHER HR MANAGEMENT SYSTEMS	INTERGRATION	MANAGEMENT DEVELOPMENT PROGRAM	TRAINING PROGRAMS					
	DISAGREEMENT	DISAGREEMENT	AGREEMENT					
THEME 5 - THE LEVEL OF SOPHISTICATION OF THE TALENT MANAGEMENT PLANNING SYSTEMS	PROMOTION	TALENT MANAGEMENT VISIBILITY	DEVELOPMENT	SIMPLIFICATION				
	AGREEMENT	DISAGREEMENT	DISAGREEMENT	DISAGREEMENT				
THEME 6 - THE CHARACTERISTICS OF TALENT MANAGEMENT PRACTICES	EXECUTION	LINE MANAGEMENT SKILLS	COMPETENCY MODEL	REWARD	PERFORMANCE	EMPLOYEE VALUE PROPOSITION		
	DISAGREEMENT	AGREEMENT	DISAGREEMENT	AGREEMENT	AGREEMENT	MENTIONED BY MANAGEMENT ONLY		

Table 10 thus serves to answer the second research question of the study i.e. is there agreement between the perception of employees and top management on talent management practices.

CHAPTER 6: DISCUSSION OF THE RESULTS

In this chapter the results of this study will be evaluated and interpreted with respect to the three research questions. Throughout the evaluation, the empirical findings are discussed with reference to findings in the literature review.

6.1 RESEARCH QUESTION 1

The first research question asked: What are the perceptions of employees regarding Talent Management Practices?

The research question was then followed by the Null and Alternative hypotheses stated as follows:

- **Null Hypothesis H₀ 1a:** There is no significant difference between the perceptions of how employees at Company X perceive Talent Management Practices in their company, compared to international best practice.
- **Alternative Hypothesis H₁ 1a :** There is a significant difference between the perceptions of how employees at Company X perceive Talent Management Practices in their company, compared to international best practice.

The perceptions of employees regarding Talent Management Practices in Company X are discussed for each theme in turn.

6.1.1 RESEARCH QUESTION 1 - FINDINGS

6.1.1.1 THEME 1 – RESEARCH & LITERATURE FINDINGS AND CONCLUSIONS

Theme 1 investigated the reasons for Company X for using talent management practices. This theme sought to find out employees perceptions on their understanding of the company reasons for embarking on Talent Management Practices within Company X.

The employee's response was favourable to this particular theme. This indicates that the employees understand the reasons behind the employment of talent management by Company X.

The results indicate that the employees are in agreement with the reasons for employing talent management within Company X as evidenced by the higher percentage of responses greater than 50 % on the frequency of responses agreeing with each of the elements as shown in Table 3 and Figure 5 in Chapter 5.

These findings are in line with Lawler & Mohrman (2003) and Frank & Taylor (2004) observation that trends that have made talent a top priority for organisation include digitisation, labour shortages, growth through acquisitions, simultaneous downsizing and expansion, workforce demographic and globalisation. Huang (2001) findings which stated that organisation internally

target and develop talented staff using criteria that are linked to the future organisational needs and role capabilities are further supported by the research findings.

The employees of Company X however rated the elements relating to recent merger & acquisition and the retirement of current manager lowly. This indicated that these factors do not contribute strongly to the reasons for employing Talent Management Practices within Company X.

It can be concluded that there is agreement between employees and the reason for Company X to embark on the implementation of Talent Management Practices in Company X.

6.1.1.2 THEME 2 – RESEARCH & LITERATURE FINDINGS AND CONCLUSIONS

Theme 2 investigated the approach that Company X took in employing Talent Management Practices.

The data indicate that the overwhelming reasons for the use of talent management practices are related to improving business results and fulfilling future jobs. Other reasons which were strongly favoured relate to the linkage to strategy, support from senior management and involvement of line managers.

The results indicated that the mean responses of 10 of the 18 items that were used to evaluate this theme were significantly negative as presented in Table 9. This indicates that the majority of respondents were not in agreement with the approach that Company X was taking in the employment of Talent Management Practices.

The major areas of concern that led to the significant negative response were:

- Concern around open and transparent process of sharing talent related information
- The objective assessment of employee competence
- Rewarding managers for developing staff
- Definition of the required employee competence
- Relies on HR staff
- Considers employee career wishes
- Non availability of computerised tracking system.

The employees agreed positively with the following elements of Talent Management Practices:

- The linkage of Talent Management Practices to strategy
- The use of Talent Management Practices to improve business results
- The support of Talent Management Practices by senior management
- The use of Talent Management Practices to fulfil future jobs
- Talent Management Practices include line managers

The research conducted by Purcell (1995), Rioux and Bernthal (1999) and Tyson (1997) found that highly effective succession management systems are characterised by CEO involvement, support of senior management, line management identification of candidates, use of developmental assignments, and succession management processes linked to business strategies.

Also Eastman (1995) identified several critical elements that are fundamental to effective succession management programs and these should include:

- ownership by line management and supported by staff;
- be simple and tailored to unique organisational needs;
- be flexible;
- evolve from a thorough human resources review process;
- be based upon well-developed competencies and objectives of candidates;
- incorporate employee input;
- be part of broader management development effort;
- include plans for development job assignments;
- be integrated with other human resources systems; and
- emphasize accountability and follow-up.

The literature indicates that the talent management process must be linked to strategy and must balance the needs of the organisation and the individual and must include a strong and rigorous assessment of candidate's competencies.

The overall results as presented in Table 9 indicated that 56 % of the responses were negative indicating misalignment between the perceptions of employees and the approach employed by Company X in employing Talent Management Practices.

6.1.1.3 THEME 3 – RESEARCH & LITERATURE FINDINGS AND CONCLUSIONS

Theme 3 investigated the approach that Company X takes in identifying talent within the organisation.

The approach by Company X focuses on managing three key talent pools, namely Executive Talent Pool (ETP), Inter-Group Talent Pool (IGTP) and Functional talent pools.

The ETP includes the high potential and 'discipline masters' with the key +/- 125 executive roles within Company X Family of Companies. The ETP is reviewed quarterly by Company X Managing Director to track the development progress for HIPO talent and to monitor progress against the talent strategy.

The IGTP talent pool involves the top 400 – 500 minimum technical staff in the core technical disciplines across Company X Family of Companies. The IGTP is chaired by the Technical Director. Outcomes from the IGTP are fed into the annual Organisation & Capability (O&C) review.

The functional pool involves senior talent in each group function/shared services and are led by group function / shared service heads.

The majority of employees rated the company approach to talent identification as being “reactionary” as indicated by the 79 % rating. The respondent rated the use of “talent pools” as being the second most method used in talent identification with “heir” being the last.

These results indicate that employee’s perception is that the company is more reactionary in identifying talent, even though talent pools are utilised within the organisation.

These findings compares with Mercer’s research which emphasised the development of talent pools rather than specific individuals in order to ensure that there is adequate supply of talent form which to choose from when an opening occurs.

Talent pools results in the creation of a pool of people who are given development experiences to prepare them for future opportunities, hence the organisation minimises the risk of being unprepared to fill a key vacancy, yet provides opportunities for motivated high-potential talent.

The use of talent pools by Company X is in line with Pattan (1986) findings that stated that through the planning process, succession plans guide actions to enhance the quality of the leadership talent pool relative to business requirements. Walker (1998) further stated succession planning can build competitive advantage through the superior development of the leadership talent.

The fact that the reactionary approach was rated the highest element in this theme indicates that employees feel that the company approach to identifying talent for filling critical roles in the organisation is reactionary. The use of “talent pools” was rated at 50 % by respondents which indicate that employees do agree that Company X do make use of talent pools to identify talent within the organisation.

This indicates that employee’s perceptions are misaligned with Company X approach to talent identification as they rated the “reactionary” approach ahead of “talent pools”.

6.1.1.4 THEME 4– RESEARCH & LITERATURE FINDINGS AND CONCLUSIONS

Theme 4 investigated the extent to which Company X Talent Management Practices are linked to other HR management systems.

The majority of respondents rated negatively the linkage between Talent Management Practices and other HR related system. This was evidenced by 5 out of 6 elements that were rated below 50 %, which indicated misalignment between employee's perceptions to the linkage between Talent Management Practices as employed by Company X and other related HR systems.

The employee's response indicated that there Talent Management Practices is not linked to performance management (45 %), career planning (48 %), recruitment and selection (31 %), management development program (43 %) and compensation (17 %).

The findings indicate that employees do not see evidence of alignment between talent management practice and linkage to other HR management system. Also results from Table 9 further substantiated the above findings, this is represented by 4 out of 6 elements that were rated significantly negatively by the respondents.

This indicated misalignment between employee's perceptions and the linkage of Talent Management Practices and HR management systems.

6.1.1.5 THEME 5– RESEARCH & LITERATURE FINDINGS AND CONCLUSIONS

Theme 5 investigated the level of sophistication of the talent management planning systems within Company X.

The results from this theme indicated a strong misalignment with employee's perception on the sophistication of talent management planning systems. This is further evidenced from Table 9 which presented results showing 8 of 12 elements which showed that 67 % of the responses were significantly negative. The items that contributed the most to the significantly negative rating were the evaluation and compensation of managers for developing talent (7 %), auditing of HR review process (21 %), credibility of talent management staff (24 %), formalised rules and procedures for talent management (38%).

The research finding contradicts Friedman (1986) findings, in suggesting that the involvement of the CEO, human resource review, an accountable succession system, a credible succession staff, provision for executive development and an effective flow of information between the HR department and other divisions of the firm are critical to the success of talent management systems. These findings implied a positive relationship between the degree of sophistication in succession planning and organisational performance.

Sahl (1987) further argued that by adopting a comprehensive, well designed succession plan a firm could strengthen its HR function and more effectively tap the full potential of its human resources.

These results indicated significant misalignment between employee's perceptions and how talent management planning systems are applied within Company X.

6.1.1.6 THEME 6– RESEARCH & LITERATURE FINDINGS AND CONCLUSIONS

Theme 6 investigated the characteristics associated with the implementation of Talent Management Practices within Company X.

This theme was the most negatively rated theme as indicated by the results of Table 9. Of the 9 items used to rate this theme, firstly all the nine items were rated below 50 %. This represented 100 % misalignment as indicated in Table 9 by the percentage of items that reflected significant misalignment.

These results indicate significant misalignment between employees perceptions and the characteristics associated with the implementation of Talent Management Practices within Company X.

The items that contributed to the significant misalignment were competency models for evaluating potential (12 %), documenting the competence within the organisation (29 %) and the evaluation of the results of the talent management program (12 %).

6.1.2 RESEARCH QUESTION 1 – OVERALL CONCLUSIONS

The overall results for Research Question 1 were presented in Table 9. The results showed that the employees mean responses were significantly negative on 36 of the 60 items, with the greatest contribution being from disagreements to the items of theme 6 followed by theme 4 and 5.

The Null hypothesis is thus overall rejected.

The overall finding thus indicates that there is significant difference between the perceptions of employees and international best practice of Talent Management with regards to how it has been implemented at Company X.

6.2 RESEARCH QUESTION 2 – RESEARCH & LITERATURE FINDINGS & CONCLUSIONS

Research Question 2 asked the question is there agreement between the perceptions of employees and top management on talent management practices?

To answer this question qualitative data from Table 10 will be used to evaluate the responses from both employees and top management.

6.2.1 THEME 1 – QUALITATIVE DATA FINDINGS

Table 10 presents themes that emerged from the qualitative responses from both employees and top management. All of these themes relate to the reason for Company X to employ Talent Management Practices.

The main themes that emerged were retention, managing demand & supply, reactive, succession, strategy, legislative, performance management, environmental challenges and sustainability.

The results indicated that employees agreed with top management on the reason for employing Talent Management Practices within Company X. The major themes of agreement were retention, managing demand & supply, succession and strategy. This means that both employees and top management are in agreement that Talent Management Practices will result in increased retention of talented employees, it will also assist the organisation to manage both the demand and supply that the organisation needs to achieve strategic goals.

The additional themes that were mentioned only by top management on the reasons for employing Talent Management Practices were legislative requirements, performance management, environmental challenges and sustainability of the business into the future.

The core themes from top management put emphasis that one of the reasons for employing Talent Management Practices was the legislative requirements and environmental challenges in South Africa. The comments from top managers however was the company is embracing the legislative requirements rather than merely complying, hence it's become a way of doing business. This will ensure that the company will be sustainable into the future.

The comments around sustainability were that through Talent Management Practices the company will develop capacity for the future requirements of the business. Also through Talent Management Practices the company will develop the right calibre of individuals in a critical mass to deliver value for the organisation.

6.2.2 THEME 2 – QUALITATIVE DATA FINDINGS

The results from Table 10 indicated four themes that formed the major outcomes from the qualitative data and these were communication, clarity, buy-in and transparency.

Table 10 indicated three areas of disagreement between employees and top managers. These centred around the lack of formal communication from management to staff on talent strategy and plan. This results in employees not having clarity on talent management practice in the organisation. Finally

employees felt that there is lack of buy-in from line managers in certain areas of the business in the implementation of Talent Management Practices.

The last theme mentioned was lack of transparency. The employees concern was that Talent Management Practices needed to be an open and transparent process. Top managers did agree that maybe at Tier 2 (Inter Group Talent Pool) talent pool there isn't enough transparency, however for the Tier 1 (Executive Talent Pool) talent pool, which is the top 100 executive roles within Company X, top talent do know who they are and they get invited to numerous forums and business reviews to meet with top managers and company executives.

In addition top managers did concur that lower down transparency becomes challenging with the biggest contributor being line managers who are not having honest conversations with employees around performance and succession planning, especially with regards to disclosing placing on the nine block matrix.

The conclusion from top managers was that they would want the transparency to permeate down to all levels of the organisation. They do agree that more could be done to ensure that talent management is seen as being transparent at all levels of the organisation.

6.2.3 THEME 3 – QUALITATIVE DATA FINDINGS

The results from Table 10 indicated two themes that formed the major issues regarding theme 3 namely, talent identification approach and reactive.

The employees generally feel that the company approach to talent identification is reactionary. This means that the company waits until the position is open and then start searching for a replacement. The employees however are also in agreement that the company does use the talent pools for managing talent within the organisation.

The response from top management on this theme was very concise in that the company utilised talent pools across the different levels in the organisation for talent identification. These pools are used to identify key positions and key talent in each segment. Also talent identification are done through the 9 block matrix and the annual Organisation & Capability review

There is misalignment between employees and top managers on the approach taken by the company in talent identification. This is evidenced by employees rating the reactionary approach ahead of the use of talent pools in identifying talent within the organisation.

6.2.4 THEME 4 – QUALITATIVE DATA FINDINGS

The results from Table 10 indicated three themes that formed the major issues regarding theme 4 namely, integration, management development programs and training and development.

The employee's response was based on the concern that talent management is not systematic at this stage. They went on to state that the link is there by default but there is no evidence of integration between Talent Management Practices and other HR management systems, especially when it comes to individual development. These HR management systems are seen as being stand alone. Additional comments from employees were that management development programs have died off in the last few years. There was however positive comments around the fact that Company X had got very good training programs, for technical employees who are just starting up in the organisation.

6.2.5 THEME 5 – QUALITATIVE DATA FINDINGS

The results from Table 10 indicated four themes that formed the major issues regarding theme 5 namely, promotion, visibility of talent management practices, promotion and development.

Employee's response on this theme emphasized the simplification of the Talent Management Practices without losing the impact. They also emphasized that talent management must become a way of life within the organisation.

6.2.6 THEME 6 – QUALITATIVE DATA FINDINGS

The results from Table 10 indicated six themes that formed the major issues regarding theme 4 namely, integration, management development programs and training and development.

Top management response in theme 6 indicated that insofar as development is concerned there is a difference in the level of investment spent on High Potential (HIPO) talent, the company invests highly to HIPO to differentiate. This takes the form of courses at London Business School, Middle Management course for example at GIBS.

The company also tries to create development propositions, looking at 10 % formal education management development classroom learning, 20 % development through coaching, mentoring and networking and 70 % on the job assignments to attaining critical experiences for the HIPO talent.

The current focus within Company X is on getting the Talent Management Practices implemented right for the Executive Talent Pool (ETP). This involves

spending more money, more resources, having better defined structural approach and allocation of work assignments are all focussed more at the ETP. In future focus will be to roll it further down to Inter Group Talent Pool.

The plan for the future supply of key talent has been improved upon by ensuring that coverage for the top 100 position improves by 30 %, also people do know that they've been identified as successors.

6.3 RESEARCH QUESTION 3 – RESEARCH & LITERATURE FINDINGS & CONCLUSIONS

Research question 3 asked the question do top management see the link between Talent Management Practices and business performance?

The majority of responses from top managers agreed that there is certainly a link between talent management practices and business performance. However almost all the respondents confirmed that there is no mechanism that is employed by the company to measure the impact of talent management on business performance.

The current focus insofar as Company X is concerned is on implementing the Talent Management Practices throughout the organisation at all levels. The emphasis insofar as implementation is concerned is focussing on the executive talent pool.

Other responses from top managers mentioned the fact that Talent Management Practices initiative is getting support and traction from senior managers throughout the organisation and it's a highly visible initiative supported by company executives. That on it own indicate that everyone understands that there is a perceived benefit that the organisation will receive through better management of talent.

The response from one of the top managers went on to state that the next phase of this initiative will focus on developing matrixes that will seek to establish the impact of talent management to the company performance.

In conclusion Company X does not have measures in place to measure the impact of Talent Management Practices on business performance. There is however a perceived view that the Talent Management Practices initiative does have an impact on business performance.

To quote one senior manager's response: "Why else will we be spending so much money and time on talent management within the organisation. The benefits are obvious and they are there for everyone to see".

This concluded the answer to research question 3 in that top managers do perceive that there is a link between talent management and business

performance. They further stated that in future the emphasis will be on developing measures for measuring the impact of the Talent Management Practices intervention on business performance. The current focus for this phase of Talent Management Practices execution is on implementation of the talent strategy throughout the organisation at all levels.

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

7.1 MAIN FINDINGS OF THE RESEARCH

The main findings from the study revealed that there is misalignment between employees and top management on the implementation of the talent management practices within Company X. This was clearly evidenced by the responses by employees from the six themes.

However it became clear during the face-to-face interviews that the concerns raised by employees on the qualitative survey as indicated by the six themes, that these issues only affected the employees who mostly belonged to the Inter Group Talent Pool (IGTP). The majority of respondents who met the criteria for the survey questionnaire belonged to the IGTP and their concerns were completely different from the issues discussed with top managers.

Top managers were able to give precise and accurate responses to the concerns raised by the employees for the Executive Talent Pool (ETP). Also the top managers interviewed during the face-to-face interviews were able to mention that the current emphasis on Talent Management Practices are to focus a lot of more resources, time and money on perfecting Talent Management Practices for the Executive Talent Pools.

The intervention is currently being implemented throughout the organisation at all levels, from the ETP, to ITGP and Functional talent pools. The rationale for putting more emphasis on ETP is due to the fact that the company perceives that it will get the greatest return on investment quickly, if the intervention is implemented successfully at this level.

The main findings from employees can be summarised as follows:

- Employees raised concern around the instruments used to identify potential and talent especially around how these are used for development purposes and eventual deployment to work assignments.
- Issues relating to transparency were raised consistently from employees, as they were concerned about not knowing whether they are talent or not.
- Concern around whether line managers have the right skills and training to be able to identify talent.
- Reward and compensation were not linked to managers' ability to identify or develop talent. The lack thereof does not incentivise line managers to spot talent within the organisation.
- Communication on talent strategy and plan is not being shared widely with employees throughout the organisation.
- Linkage of Talent Management Practices to other HR management systems like, training & development, career development discussions,

performance, rewards, etc, is seen as being weak and more often an after thought.

- Transparency was raised by employees as most felt that insofar as talent is concerned, employees do not know whether they are part of talent or not, also no feedback is give to employees regarding the where they are placed on the nine block matrix.

The main findings from top managers can be summarised as follows:

- Talent identification is done through the nine block matrix, which measures potential and performance. Employees in block 1, 2 & 3 are deemed talent and high potential. Also Organisation & Capability review are used for talent identification.
- Potential is assessed through the key criteria of attitude (the extent to which an individual lives the company values) and ability to perform at senior levels as well as the individuals ambition.
- Performance on the 9 block matrix is assessed through the individuals sustainable track record of business result delivery and achievement of KPI's over the last 3 years. The company also differentiates between high performers (top 20 %), medium performances (70 %) and low performers (10 %).

- For the top talent (ETP) there is clear linkage to other HR with regards to developmental opportunities. For example a number of developmental options exist for the ETP which includes:
 - Stretch assignments or projects
 - Structured external learning such as London Business School
 - Business specific programmes, such as the ones offered at GIBS
 - Seminars
 - Mentorship & Coaching
 - Self-directed learning
 - Talent exchange programs with external companies
- Participation in these leadership development activities are prioritised for those in blocks one, two and three in the nine block matrix.

The Talent Management Strategy for Company X is very much well defined and perfectly executed for the ETP. The talent strategy has got well documented procedures and processes which are aligned to other HR management systems.

The talent strategy also gets a lot of support from top management as it being chaired by the Group Managing Director, who reviews the ETP on a quarterly basis. This indicates the high level of commitment and focus from executive management.

7.2 RECOMMENDATIONS FOR MANAGERS

The following are recommendations for management:

- To roll out the Talent Management Practices to the IGTP with the same focus, energy, intensity and support similar to ETP Talent Management Practices rollout. This must include allocation of dedicated HR resources to drive the process and monitor its execution and give guidance to Line Managers.
- To define processes, systems and procedures for Talent Management Practices that define talent identification and further define the required competencies for the different job levels in the organisation.
- To provide Line Managers with support in the form of training on the skills & knowledge required in identifying and managing talent employees and how to nurture and stretch these talented high potential employees within their departments.
- To develop rewards and compensation structures which will be geared towards incentivising line managers to spot and develop talented employees.
- To provide line managers with training, skills, knowledge and encourage them to engage and conduct regular conversation with employees, especially around their career aspirations and developmental needs so as to ensure the right allocation of work assignments are assigned to the

high potential employees to increase their retention within the organisation.

7.3 FUTURE RESEARCH RECOMMENDATIONS

It is suggested that future research could focus on the following:

- To use a larger survey supported by a probability sampling methods for example stratified random sampling with the strata being the levels of management versus employees.
- Future survey can use the themes identified from the qualitative open-ended items of this study, and develop them into closed ended Likert-type closed ended questionnaire items. In this way the future survey will have a much more inclusive set of closed ended items. Therefore there will be less need for a qualitative component in future studies. As such the questionnaire will be quantitative in nature, and it could be sent out to a large sample of employees in the organisation. This would potentially increase the external validity or generalisability of the survey results to Company X.
- Extending the study to other companies within the same industry for deriving comparisons and benchmarks within the industry.
- Extended the study to companies in other industries for cross-industry comparisons.

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APPENDICES



APPENDIX A: SURVEY QUESTIONNAIRE

TALENT MANAGEMENT PRACTICES SURVEY QUESTIONNAIRE @ COMPANY X

Please note that these questions are for the MBA research purposes only. No respondents will be identified using any of the responses below.

STRICTLY CONFIDENTIAL & ANONYMOUS
Please mark your response by typing a cross (X) in the appropriate box

Years of experience in Company X	0 - 1 yrs	2 - 5 yrs	6 - 10 yrs	11 - 15 yrs	16+ yrs
Age	18 - 25	26 - 30	31 - 40	41 - 50	50+

Please indicate the extent to which you agree / disagree with the following statements by placing a cross (X) in the appropriate box.

Section 1 : Talent Management Practices are used in Company X for the following reasons:

No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Desire to improve business results					
2	Growth in business requiring better management of talent					
3	Need for greater diversity in management					
4	Anticipated changes in skills of future leaders					
5	Company growth					
6	Driven by the CEO desire to manage internal talent effectively					
7	Sustain the organisation due to retirement of current managers					
8	Retirement of current managers					
9	Recent merger/acquisition					
10	Poor promotion history					
11	Change in the management structure					
12	Need to increase retention of internal talent					

Comments :

Section 2 : The approach of Company X Talent Management Practice may be described as:

No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Linked to strategy					
2	Used to improve organisational outcomes/business performance					
3	Supported by senior management					
4	Changes in response to changing business plan					
5	Development included					
6	To fill future jobs					
7	Involve CEO					
8	Contains a time frame					
9	Open and transparent process of sharing of talent related information					
10	Uses objective assessment of employee competence					
11	Shares ownership across all levels of organisation					
12	Rewards managers for development of staff					
13	Considers employee career wishes					
14	Consists of defined requirements for employee competency					
15	Used to fill existing jobs					
16	Relies on HR staff					
17	Involve line managers					
18	Relies on a computerised tracking system					

Comments :



Section 3 : The company approach to Talent Identification may be described as:						
No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Heir - Inherited positions by certain employees					
2	Talent pool - Different talent pools for the various leadership positions					
3	Reactionary - Reaction after resignation or attrition					
Comments :						

Section 4 :The talent management practice within Compnay X are linked to other HR management systems in terms of:						
No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Performance Management					
2	Training and Development					
3	Career planning					
4	Recruitment and selection					
5	Management development programs					
6	Compensation					
Comments :						



Section 5 :The level of sophistication of the talent management planning system within Company X may be described as:

No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	The prescribed rules and procedures of talent management are formalised .					
2	Departments and staff are assigned specific responsibility for talent management practice planning.					
3	Auditing and follow-up are pursued in the executive or HR review process.					
4	Higher level management becomes involved in the talent management process.					
5	Department heads are evaluated and compensated for their efforts to develop subordinates.					
6	Company compiles data on employees and job positions for the purpose of talent management and development.					
7	Selection for promotion is based on personal relationships and network ties.					
8	Promotion is based on past performance.					
9	Promotion is based on range of experience.					
10	Promotion is based on ability.					
11	Members of the talent management staff are viewed as credible and competent in performing their jobs					
12	The CEO or senior executives spend significant amount of time devoted to managing talent management issues.					
Comments :						

Section 6 :Company X Talent Management Practices has the following characteristics:

No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Clarified the purpose and desired results of the talent management program					
2	Competency models determine the performance required now for all job categories					
3	Established a means to measure individual performance that is aligned with the competencies currently demonstrated by successful performers					
4	Determine what performance is needed in the future by establishing future competency models for all job categories					
5	Created an ongoing means by which to assess individual potential against future competency models					
6	Established a means by which to narrow gaps through the use of individual development plans (IDPs)					
7	Created a means by which to document competence and find organisational talent quickly when needed					
8	Created and sustained rewards for developing people					
9	Established a means by which to evaluate the results of the talent management program					
Comments :						

APPENDIX B: FACE-TO-FACE INTERVIEW SCHEDULE QUESTIONS

RESEARCH - INDEPTH INTERVIEW QUESTIONS

RESPONDENT DEMOGRAPHIC DATA

- Position :
- Length of Service :

TALENT MANAGEMENT PRACTISES AND WHY THEY ARE USED IN COMPANY X?

REASONS

1. What are the reasons for employing Talent Management (TM) Practices in Company X?
2. What were the main drivers/motives to implementing TM?
 - a. To what extent did external factors affect your decision?
 - b. To what extent did internal factors affect your decision?
3. What specific issues do you feel a company TM plan needs to address?

WHAT IS THE APPROACH TO TALENT MANAGEMENT PRACTISE AS EMPLOYED BY COMPANY X?

DEFINITION

1. How would you describe your company TM strategy?
2. What does the concept of TM refer to in your organisation?
3. To what extent are Talent Management Practices practises linked to company strategy?
4. Does this contribute to a competitive advantage? (give an example)

WHAT IS THE COMPANY APPROACH TO TALENT MANAGEMENT PRACTISES

IDENTIFICATION

1. Does your company have a formal Talent Management (TM) process to **identify** future leadership?
2. What process do you currently use to **identify** potential future leaders?

3. How do you determine Talent?
4. Which employees are involved in your organisations TM strategy?
5. For key employees, how are they usually found and recruited?
 - a. Internally in the company or not – why?
 - b. Recruiting based on merits or competencies?
6. Does your TM plan include only **key positions** within the company or is it applied to management and leadership positions at all levels throughout the organisation?
7. How does your organisation define key positions? Are these key positions given special attention in your TM planning process? If so, why?
8. Do you use any form of scoring/rating system for employees that helps **identify** top candidates for leadership positions?

TO WHAT EXTENT DO YOU THINK THAT TALENT MANAGEMENT PRACTISE WITHIN COMPANY X ARE LINKED TO OTHER HR MANAGEMENT SYSTEMS?

HR LINKAGE & INTEGRATION

1. Is the TM planning process conducted by upper management or the human resource department?
2. Do you keep a list of potential leadership candidates on file? Is so how regularly is the list updated?
3. How is the data collected from your talent management effort used in your organisation?
4. How well resourced or supported are Talent Management efforts within your organisation?
5. Is the TM planning process **known to all employees (Transparency)** throughout the firm or is it limited to only upper management staff and human resources?

6. Do potential leadership candidates usually **know (Transparency)** that they are part of the company TM plan?

TO WHAT EXTENT DO YOU THINK OF THE MEASUREMENT OF SOPHISTICATION OF THE TALENT MANAGEMENT PLANNING SYSTEM WITHIN COMPANY X?

HR & INTEGRATION

1. To what extent do higher level management becomes become involved in talent management process?
2. To what extent do departmental heads are evaluated and compensated for their efforts to develop employees?

HOW WOULD YOU RATE COMPANY X TALENT MANAGEMENT PRACTISES ON THE FOLLOWING CHARACTERISTICS?

DEVELOPMENT

1. Tell me about how you develop your employees?
 - a. Is there any difference in the level of development resources allocated for different categories of employees?
2. Does the company have a plan for future supply of key competence?
 - a. Have you identified possible successors?
 - b. If "yes" do they know it?
 - c. Do you see problems with this?
3. Do you offer management training and leadership **development** programs within the company? If so, what type of courses?

ASSESS

1. Is your TM planning tied with your annual employee **performance/career goal** reviews?

2. Do you think your TM process has any effect on your company's **business performance/bottom line**?
3. How do you ensure that TM initiatives are integrated and **aligned (alignment)** to business strategy?

RETAIN

1. What do you think would be some of the elements of an effective company TM process?
2. If you could design a TM process today, what do you think would be the most important elements(s) to concentrate on?
3. What do you consider as your greatest challenge in the Talent Management area? And why is this greatest challenge?

BUSINESS PERFORMANCE

1. How does your company **monitor** the success of the TALENT MANAGEMENT PRACTISE performance?
2. Do you think your TM process has any effect on your company's **business performance/bottom line**?
3. How do you **measure (Measure)** the effectiveness of Talent Management?
4. Have you established a means by which to evaluate the results of the talent management program?