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TALENT MANAGEMENT IN ICELANDIC COMPANIES

Do managers measure their employees' performances and identify talents systematically in Icelandic companies?

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Abstract

Talent Management (TM) is a management policy which leaders have used for decades in managing and motivating their workforce. Talent Management is about attracting, developing, sustaining and retaining human capital but first and foremost about leadership and belongs to top management. This research is conducted on how well top management and HR managers in Icelandic companies are conducting TM practices.

The results show that only a minority of the companies in Iceland are actively conducting TM practices while the majority is still conducting basic HR practices. The author investigates and places much emphasis on assessment procedures in general, talent identification and if systematic actions are taken to various problems such as insufficient performances.

Leaders and managers in Icelandic companies are somewhat becoming more aware of TM practices including the importance of talent identification, but fail however to maximize the employees performances due to the lack of TM strategies and assessment procedures. There are several companies, although a minority, who are outperforming the majority in TM practices who also do take systematic actions on various issues and challenges.

Icelandic leaders should in general get more familiar with TM practices and investigate the different challenges that companies are dealing with around the world, where the biggest challenges are talent shortages. They should also be prepared for generational shifts in the workforce and prepare their talent pipelines accordingly.

Keywords: Talent Management, talent identification, talent pool, performance measurements, systematic actions.

Preface

This Thesis provides a snapshot on the current situation in Icelandic companies in terms of Talent Management practices. The process of writing this research has been very interesting and increased my knowledge on Talent Management.

I would like to express my gratitude to all the CEOs, HR managers and others managers in leading positions for their participation in this research, in total 47 participants.

My gratitude also goes to my supervisor Mr. Vlad Vaiman Professor of International Management at Reykjavik University for all his good advice, guidance and feedback. I would also like to thank Mr. Ólafur Veigar Hrafnsson for his support and technical assistance on data processing. And finally I want to thank my family and friends for their moral support.

Declaration of Research Work Integrity

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature of any degree. This thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing the present document I confirm and agree that I have read RU‟s ethics code of conduct and fully understand the consequences of violating these rules in regards of my thesis.

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1. Introduction

Talent Management (TM) is a management policy which leaders have used for decades in managing and motivating their workforce. The policies have been changing and developing in line with the demands for human capital. TM is basically about attracting, developing, sustaining and retaining human capital.

This research is conducted on if and how well top management and HR managers in Icelandic companies are conducting TM practices, and if they have added value to the companies in Iceland. The extent of talent identification is investigated and talent shortages as well as methods concerning assessment procedures when mid-level and senior managers are recruited. It is also investigated how much is emphasized on training and development and if measurements on performances are conducted. The author investigates as well if systematic actions are taken in line with performances and if assessment procedures are conducted if managers are successfully executing the company‘s strategy. Several other issues are investigated, but those mentioned above are the highlights. This research is the first of its kind conducted in Iceland on Icelandic companies and have no meaningful strategies and results been published on TM in Icelandic companies. Hence is this opportunity to conduct this research. The main research question is the following: *Do managers measure their employees performances and identify talents systematically in Icelandic companies?* And the sub research question is: *Are TM practices conducted and systematic actions taken accordingly in Icelandic companies?*

Managing human capital is very challenging as the human capital is the most valuable asset of the company and in order to create and sustain the value, Icelandic leaders and managers need to be aware of the war for talent. The objective of the research is to compare the theoretical aspects with the actual methods and approaches that are conducted in Icelandic companies. The findings on recent studies and research abroad, the problems and challenges will be discussed and the situation in Icelandic companies measured additionally. The purpose of the research is to examine if Icelandic companies are systematically identifying talents and measuring performances in general. It is investigated if the best practices that have been used abroad, in the western world, have been used in Iceland.

The knowledge of the employees and talent within the knowledge-based organization or company is what makes it valuable and builds up the reputation. However the value itself and any changes of the value can only be measured in the long run (Schweyer, 2004). This point is investigated in Icelandic companies in terms of if and how performances are measured.

The topic of TM has caught the attention of practitioners and leaders in the past two decades and very much has been written about the subject. The concept has evolved and there seems to be a common problem with the definition of TM, it not being consistent (Collings & Mellahi, 2009). The different approached to define TM in theory is compared and discussed. The discussion will have a special focus on which strategies and approaches have been the most effective and value-adding for companies and organizations. The literature on TM and best practices is examined from an international perspective, starting in the U.S. where the concept was first introduced and how it has spread out internationally. Thus how practitioners have due to globalization gotten familiar with challenging situations all over the world and observed the need for implementing TM practices in e.g. China, India and the Central-Eastern European countries where the challenges are extraordinary. When observing the big picture of TM and the ideology on how practices can be implemented in different ways and in different countries depending on the needs and alternatives, there is plenty of which Icelandic companies could learn from other countries.

The aim is to understand the different perspectives that leaders have to consider when attracting and retaining talent, based on previous research. Research has shown that high performance organizations are consistently outperforming their competitors on a number of human resource factors (Hiltrop, 1999). Some of those factors are examined and compared with the results of the research which is conducted in Icelandic companies. It will also be looked into if companies are successfully executing their strategies and whether those strategies are presenting the actual situation within the company, and if not, how they can improve their TM practices.

There is no literature existing on Talent Management in Icelandic companies as no research has been conducted on the subject in Iceland. Therefore is this research a great opportunity to investigate what the most common trends and practices are in Icelandic companies. With no previous research of this kind conducted in Iceland, there have no meaningful strategies been published.

2. Issue statement and research questions

No research nor meaningful studies or practices have been published on Talent Management in Icelandic companies. The Icelandic workforce is recovering after the recession and many companies have had to downsize, merge with other companies or close their business. A research was conducted in the fall 2012 by Market and media research (MMR) in cooperation with Dale Carnegie on the Icelandic workforce where 4000 employed individuals participated and the results are shocking whereas 22% of these employees are considered inactive and only 34% are active (DALE CARNEGIE ÞJÁLFUN, 2013). This should be a wakeup call for management practices in Icelandic companies and their effectiveness. The author of this research investigates the efficiency in TM practices with the following hypotheses and research questions.

Hypothesis 1: Icelandic managers have much more talent internally than they have already identified. They have not been able to maximize their employees' performances due to insufficient and undefined TM strategies.

Following this hypothesis the following question will be answered: Do managers measure their employees performances and identify talents systematically in Icelandic companies?

Hypothesis 2: TM strategies and best practices which are used internationally are not commonly used in Icelandic companies and systematic actions in terms of TM are lacking in Icelandic companies.

Following hypothesis 2 the question will be answered: Are TM practices conducted and systematic actions taken accordingly in Icelandic companies?

3. Literature review

The Theory of Talent Management is thoroughly introduced and best practices are presented in addition to previous research conducted abroad. The examination and discussion is on a broad level, starting where the theories started in the U.S. and then slightly following the spread of the concept through the Western world and its influences all the way to China and India through multinational companies. The Icelandic market is also introduced mainly in terms of the workforce and the business environment regarding leadership and management practices.

3.1. Talent Management in Theory

Talent Management is about leadership, strategies, performances and successful approaches to attract, develop and retain human capital. The ideology is not new as it was introduced several decades ago. What has changed since then is that managing talent is taken more seriously today, not being anymore solely the responsibility of the Human Resource department but rather of top managers and executives. A highly talented workforce is the most important source for competitive advantage. A competitor can easily copy your product and lower prices when you do, copy whatever behavior or trend in marketing which appears to be successful and avoid repeating your mistakes. But to replicate your high quality workforce is impossible (Wellins, Smith, & Erker, n.d., p. 1).

There is a term called “The War for Talent“ which many practitioners have referred to after a research was conducted by McKinsey & Company in 1997 on the topic of TM. The trigger to this so called War for Talent is the changes in the global workforce and the shift from the Industrial Age to the Information Age which was in the 1980s. Talent has become the most important criteria for a company´s competitive advantage and success, placing the emphasis by far on the managerial abilities to attract, develop and retain the company´s talent (Michaels, Handfield-Jones, & Axelrod, 2001, pp. 1–3).

Years and years have past since the term was introduced and the business environment has developed and changed since then. As practitioners are getting more and more concerned about TM issues, the most important challenges are getting clearer on what needs to be focused on today which are in line with how the markets and business environment has developed in the recent years. Those companies who neglect TM theory and practice will fall behind as practitioners are predicting a “New War for Talent“ and being even more fierce than ever (Healy, 2012).

3.1.1. The Concept and Definition on Talent Management

The topic of Talent Management (TM) has caught the attention of practitioners around the world and much has been written about it. To define TM is relatively challenging due to over a decade of debate of the concept. Leaders, Human Resource (HR) managers and practitioners have been focusing more on TM issues and their definitions have not been consistent in the matter. The cause of the lack of a clear and consistent definition is because managers do not always agree on which factors should be included in TM practices as some are having the opinion that TM is not clearly differentiated from HRM (Collings & Mellahi, 2009, p. 304; Lewis & Heckman, 2006, p. 139).

TM is closely related to Human Resource Management (HRM), however with a more specific focus. Some argue that TM is simply a rebranding on HRM in order to keep the practices fresh and that calling them Talent Management is unnecessary (Lewis & Heckman, 2006, p. 141). It is sure that TM is closely related to HRM as both roles include managing the company´s human resources, but a difference between these two roles does exist. The main difference is basically that HRM focuses on all positions in the company, when TM focuses on specified high performing positions (Collings & Mellahi, 2009, p. 306).

Lewis and Heckman (2006) identified three strains which move from traditional HRM to a strategic TM framework. The first strain defines TM as general HR activities such as recruiting, selecting, developing and succession management, but with faster techniques e.g. using the internet. The main difference seems to be the tendency for practitioners to focus on sub-disciplines within HRM in order to narrow the definition of TM. The second strain is focusing on talent pools and succession planning with the emphasis on internal employees rather than external potentials, using software systems to simulate planning problems. The third strain is about the talent apart from specific positions in the company, meaning that all employees should be managed in regards to specific talent and not only those who are classified as in the “talent pool“ (Lewis & Heckman, 2006, p. 140).

As mentioned does TM not have one consistent definition, but the following definition by Collings and Mellahi is one way to put it.

> ...activities and processes that involve the systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions... and to ensure their continued commitment to the organisation-emphasises the identification of pivotal positions as the point of departure for strategic talent management systems (Collings & Mellahi, 2009, p. 311).

Another approach to describe TM basics include to identify career paths and development, key positions and reward systems for superkeepers and ensuring that having quality replacements if an high performing employee would have to resign unexpectedly, and segmenting the talent pool (Berger, 2004, p. 21). A superkeeper is defined as being an employee who greatly exceeds the employers expectations and is an inspiration to others in the organization as well as embodying competencies (Berger, 2004, p. 14). Companies who want to stay competitive on the market have to undertake talent management issues and strategies, and have successful procedures to attract, develop, and retain their employees (Berger, 2004, p. 43).

Other practitioners like Cheese, Thomas and Craig (2008) have examined five talent imperatives which are to their knowledge, critical for leading to success in all types of organizations and should be taken as guidance by managers. The first one is that Talent being an strategic issue, human capital strategy should be a part of any business strategy in companies and organizations. This includes recognizing and fully understanding the value of talent and how the talent can be useful for future business success. The second imperative is that diversity is the biggest assets and that it is critical in terms of competitive advantage be able to attract diverse talents. The third imperative is concerning the importance of learning and skill development capabilities and that those capabilities always remain in accordance to the needs. The fourth is the great importance of engagement and motivation for improved performances. The fifth and final imperative is to nurture the talent and to create a talent mindset and culture in the organization (Cheese, 2008, p. 11).

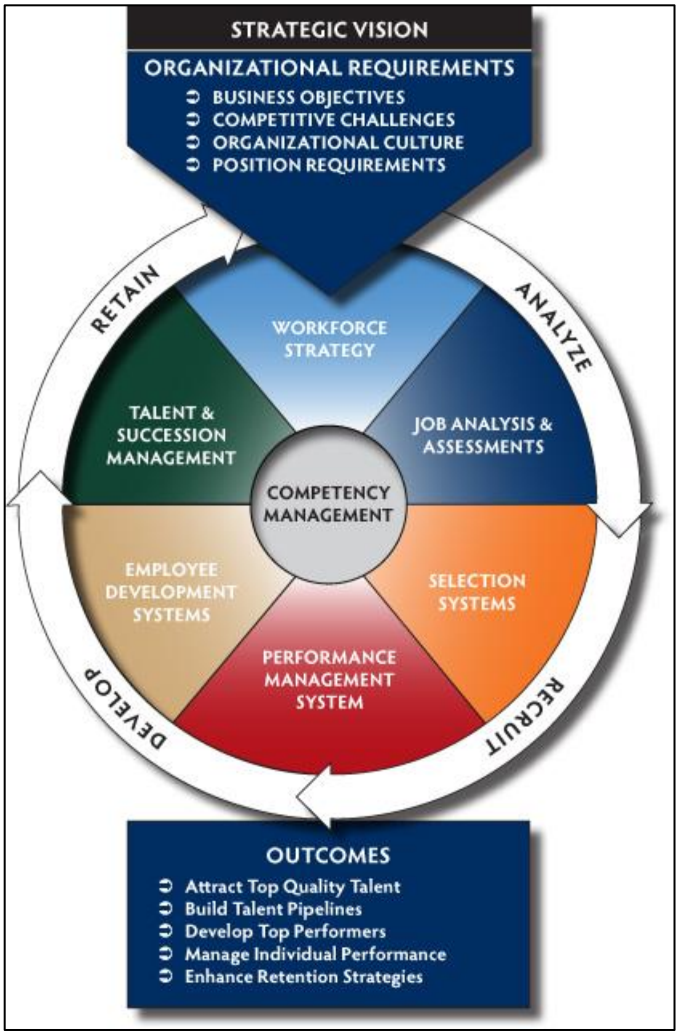

STRATEGIC VISION
ORGANIZATIONAL REQUIREMENTS
BUSINESS OBJECTIVES
COMPETITIVE CHALLENGES
ORGANIZATIONAL CULTURE
POSITION REQUIREMENTS
RETAIN
ANALYZE
RECRUIT
DEVELOP
WORKFORCE STRATEGY
JOB ANALYSIS & ASSESSMENTS
SELECTION SYSTEMS
PERFORMANCE MANAGEMENT SYSTEM
EMPLOYEE DEVELOPMENT SYSTEMS
TALENT & SUCCESSION MANAGEMENT
COMPETENCY MANAGEMENT
OUTCOMES
Attract Top Quality Talent
Build Talent Pipelines
Develop Top Performers
Manage Individual Performance
Enhance Retention Strategies

Figure 1: PLS Consulting Management System

There are many consulting companies existing, who are specialized in TM systems and processes, which offer their services to companies who need to get a clear strategic vision. PLS Consulting Inc. is one of many of its kind, offering services to build and improve the TM systems that increase the likelihood of driving the organization to success. This consulting company provides tools, methods and infrastructure which is critical for a sustainable workforce strategy regardless of size to meet current and future business requirements (PLS Consulting, Inc., 2013). Many companies have already some TM structure designed for their business, and as the nature of the organization can be very different from others, PLS consulting have pictured up a basic structure which many different companies can acknowledge and use as a helper in the process and is shown on the right side. Starting with the business objectives, the organizational culture, competitive challenges and position requirements, the leaders can follow the process of competency management as shown in the picture to achieve the desired outcomes. This process should provide the opportunity to attract top quality talent, to build talent pipelines, develop top performers, manage individual performances and enhancing the retention strategies (PLS Consulting, Inc., 2013).

A definition by DDI (Development Dimensions International) explains TM as a process that ensures the quantity and quality of people in place who meet current and future priorities in the organization. Just as the majority of practitioners must agree to, there has to be a clear understanding of the current and future business strategies. Identification of talent gaps are critical and strategies to close those gaps have to be in place. Hiring and promotion decisions have to be accurate. Individual and team goals have to be defined and connected to corporate goals including clarifications on the expectations, following up with feedback. Developing the talent is important to enhance performance and readiness for transition from one level to the next. Also is pointed out the importance to recognize the elements that are required for a successful execution of a talent strategy, and that measurements have to be conducted on effectiveness and how it has impact on the business (Wellins et al., n.d., p. 2).

As mentioned is TM closely related to HRM in theory, but how close is TM to HRM in practice? HR professionals have pointed out that TM belongs with the CEOs and in the *Global Leadership Forecast 2008/2009* only 30% of CEOs viewed HR as a strategic partner. In the same research CEO and HR managers were asked how much they are involved in TM activities and the results were very low even though that half of the CEOs took credit for personally developing and mentoring other executives. For HR managers to have a seat at the table are not enough, they need to step up. Those HR managers who are professionals in TM have to not only have a seat at the table but move to setting the table (Wellins et al., n.d., pp. 4–5).

3.1.2. A Talent mindset and Organizational Culture

It is absolutely critical that everyone in the company/organization has a good sense of the existing organizational culture. Those are the values and beliefs which all employees share in order to fully understand the norms of the company and their roles within them (Luthans, 2009, p. 158). When an employee is found to be unproductive compared to a given standard where the norm is to be highly motivated and competitive, the manager can figure out several reasons for the cause however a likely cause being a mismatch between the assignments and the abilities of the employee (Schein, 2006, p. 33).

A talent mindset is when all leaders in the company are completely committed to achieve the goals that the company sets. They have to build a strong pool of talents in order to maintain an effective TM strategy and create a talent mindset (Michaels et al., 2001, p. 11). When leaders and managers at all levels embrace a talent mindset and believe that it is their responsibility to be truly committed to strengthening their talent pool and help others to strengthen theirs, the company should be able to outperform the competitors having created a source for competitive advantage (Michaels et al., 2001, p. 22).

The American Productivity & Quality Center (APQC) conducts research on business practices and assist organizations around the world in adapting the relevant processes (APQC, 2012). APQC did a research in 2003 on best practices and how organizations improve their business performance. The organizations which were examined are examples of companies with a talent mindset. Those were Capital One Financial Corp., Celanese AG, Coca-Cola HBC SA, Internal Revenue Service and Johnson & Johnson. The focus was on Senior Leadership’s Role in TM, how to find talent and driving talent to performance, and how to evaluate the results. The results of this research showed that these organizations defined TM broadly, however they added a talent gap analysis and talent reviews. They also integrated TM elements into a system, such as using a competency model to measure different elements, and using outcomes from some measurements as inputs into other processes. The competency models are to shed a light on which kind of skills and behaviors are valued including descriptions of what is expected and thus what is needed in the company. This is used to identify current and future talent gaps. The results of the research also say that senior executives and CEOs are committed to TM and that the highly valued talents and potential employees in core functions get most of the attention by being provided with policy directions (*TM From Competencies to Organisational Performance*, 2010, pp. 1–2).

Another example of companies who share a talent mindset and are rated as best-practice organizations are Abbott Laboratories, Booz Allen Hamilton, Lincoln Financial Group, Microsoft, TELUS and Textron. APQC embarked on a collaborative benchmark study in

2007 analyzing quantitative and qualitative data from their organizations. 18 principal findings were commonly identified concerning sourcing, recruiting, selections, retentions and measurements. Those findings are all in line with the theories of TM, where deep emphasis is on the individual in the organization, and the quality of the workforce is constantly being assessed with measurements and results from key activities which are connected to recruiting, selecting and retaining talent. All of which are having numerous strategies in place and strong relationships are between HR and other units for effective management practices. This means that these organizations are truly conducting good business practices regardless of industry and do without a doubt have a talent mindset (*Recruiting, selecting, and retaining talent: An overview of findings from APQC's collaborative benchmarking research*, 2010, p. 2).

3.1.3. The Importance of good Talent Pools

There is a growing turbulence in today´s business environment due to factors such as globalization, demographic diversity and changing employee values, talent shortages, technology and many more. These environmental shifts call for a stronger focus within management teams to improve their succession planning processes in terms of developing a good talent pool (Karaevli & Hall, 2003, p. 63). A talent pool consists of employees who are high performing and seen as high potential and capable of being up-graded into higher level roles when required (McDonnell & Collings, 2011, p. 64).

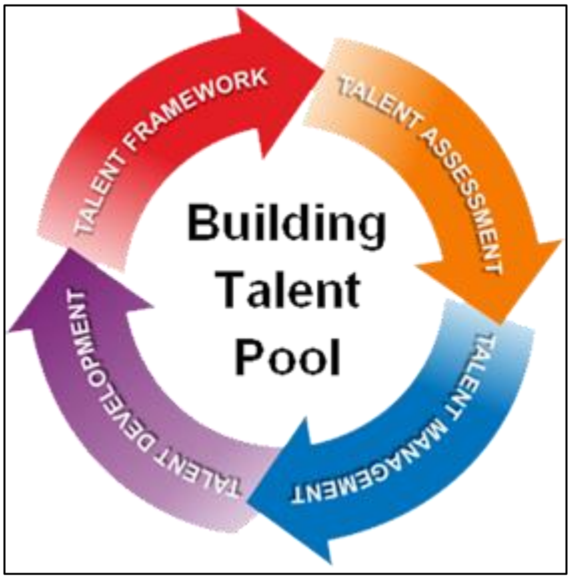


Figure 2: Talent Pool (source: People Metrics)

Proper identification methods and tools have to be in place in order to evaluate and to identify the talents internally for the talent pool in case a position gets vacant. However it is also important not to only limit the talent pool with internal potentials but also to keep an eye open on the external labor market as well (McDonnell & Collings, 2011, p. 69). Managers can either build talent or buy it and using both approaches will probably give the best results. Some positions require specific company knowledge where the talent must be build internally while other positions allow managers or require them to buy the talent from the external market (Groysberg, Sant, & Abrahams, 2008, p. 44).

It is important to form a large pool of potentials which an example of Southwest Airlines supports. They have a strong employee and career development process and give everyone a chance of promotions to upper levels who are motivated and performing well which implies that they have a large pool of potentials on each stage and several candidates for executive level positions (Karaevli & Hall, 2003, p. 69).

3.1.3.1. A-B-C Players

In TM practices employees are often rated as A, B, or C players and the emphasis being on managing the positions accordingly, by retaining A players, developing B players and helping C players to improve their insufficient performance or to remove them from their current positions (Michaels, 2001, p. 127).

A manager who is rated as a C player is one who does deliver acceptable results, but maybe even just barely. He is not inspiring others or being innovative. It is important to remember that this does however not refer to the individual as such but the individuals performance in a given role or position, meaning that the role or position might not being exploiting the managers‘ true strengths or the position being kind of a misfit to the manager´s abilities. Research has shown that many companies neglect to manage C performers due to emotional, ideological and practical barriers. The emotional barrier can be when the C performer has been working for the company and contributing for it for many years, which make executives hesitate in being objective. An Ideological barrier can be that the C performer used to be a B or even A performer and therefor he can be developed into a better performer again. Practical barriers can be the fear of getting sued for some kind of discrimination (age, race or gender) and the fear of spreading negativity throughout the company. Research has also shown that 96% of managers agree that it is necessary to take actions on low performers more aggressively to strengthen the company‘s competitiveness (Axelrod, Handfield-Jones, & Michaels, 2005, pp. 50–52).

3.1.4. Identification of Talents and Recruitment

Leaders start in general with forming business strategies and how to attract and identify the relevant talent to the company before the recruitment process can begin. First they define the talent needs in the company/organization and form precise objectives around those needs (Cheese, 2008, p. 10). The business strategy in the company has to be very clear in order for the manager to be able to define the talent need and the relevant talent in a way that the talent can deliver according to the company’s strategy (Cheese, 2008, p. 64).

3.1.4.1. First WHO then WHAT

Some argue that first has to be identified which tasks needs to be done specifically and what knowledge the potential candidate, the talent, has to have in order to be considered as potential for that position. This approach was commonly used in the past and works in a loose talent market. However do companies have to adopt a new strategy when the business environment is competing over managerial talent (Michaels et al., 2001, p. 78). Others argue this approach the other way around, which is first who then what (Collins, 2001, p. 41). As Collins investigated and did research on the first proposition, say first what then who, he found out quite an opposite view, as mentioned, which many executives shared and as a metaphor about a bus driving to its location and goes like this:

> „Look, I don´t really know where we should take this bus. But I know this much: If we get the right people on the bus, the right people in the right seats, and the wrong people off the bus, then we‘ll figure out how to take it someplace great“ (Collins, 2001, p. 41).

The main point here is that even if you have right direction to drive the bus to, you will not have a great company if you have the wrong people on it. Also in the case of having to change directions, with the wrong people on the bus you can have huge problems. So the most important issue being first to find the right people (Collins, 2001, p. 44).

On the contrary of the “first who then what“ strategy, there is a strategy or a model which is called a “genius with a thousand helpers“. This model is basically the other way around as in “first what then who“ whereas the genius is the driving force of the company´s success and has a big group of helpers to act and perform in accordance to the commands of the genius. The genius is a great asset within the company, but should this person leave the company, the helpers are often lost (Collins, 2001, p. 46).

The approach to define first what has to be done with all the requirements identified for that position and then to go search for the right candidate who would fit that position relates to what had been common in the past, and does of course still exist, is also called a position-centric approach. This approach can be relevant in some companies, if the nature of the position is fairly standardized. However in talent-driven companies this approach is not successful, having mid- or senior level positions in mind the chances of landing a superstar are quite low (Michaels et al., 2001, p. 78).

3.1.4.2. The Talent Hunt

Due to the rapid growth in technology the ways to search for talents is not limited anymore to specialist clusters such as certain business schools or global IT hotspots, but has also stretched out to business networks through the internet (Cheese, 2008, pp. 88–89). The internet being currently probably the most frequently used channel for searching for talents, has many advantages and opportunities for making the company visible and attractive. Cisco was in late 1990s one of the leaders for web-based recruiting techniques. They offered e.g. the Make Friends @ Cisco program which connects the visitor on the site with a Cisco employee. The visitor is enabled to create a résumé for the company and did Cisco receive 80% of résumés electronically in 1999 and where two-thirds of recruitments proceeded through this channel. Using this channel, the internet, also speeds up the whole recruitment process with all the details it includes, meaning that time is money and the time which is saved has great value. Databases are also a common channel for recruitment purposes, but those are more used when a manager has narrowed down specifically some characteristics he or she is looking for (Michaels, 2001, pp. 84–85).

Every managers´ challenge is to identify and attract the talents needed in the company. A lot of effort has to be put in the recruitment process and do the specific competencies the manager is looking for have to be clearly identified (Cheese, 2008, p. 89). “Competencies are the set of skills, knowledge and behaviors needed for an individual to carry out his or her role effectively.“ (Cheese, 2008, p. 91).

It has been mentioned that using a systematic approach to managing talent will increase the chances of success. Many companies have adopted the competency modeling with measurable positive results related to them. The DDI did a research on Aberdeen Group which showed that 53% of best-in-class companies have clearly defined models compared to 31% of other organizations. The research also showed that best-in-class companies are 45% more likely to have competency models for key positions and 64% more likely to have defined competencies into models for all levels in the company. DDI also points out a very interesting outcome from a research done by the Hewitt Group, saying that 84% of top global companies demonstrated alignment between their competency models and the overall business strategy, compared to only 53% of other organizations (Wellins et al., n.d., p. 6).

The selecting and recruiting process is very important as the company is making an investment in human capital and putting the right people in the right jobs is very important. Even though that development is important too, the selection is more important because selecting the right set of skills will be less time consuming and more efficient than developing them. Also is it a fact that no everything can be developed (Wellins et al., n.d., p. 8). Douglas Bray, who was very devoted to the AT&T managerial talent study, made the following statement over a decade ago „If you have only one dollar to spend on either improving the way you develop people or improving your selection and hiring process, pick the latter“(Wellins et al., n.d., p. 8).

The leader has to be careful to choose the right people in terms of achieving competitive success for the company. Once the applicant who has the right fit to the position has been recruited, the new employee has to be integrated into the company. The new employees also have to be recruited in the right way as the recruiting process itself has a symbolic aspect. When the new employee goes through a structured selection process it can be a certain ego boost for the employee. At the same time the recruiter is sending out the message that people matter and the company has high expectations for performances (Pfeffer, 1995, pp. 33–34).

3.1.5. Development and Retention Strategies

The leaders and managers have to provide a good working environment where the employee can learn, develop, and perform. A true commitment in training and skill development is very important for achieving positive results and at the same time in order to do so it is important to structure the work in such ways that permit the employees to employ their skills when being upgraded (Pfeffer, 1995, p. 45). A similar concept is the idea of a learning organization which puts great emphasis on learning and development, through the organization/company at a senior level, as a part of the job and the organizational culture. A learning organization includes a talent mindset (Cheese, 2008, p. 116).

3.1.5.1. Evaluation tools

There are many tools that are being used for evaluating and assessing competencies, knowledge, skills, abilities and experiences in terms of identifying high potential employees. In order to form a holistic and effective evaluation process it is recommended to have a range of tools which are also linked to the company‘s objectives to identify high potentials (McDonnell & Collings, 2011, p. 66).

A competency model is a framework with a few categories which are observable, demonstrable and measurable and is a good tool for evaluation. Identifying the competencies into a model is a challenging task, but the model has proven to be very useful in order to get a clear vision of the current available talent within the company and to figure out where the gaps are today and in the future. Those are basically divided into core competencies, functional and technical competencies, and professional competencies (Cheese, 2008, pp. 91–92). Having defined those competencies the next step is to set some standards for each competency category which can measure the proficiency level on a clear and neutralized scale which can thus be used as a guide for discover the talents, assessing them and develop. These proficiency levels have to be defined with words which are observable in action, like integrates/develops/utilizes and have to build on each other so when an employee with a given level of proficiency, has assumedly attained the level below it (Cheese, 2008, p. 94).

Having defined those competencies as mentioned above, they should outline the behaviors that characterize how well or poor the employee is performing. This type of definition is important because it creates a common language over the criteria which need to be assessed and discussed. However it is necessary to keep in mind that an assessment cannot be perfectly done by simply assessing the criteria, as it depends also on having people with good judgment who know the individuals as well and can contribute to the discussion and thereby improve the quality of the assessment (Michaels et al., 2001, p. 148).

A 360-degree assessment is also a common tool which gives honest feedback where potential is acknowledged as well as weaknesses and can be very appropriate in terms of development. Furthermore, other common tools are assessment centers where specific competencies are assessed using scenario based questioning, psychometric tests such as personality inventories and ability tests, and various talent management information systems which offer solutions to store all necessary information in one and the same place and are mostly used by large company‘s and corporations (McDonnell & Collings, 2011, p. 67).

The manager has to put a lot of effort into finding and recruiting the right people, but to keep them can sometimes be even harder and therefor it is necessary to form a good retention strategy. Professionals are so achievement oriented and well educated that they can prove to be successful at various positions and the chances that they leave the company for a better position elsewhere is fairly high if the manager does not have a proper retention strategy. Career satisfaction is a critical factor when it comes to retention. The career experts Timothy Butler and James Waldroop have done research on career satisfaction for 12 years and they talk about that an employee is more likely to stay with the company if he or she is truly happy and only if the position matches his or hers deeply embedded life interest (Butler & Waldroop, 2001, p. 113). They have identified and categorized some life interests of people who are drawn to business careers, into eight categories. Those are the following:

1. Application of Technology
2. Quantitative Analysis
3. Theory Development and Conceptual Thinking
4. Creative Production
5. Counseling and Mentoring
6. Managing People and Relationships
7. Enterprise Control
8. Influence Through Language and Ideas (Butler & Waldroop, 2001, pp. 126–134).

Butler and Waldroop describe those embedded life interests not in terms of what people are really good at, but what makes them truly happy. They talk about the importance of the managers’ ability to listen carefully to the employees’ interests, thereby figuring out and being able to categorize the employee into some of the eight categories mentioned above. In many cases the employees’ interest is a mix of two categories or even more. They talk about job sculpting being the art of playing a psychologist and a detective at the same time, in order to retain an employee by positioning or repositioning him into a position which fits in terms of abilities, values and life interests (Butler & Waldroop, 2001, p. 114). A good leader should be aware of the necessity to have those psychological skills and to be naturally willing to support career development and sculpting in order to retain the talents within the company (Butler & Waldroop, 2001, p. 119).

3.1.5.2. Retention

Retention has without a doubt become a more challenging task for managers dealing with these issues. Compensation packages are important, but there are many other non-monetary criteria which are very important as well such as career development, challenging assignments, the quality of supervision and a good company morale to name a few. Also the idea of job security and staying with one company life long, has run its course and the values are changing between generations (Hiltrop, 1999, p. 424).

Companies have been becoming more aware of the importance of retaining the talents and the challenges that come along accordingly. In 2010 APQC did a meta-analysis of all its recent research on best practices including retention strategies. An important factor is to retain the work force in such a way that supports a work-life balance and keeps everyone motivated, where recognition and rewards play a critical part. Regular satisfaction surveys are necessary and can be a useful tool to improve retention programs as those surveys reflect the employees´ needs and can be used to improve the retention factors which are valuable to the employees. In the meta-analysis it was also pointed out, among other issues, the importance of developing comprehensive strategies to recognize stress factors, in order to be aware of the employees well-being as it without a doubt affects the performances and flexible work schedule options are also very important (*Rewarding and Retaining Employees*, 2012, p. 3).

The most common tool for retention is compensation, a tool which is powerful but very easily matched by other companies and is contributing to wage inflation in the economy. It can however be used to control or at least have a big influence in who leaves or not and when. If the manager needs the talent for a given time due to the employees expertise and skills, he can offer the employee a bonus which is paid in stages rather than a lump sum and thereby retaining the employee for that period of time at least (Cappelli, 2001, p. 32). Compensation systems can be very different from one and another, depending on the nature of the activity and what fits to the company/organization. The systems are all encouraging, but what they encourage for is what matters. Russell Baker from Baker & McKenzie developed a compensation system with his partners which was called “the formula“. It was designed to safeguard fairness in such a way that a few employees could not profit extensively from the efforts of others, by rewarding specific defined criteria. This system was working well in the beginning, but not in the long run and had to be changed because it focused too much on generating fees instead of other very important factors like teamwork and development (Groysberg & Sherman, 2008, pp. 10–11).

Another tool for retention is job design. An employee who is likely to leave the company for another position can have many reasons for intending to do so, one could be that the employee is not motivated anymore and wants to have other and different challenges. However that employee can have company specific knowledge and it would be time consuming and expensive to train a new one. To prevent that from happening the manager can redesign some of the employees tasks in a way which would be motivating and interesting for the employee (Cappelli, 2001, p. 33).

To develop a social network within the company with different programs depending on preferences such as sports and/or cultural events also have positive effects on employees in terms of retention. When leaving the company the employee is also leaving all the great colleagues and the fun activities and events coming up (Cappelli, 2001, pp. 36–37).

3.1.5.3. Turnover

Research has shown that companies with high turnover, the turnover occurs within the first six months of employment. This can be linked with the employees’ ideas of the position and expectations to the company. If unrealistic expectations are being created, there will be a higher degree of dissatisfaction at the early stages of employment which will have very negative effects and likely to result in higher turnover rates. It is very important that new employees are given a realistic job preview and that they are introduced and integrated into the company in a way which gives them a good insight of what is awaiting them (Hiltrop, 1999, p. 425).

The importance of sustaining the talent is significant. Not only is it expensive to have high employee turnover rates, but the costs by losing talent can multiply in terms of the investment in training and development and has negative effects on the company´s competitiveness on the market when the talent goes working for a competitor. However in the opposite case if the talent goes working for a cooperator it is likely that some new opportunities may occur. There are three types of different actions that can be taken in order to minimize the damage and protect the company‘s competitiveness depending on the destination (to a competitor or cooperator) of the departing employee, which are to take either defensive, retaliatory or relational actions. (Somaya & Williamson, 2011, p. 82). When deciding which actions to take, the manager has to first think about the knowledge the employee takes to another company. If a highly valuable employee who will join a competitor, it is e.g. necessary to take defensive actions by trying to change his mind using methods to match the competitors offer. If that strategy appears to be unsuccessful one can take retaliatory actions which include to restrict the departing employee to use company proprietary information which could otherwise provide the competitor with information that would increase their competitive advantage (Somaya & Williamson, 2011, p. 83).

3.1.6. Talent Gaps

The discussion on the War for Talent has been a very hot topic among practitioners on TM since it was introduced in 1997. At the time it was pointed out that in the next two decades the demand for top managerial talent would be increasing even more (Michaels et al., 2001, p. 5). Now, in 2013, sixteen years later, this is without a doubt a fact. In these years the best practices which managers and executives have used, have developed and in accordance to the needs and priorities of the talented workforce, making the challenge on finding the right talents even more difficult than before (Hollon, 2011).

It has fairly recently been argued, or in 2010, that the war for talent is not an applicable terminology anymore due to the vast changes in the global labor force showing numbers of inclining unemployment rates. What still remains however is the challenge of finding the people who have the right fit, to find the skilled potential employees (Farndale, Scullion, & Sparrow, 2010, p. 162).

On the contrary it has also been argued, that the war for talent is still very much appropriate and even though high unemployment rates being the case does that not indicate or say anything about the war for talent being over (Irvine, 2012). Although the concept of the term has been overused and over analyzed, signs are up that some companies and organizations have ignored the term and in some cases neglected to retain the talents in times of the Great Recession where the focus has been on cutting costs (Hollon, 2012).

Talent gaps are probably the most common major threats to companies and organizations. The gaps may vary a lot between industries, countries, and all the corners of the world. E.g. the financial sector in the U.S. is thought of as lacking financial talents, according to APQC´s survey which was conducted in the summer of 2012. Because of generational shifts and the fact that the baby boomer generation is retiring, this has to be taken seriously into account when planning for future businesses as it is predicted that companies and organizations will experience a shortage of well-trained finance professionals. There is already a gap between the potential value that financial institutions could deliver and the value that is being delivered. The lack of talents is in financial planning and analysis due to new risks and opportunities which have occurred after the great recession and the ongoing Euro crisis. Finance is playing a stronger role and analytical skills are needed to a more extent than before in order to have a vision on the financial and overall performances in times of uncertainties. The survey respondents claimed to recruit finance professionals additionally but the problem is that 69% of the same respondents claim it to be very challenging in terms of finding the potentials with the capabilities that are required and the right fit. CFOs are starting to prepare the next generation of finance talents e.g. with soft skills to enhance their abilities to communicate efficiently with top executives and also in terms of development and retention (*A new CFO Priority*, 2012). The workforce demographics are however evolving, and according to a survey by CareerBuilder which was conducted in 2009, reveals that 60% of managers who hold top positions and are over 60 years old (baby boomers) are postponing their retirements due to the financial crisis in order to help the managers and employees in the company to deal with the situation, encouraging them and hindering the scenario that they feel lost and might look for new opportunities elsewhere (Wellins et al., n.d., p. 4).

This generational shift will have impact on all companies in the future. The companies who acknowledge this and take action accordingly, as it would be a huge risk not to, can gain demographic-based competitive advantage over the competitors who don´t include this issue in future plans (Tucker & Williams, 2011, p. 1). A study was conducted by Boston College´s Sloan Center called *The Pressures of Talent Management* where the results were shocking in this matter. The results show that more than two-thirds of employers did not know their age demographics(Tucker & Williams, 2011, p. 5).

3.1.7. Talent Management Framework

The world is changing and developing and so are talent management practices doing as well. Over the past decade has the concept of TM has progressed as well as best practices. Bernsin by Deloitte have presented a new TM framework in 2010 in a report called *“The Talent Management Framework, A Modern Approach to Developing and Mobilizing Talent“* where some new elements and concepts have been added into the framework.

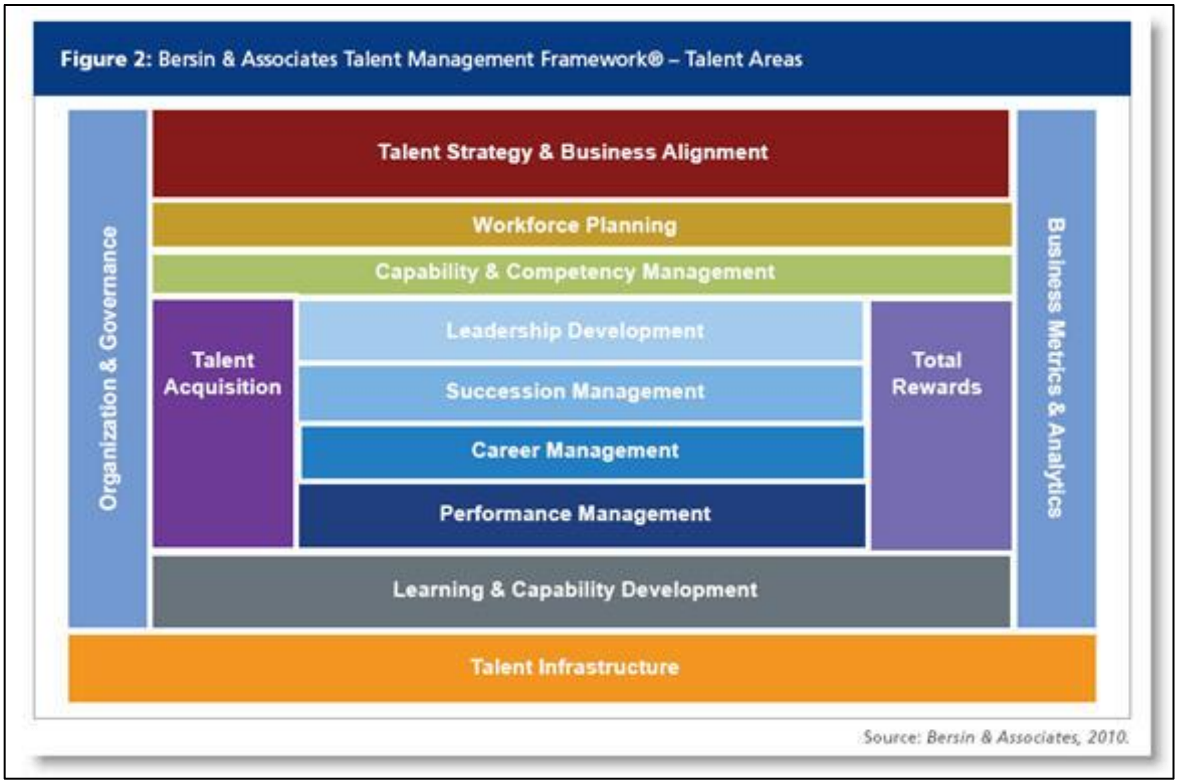


Figure 2: Bersin & Associates Talent Management Framework® – Talent Areas

Talent Strategy & Business Alignment
Workforce Planning
Capability & Competency Management
Organization & Governance
Talent Acquisition
Leadership Development
Succession Management
Career Management
Performance Management
Total Rewards
Business Metrics & Analytics
Learning & Capability Development
Talent Infrastructure

Source: *Bersin & Associates, 2010.*

Figure 3: Talent Management Framework

This framework is presented as a guidance tool for companies. These new concepts are pointed out to be e.g. talent acquisition which is an expansion of the concept of sourcing and recruiting, because the components are getting more complex and more criteria has to be included. Criteria such as assessing critical talent needs, talent systems have to be implemented with candidate information and job profiles, and candidate quality should be assessed with performance measures. Another new concept is total rewards which is an expansion of compensation as Bersin found out when discussing with clients that especially larger companies are rethinking how they can use compensation to drive behavior within the company and that this task is getting more complex as those in charge of these issues are more commonly watching over the performance management process. *Competency Management* was renamed to *Capability and Competency Management* as specialists like Don Vanthournout who is the Chief Learning Officer at Accenture talked about that „our job is not to build skills or competencies - it is to build total capabilities". Much emphasis is on career management and workforce planning and an example is taken from HP who have developed a process where each line manager has to develop an ROI (return on investment) model for each recruitment. This is no easy task and particularly it is also pointed out that „*talent management is a business process, not an HR process*". Last but not least is the talent management and business alignment where again it is underlined that TM is a tool to help leaders to manage the business effectively by making informed and strategic decisions to drive the business to success. The necessity of the realization that TM is not only a process of integrating all the different HR practices, is very important (Bernsin by Deloitte, 2010)

3.1.8. Global Talent Management

People have been becoming more mobile in the past decades although it depends on the nature of the profession as the skilled workers are more mobile than the lesser skilled and on average are male workers more mobile than female workers (Dicken, 2011, p. 64). Despite this finding there has been a growing number of female expatriates who are curious of the challenges that come along with the role and do they not think that their gender is in their way of performing well in a foreign country. They also see opportunities and advantage in terms of a greater visibility and good chances in relationship building with clients (Luthans, 2009, p. 470).

A study was conducted in the beginning of 2011 by Bersin & Associates which showed that talent shortages are the main challenges that need to be taken very seriously. What has been a recent trend is that organizations are increasing their entrances into the developing countries in Eastern Europe, China and India as those countries have shown tremendous growth in revenues while the Western European countries and the U.S. are still recovering after the recession. While the working environment is developing fast and the mobility of high achievers is always increasing, companies and organizations are increasingly looking for talents across borders, depending on the need in the company/organization and where the talents are. The study refers to a “borderless workplace“ where geography, age, gender and organizational boundaries are disappearing. A new war for talent is on its way on the surface which is different from what has been discussed over the past sixteen years, this one with a major focus on the gaps in skills on mid and senior level leadership (Hollon, 2011). It is also necessary to keep in mind that there is a generational shift as e.g. the Baby Boomers continue to retire. Companies have to get ready for the new war for talent and keep up with the best retention strategies (Healy, 2012).

3.1.8.1. India

As mentioned, the developing countries have caught the attention of practitioners on GTM. Organizations in India have been introducing and implementing TM tools which have proven to be successful in multinational organizations. However, due to cultural differences, it cannot be expected that the results of the practices which are conducted in terms of attracting, developing and retaining talent are necessarily leading to success, as there has not been sufficient research conducted on the outcomes (Doh, Tymon, & Stumpf, 2011, p. 115). The need to modify strategies and to adjust them to the external environment and mentality in a foreign country has to be considered and assessed to what extent it might be necessary. Practitioners share different opinions on the matter in terms of effectiveness weather if the employees adapt, accept and are happy with the offers of treatment concerning development and retention, or versus the organization pursuing a localization strategy to adjust to the country conditions (Doh et al., 2011, p. 113). The HRM climate has however been developing in India to the better, from a strict productivity perspective to a more individual development and motivational perspective. Indians have increasingly been adopting Western best practices on TM and they expect to be treated equally with opportunities, rewards and that everyone deserves constructive feedback within the company/organization (Doh et al., 2011, p. 125).

3.1.8.2. China

China is facing huge problems in terms of talent shortages, the low level of education has increased the problem as the economy has grown so rapidly in the past decades. A key problem in this regard is that the Chinese educational system does not emphasize on independent and critical thinking, nor creative learning. It is more about theoretical knowledge and the reproduction of that (Cooke, 2011, pp. 134–135). This is a huge concern as TM practices are far ahead in the Western countries where practitioners are even coming up with new predictions for the future where the emphasis is the absolute importance on that companies and organizations focus on training practical skills and developing their internal talent with nonstop feedback. It is also predicted that higher educational institutions who will not adapt to these changes will collapse (Healy, 2012). Due to cultural differences between China and other Asian countries, and the Western countries, it is clear that the most frequently used strategies in TM practices have to be intensively adjusted to the Chinese work force in order to be effective as the HRM practices in China are neither systematic and varying a lot between MNCs and locally owned companies/organizations, nor are they emphasizing on career development and individual goals (Cooke, 2011, pp. 148–149).

3.1.8.3. Central and Eastern Europe

Another very different region is Central and Eastern Europe, a quite complex region with huge differences from one country to the next as well as differences within countries both in terms of culture and management. The main challenges regarding TM are that companies fail to attract the young and talented. In most of these countries the unemployment rates for young people at the age between 15 and 24 are very high, from 16 % up to 50 %. Therefore are the young people eager to get education, including to learn English, for better professional chances in the future. Migration is common in this area as well as expatriation which make foreign firms also dependent on the English language. In terms of leadership the TM environment is very much influenced by political forces, meaning that leaders and other potential talents have to be politically loyal to the state and thus limiting the talent pool. The concept of TM is fairly new in this area, and in practice they differ a lot between the countries. However, they have a few factors in common which they value the most and they are mainly job security and retention as well as sharing a wake-up call for HRM practices in general. Nevertheless these countries neglect many of the important features of TM due to cultural, political and organizational differences, and do have a long way to go when compared to the Western countries and further research is required (Vaiman & Holden, 2010).

3.2. TM in Iceland

No research on Talent Management specifically has been conducted in Iceland and no meaningful strategies existing on the topic in respect to Icelandic companies. However, as TM is closely related to HRM, and researches on HRM have been conducted, some aspects of TM do exist.

3.2.1. Introduction on the labor market

Iceland is a small open economy with the population of 321.857 on January 1st in 2013 (“Key Figures,” 2013). The economy has free-market principles and has grown rapidly after the country joined the European Economic Area in 1994. Before 2008 when the Icelandic economy was hit by the global financial crisis, Iceland had achieved high growth and low unemployment. The economy has relied on the fishing industry for decades, however has the economy been diversifying in the last decade into manufacturing and service industries, particularly within the fields of software production, biotechnology, and tourism (“Publications: Iceland,” 2013). The Human Development Index (HDI) is very high in Iceland compared to other countries. The index is measures health, education and income such as GDP growth in the country ("International Human Development Index," 2013).

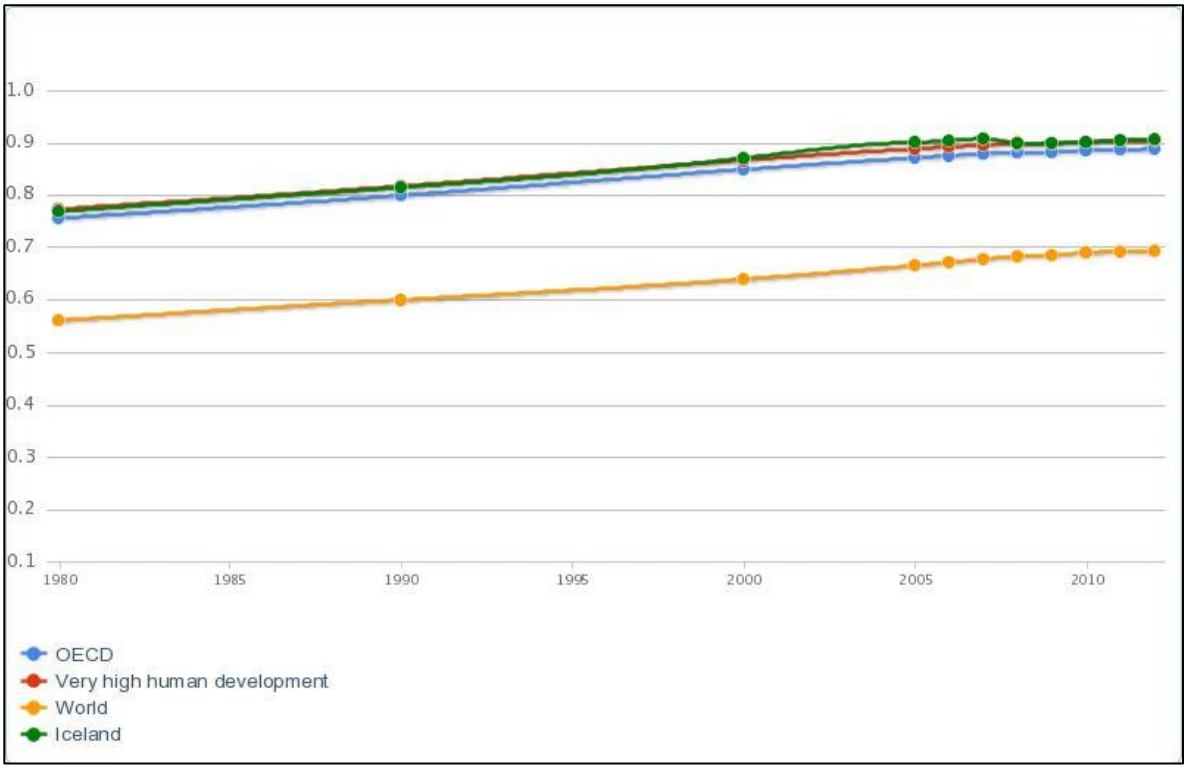


Figure 4: HDI Iceland1980-2013

Despite the small economy the administrative and organizational structure of the country is complex. Remarkably the Icelandic labor market has a high participation rate and low levels of unemployment, but on the other hand a low productivity compared to other advanced economies. In the past decades, Iceland has ranked among the top 15 OECD countries in terms of GDP per capita, although Iceland's GDP has been fluctuating more than in other OECD countries. The Icelandic occupational structure has shifted upwards over the past decade. Positions with higher salaries and more responsibilities have increased while occupations with manual work and lower salaries have decreased. This trend applies particularly to women, who occupy more professional and technical jobs than men, while the majority of the managerial group are men despite significant increase of women in the field (Andersen, Hougaard, & Ólafsson, 2011).

The graph below shows however that the number of women in management positions in 2011 were still very low (“Key Figures,” 2013).

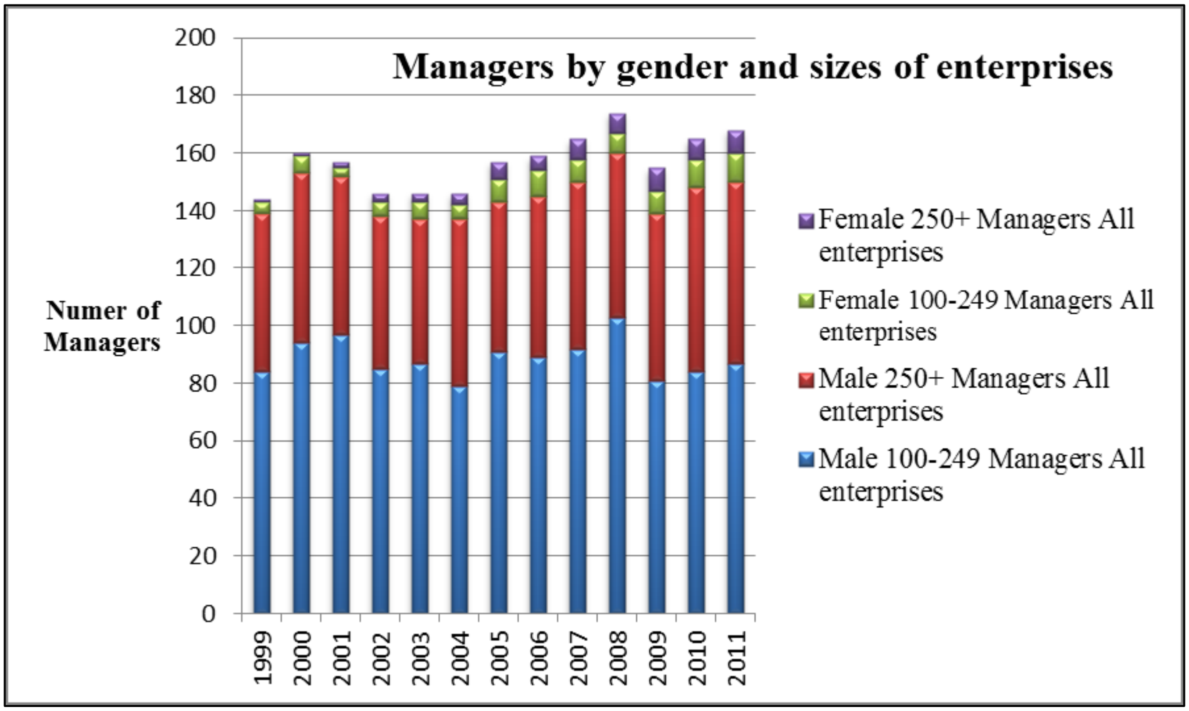


Figure 5: Managers and board of directors of enterprises by gender and enterprise size 1999-2011

Furthermore in terms of the workforce, the unemployment rate rose from before the recession in 2007 from only 1.5% up to nearly 10% when it was the highest, and is today about 5.7%. In 2011 the employment rate decreased of 5.5% since before the recession, which is around 10 thousand less employees on the market, while the productivity decreased of 8% at the same time, meaning that the efficiency in the workforce has decreased (Matthíasson, 2013, p. 2).

A research was conducted in the fall 2012 by Market and media research (MMR) in cooperation with Dale Carnegie on the Icelandic workforce where 4000 employed individuals participated in. The research provided shocking results whereas 22% of these employees are considered inactive and not meeting the company´s expectations and only 34% are truly active (DALE CARNEGIE ÞJÁLFUN, 2013). It is commonly known that Icelandic people are hard-working although their efficiency is not necessarily always following that fact, according to a research which was conducted in December 2012 by Statistics Iceland. The results of the research also say that Icelanders work 9% more per month on average when compared to other European countries. The salary parity is quite even in Iceland and in fact to the most even extent in Europe. This is positive for average workers but not really attractive for knowledge workers with advanced education as the risk for them to move abroad is higher, which is actually the case with e.g. doctors in the country (Jóhannesson, 2013a, p. 4). When going back to the times before the financial crisis, retention activities in the banks were common to be profit shares and very high bonus payments. After the recession has however been put a cap on the bonus payments by the ministry of finance and economic affairs (Jóhannesson, 2013b, p. 1).

3.2.2. CRANET 2009 research

CRANET (Cranfield Network on Human Resource Management) has become the largest HRM network in the world. It has collected comparative data on HRM in different countries for more than two decades. The objective is to gather hard evidence about how HRM policies and practices vary between countries and to see how they change over time ("Cranet: History and purpose," 2009).

The CRANET research was first conducted in Iceland in 2003, then repeated in 2006 and 2009 by the University of Reykjavik. The objective of the research is to observe the HRM practices conducted in Icelandic companies and to compare them with practices in other countries. The research was financially supported by the Ministry of Finance and Economic Affairs, the SA - Confederation of Icelandic Employers, SI – The Federation of Icelandic Industries and the Reykjavik University Development Fund (Einarsdóttir, Bjarnason, & Oddsson, 2009, p. 5). This research was conducted in 337 companies which have over 70 employees, both private and public with the response rate of 41% or 138 companies from all industries (Einarsdóttir et al., 2009, p. 6). Some results from this research will be presented.

3.2.2.1. Policies

It was asked if the company has a Human Resource Policy where the response in 2009 said 77% yes in written format, 12% said yes but not on written format and 10% said no. When compared to 2006 where 62% responded yes in written format and in 2003 where 69% responded yes in written format, there has been an increase of 15% since 2006 (Einarsdóttir et al., 2009, p. 18). Thus it was asked how well the HR Policy describes the actual situation where 76% responded relatively well/very well, 22% responded as medium well and 2% responded relatively badly/very badly. These figures are compared to the responses in 2006 where 64% responded relatively well/very well (Einarsdóttir et al., 2009, p. 19). The findings from these figures and results are that there has been progress in the formalities regarding HR Policies when compared to figures from previous research. However have the authors made some interpretations about the situation in a twofold way. On the one hand that either companies have not written the policies as for the purpose of future guidance, but rather as for the purpose of describing the current situation. Or on the other hand that the policy had been written as a guide to be followed for developmental purposes of the matter and that the companies consider themselves as having achieved their goals, meaning that they do have an effective HR policy (Einarsdóttir et al., 2009, p. 20).

It was asked if companies have a holistic company policy where78% responded with yes in written format, 15% responded yes but not in written format and 7% responded no (Einarsdóttir et al., 2009, p. 21). Furthermore it was asked to what extent when forming the HR policy, it was in line with the company policy where the responses in 2009 where 81% relatively much/very much, 15% medium and 4% relatively little/none. In 2006 the response of relatively much/very much was to 77% (Einarsdóttir et al., 2009, p. 22). Interestingly the results also show that HR managers are continuingly increasing their participation in general company policy making which indicates that the discussion about the importance of HR participating in strategic decision making has had positive effects in Icelandic companies (Einarsdóttir et al., 2009, p. 24).

3.2.2.2. Recruitment

This research also includes questions about what methods were used in recruitment processes and through which channels. The result show that 49% of executives and 33% of specialists were recruited from within the companies (Einarsdóttir et al., 2009, p. 36). The results show as well that the majority of executives or 68% were hired based on recommendation and only 8% had to complete an ability test. Similar figures apply to specialists (Einarsdóttir et al., 2009, p. 41).

When employees are recruited, the figures show that 18% of new employees do not go through a formal integration process and only 48% of the majority (76-100%) of new employees, do go through a formal integration process. When it comes to training only 36% of the majority (76-100%) of the employees receive formal training in the first weeks in the new position and 17% receive no training at all (Einarsdóttir et al., 2009, pp. 47–49).

3.2.2.3. Performance measurements and assessments

A question was asked about performance measures where 44% of executives, 49% of specialists, 46% of people in administrative positions and 35% of regular workers responded positively as to have gone through a performance measurement process (Einarsdóttir et al., 2009, p. 54). However when asked about the extent of how much do the companies assess employees performances did 68% respond to as to a relatively low/very low/none extent and only 33% responded as to a relatively high/very high extent (Einarsdóttir et al., 2009, p. 15).

3.2.2.4. Development

Concerning development opportunities and processes the research shows the methods that have been used in Icelandic companies. The most common ones are in the following order. To participate in projects with other departments (86%), to provide projects that enable the employees to learn further (84%), to participate in specific project groups (78%), network building (72%), formal strategic planning of job descriptions (63%), rotating people to other positions in order to gain more experience (61%), studying electronically (54), and specific training for potential high performing employees (48%) along with several other methods (Einarsdóttir et al., 2009, p. 65).

A statement was given and is translated in the following way: Executives take systematic actions when employees do not perform in line with the expectations. The responses were that 55% responded to as strongly agree/somewhat agree, 23% responded do not agree or disagree and 23% responded to as strongly disagree/somewhat disagree (Einarsdóttir et al., 2009, p. 70).

It was asked about if the head manager of HRM has a seat at the table with the board of Directors, the response in 2009 was 70% who said yes, which was compared to the previous responses in 2006 were 72% who said yes and 58% in 2003 given that the overall response rates do vary between the research in 2003, 2006 and 2009 (Einarsdóttir et al., 2009, p. 16). When it comes to sharing of information with employees about the company policy, financial performance and task organizing, figures show that unsurprisingly are executives the best informed and regular workers have the least information about company policy (28%) and financial performances in the company (17%) (Einarsdóttir et al., 2009, p. 85).

3.2.2.5. Retention

Results about salaries and compensation show that 63% of executives, 57% of specialists, 50% of administrative staff and 22% of regular workers get their compensation decided through individual contracts. The compensation included e.g. individual and group performance bonuses, flexible benefits, variable salaries, stock options, profit shares and several more (Einarsdóttir et al., 2009, pp. 72–76). The results of the research regarding opinions about the main challenges in the future were to retain the specialists in such ways that they will not leave the country due to economic reasons following the crisis. Companies were as well hoping to be able to offer salaries, which are considered as acceptable and this factor is as well in line with the above mentioned main concerns for keeping the talents in the country. The results also indicate that most participants in the CRANET research share the concerns regarding the conditions on the market in terms of companies having to downsize and deal with the effects of the crisis (Einarsdóttir et al., 2009, p. 35).

4. Hypotheses and research questions

Hypothesis 1: Icelandic managers have much more talent internally than they have already identified. They have not been able to maximize their employees' performances due to insufficient and undefined TM strategies.

Following this hypothesis the following question will be answered: Do managers measure their employees performances and identify talents systematically in Icelandic companies?

Hypothesis 2: TM strategies and best practices which are used internationally are not commonly used in Icelandic companies and systematic actions in terms of TM are lacking in Icelandic companies.

Following hypothesis 2 the question will be answered: Are TM practices conducted and systematic actions taken accordingly in Icelandic companies?

5. Research methodology

Research on Talent Management has not been conducted in Iceland before and have no meaningful strategies or best practices about TM in Iceland been published in reports, journals or any academic papers on the topic. Thus is this research a good opportunity to explore if Icelandic companies are conducting any practices of TM. Thus the approach is taken to get an understanding on where the challenges are, which issues are the most common ones to be causing managerial problems and challenges and what the main differences are between mainstream TM strategies and best practices in foreign companies and in Icelandic ones. The utility and quality of the research questions will make the results comparable to other research done on the subject.

5.1. Research design

To begin with the author explored the literature of Talent Management through relevant reading material including books and articles by various authors and practitioners as well as published results on previous research which has been conducted on Talent Management best practices. The author obtained general information about the Icelandic workforce through several resources and published research results. The CRANET research from 2009 was explored concerning HRM practices on the Icelandic workforce. Information was also gathered from the Statistics Iceland website concerning the number and age of executives and managers in Icelandic companies. A list of companies was obtained from Credit Info where the necessary and relevant information are included, such as the activities and types of the companies, with names of the CEOs, basic contact information and the size of the companies in terms of number of employees being from 100 employees and more.

The Design of the research is qualitative, which is exploratory because we don’t know what to expect. A questionnaire was designed which holds closed questions. The questionnaire was sent in a web-based survey out to CEOs and HR managers. A qualitative research helps to go deeper into issues of interest. An initial understanding of the TM in Icelandic companies is obtained and discussed.

The data collection methods are both through primary and secondary data. Secondary data was collected through the various books and articles and through conclusions from previously conducted research on the subject from foreign practitioners. Concerning the Icelandic market there was collected both secondary and primary data. Secondary data was obtained regarding previously conducted research on how companies are performing and in terms of how they develop and retain their workforce. Information from Statistics Iceland is secondary as well. Secondary data was also used in order to decide and chose which companies are candidates for participating in this research. From the list which was obtained as mentioned, from Credit Info, the target group was decided being companies with the minimum of 100 employees, regardless of industry. The boundaries to the research is that the list of companies is not complete, meaning there might be some companies in the relevant size category which are missing due to registration matters (if there should be changes which are in registration process). Although does Credit Info have the most reliable database available to obtain this information in Iceland. The author contacted the companies on the list and obtained e-mail addresses from both CEOs and HR managers as they are chosen as participants are the main target group. Primary data is collected through the web-based questionnaire about TM practices and the mindsets that executives and mid-/senior managers in the company share in general.

The estimated value of the research is to provide a snapshot on the conditions in Icelandic companies in terms of talents in the workforce. It is investigated whether executives feel that there is a talent gap or not, what they experience as their main challenges regarding the workforce and how they are dealing with their challenges. The results of the research will hopefully help executives and leaders in general in the future and provide the opportunity to get a wider insight on the market in Iceland in terms of talent management. Suggestions for further research are included in the end of the discussion of the results.

5.2. Research method

The research method in the questionnaire will be with several types of questions such as questions with nominal and ordinal variables. Nominal variables have two or more categories, having yes or no questions and multiple choice questions where in some cases the participant can tick in multiple answers and in other cases only one answer. These multiple choice questions are descriptive such as “What assessment methods are being used when executives and mid-/senior managers are recruited?” with several options such as “through indoor recruitment”, “the applicants initiative without an advertised job offer”, “the company´s initiative to contact a talented individual” etc. Some questions include an “other” option which provides a textbox for the relevant answer. The questions and/or statements which have ordinal variables are those that are used for ranking e.g. a statement; “We use a systematic approach to identify talents within the company. How much do you agree/disagree to this statement?” with the ranking options “very much agree – relatively much agree” etc. and a question; “How much time do you think is spent on assessment on mid-senior managers’ performances?” with the ranking options “very much – relatively much” etc. Short closed questions are e.g. regarding the age and whether the participant is a male or female.

When forming the questions it was considered important to have them short and not time consuming as the target groups are very busy people and convincing them to participate is not easy unless the questions do not require some research on the participants’ behalf. The focus was to have most of the questions with ordinal variables while insuring that the questions and statements are neutral and not leading.

5.3. Method of sampling

The research is exploratory and the method of sampling is judgment sampling. This is a non-probability method where the samples are selected based on judgment. The judgment of the researcher is that the target group which is investigated is representative for the objectives of the research (Malhotra, 2004, p. 322). A non-probability sampling procedure is commonly used when the objectives are limited to a specific group and the sampling method is therefore satisfied, meaning that there is not the need or desire to generalize to a population parameter. Judgment sampling is a type of purposive sampling and is suitable when the sample members conform to a certain criteria (Blumberg, Cooper, & Schindler, 2005, pp. 220–221). This method is appropriate because the entire sample is drawn from one representative group, in this case, executives and HR managers in Icelandic companies of a size with the minimum of 100 employees.

5.4. Data collection

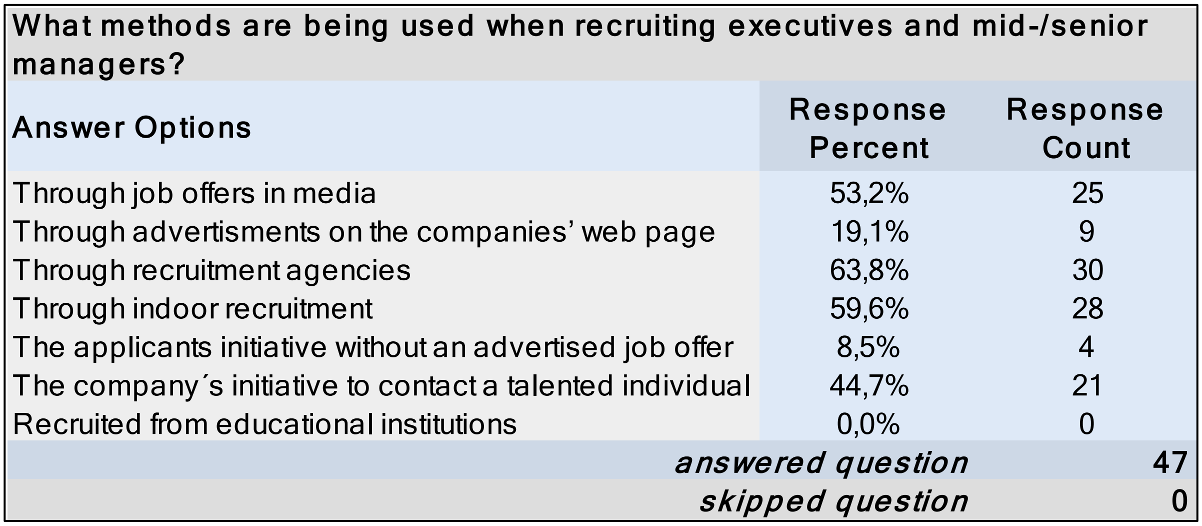
Concerning data collection primary and secondary data is obtained as mentioned. The web-based survey is sent to this specific group, CEOs and HR managers of the specified group of companies who have the minimum of 100 employees. The data from the web-based survey will represent the actual results of the research. The data collection process is successful in terms of receiving a sufficient number of responses as the survey was sent to 116 participants through e-mail and 47 complete responses were received. In total were 55 responses received but 8 of them were incomplete and are therefore excluded. The response rate of complete responses is 40,5 % which is sufficient to for analyzing and drawing the conclusions and thus answering the research questions.

5.5. Data analysis and results

The data analysis and interpretation part is next up. A part of the analysis focuses on comparing the results with regards to the position of the participant whether the participant is a CEO or not. Different points of views are compared in order to analyze and investigate the mindsets and generally where the main focus is in terms of the decision making process when attracting, developing, retaining and sustaining the talented workforce. The relevant analysis methods are used with SPSS. The questionnaire was designed in a way holding each question and answering option in both Icelandic and English in order to ensure the participants' understanding, and increasing the willingness for participation. The questionnaire with results is however presented below in English version. The list of those companies who participated and their size is also presented with number of employees in order to get a deeper understanding on the results.

List of participants	Number of employees
Landsbankinn hf.	1311
Flugfélagið Atlanta ehf.	900
ISS Ísland ehf.	760
Isavia	650
Norðurál Grundartangi ehf.	533
Alcoa Fjarðarál sf.	500
Alcan á Íslandi hf. (two responses)	488
Sláturfélag Suðurlands svf. (two responses)	420
Hagkaup	420
IGS ehf.	397
Olíuverslun Íslands hf.	387
Mannvit hf.	380
Fjarskipti ehf/vodafone	360
Kaupás ehf. (two responses)	330
Verkís hf.	310
Ríkisútvarpið ohf.	300
365 – miðlar ehf.	290
Þorbjörn hf.	280
Ölgerðin Egill Skallagrímsson ehf.	272
Landsvirkjun	271
Flugfélag Íslands ehf. (Air Iceland)	250
Penninn á Íslandi ehf.	240
KPMG ehf.	235
Vífilfell hf.	217
Vátryggingafélag Íslands hf.	215
Rarik ohf. (two responses)	210
Elkem Ísland ehf.	200
Strætó bs	200
NTC ehf.	170
PricewaterhouseCoopers ehf.	140
BL ehf.	130
Kynnisferðir ehf.	130
Póstdreifing ehf.	130
Becromal Iceland ehf.	125
Olíudreifing ehf.	117
Motus ehf.	115
Betware ehf.	115
Höldur ehf.	110
Héðinn hf.	110
Opin Kerfi ehf.	110
Frumherji hf.	109
Tryggingastofnun ríkisins	100
Jarðboranir hf.	100

Question 1.

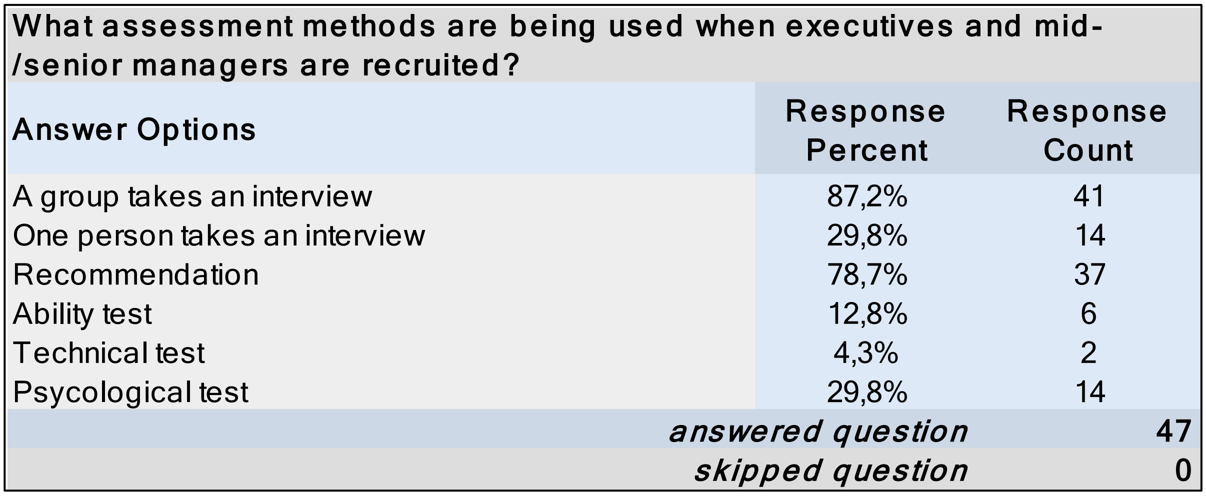


What methods are being used when recruiting executives and mid-/senior managers?		
Answer Options	Response Percent	Response Count
Through job offers in media	53,2%	25
Through advertisments on the companies' web page	19,1%	9
Through recruitment agencies	63,8%	30
Through indoor recruitment	59,6%	28
The applicants initiative without an advertised job offer	8,5%	4
The company´s initiative to contact a talented individual	44,7%	21
Recruited from educational institutions	0,0%	0
	answered question	47
	skipped question	0

Table 1: What methods are being used when recruiting executives and mid-/senior managers?

This question gave the option of multiple answer choices. As can be seen in the table the most common channels to recruit executives and mid- and senior managers is through recruitment agencies, through indoor recruitment and through advertisements in the media. 44,7% of the participants did recruit individuals for these high level positions through the company´s initiative to contact a talented individual. No one has been recruited straight from educational institutions and there are very few instances of recruitment due to the applicants' initiative to apply for a position at the company. Advertisements on the companies' web pages are catching the attention of the applicants to some extent, or 19,1%. See graphs in appendix 1.

Question 2.



What assessment methods are being used when executives and mid-/senior managers are recruited?

Answer Options	Response Percent	Response Count
A group takes an interview	87,2%	41
One person takes an interview	29,8%	14
Recommendation	78,7%	37
Ability test	12,8%	6
Technical test	4,3%	2
Psycological test	29,8%	14
	answered question	47
	skipped question	0

Table 2: What assessment methods are being used when executives and mid-/senior managers are recruited?

This question gave the option of multiple answer choices. The majority of participants use the method of a group taking the interview when assessing the applicants fit to the position, or 87,2% vs. only one person taking the interview or 29,8%. Recommendation is a strong and common assessment tool where 78,7% claim using this method. Ability, technical and psychological tests are not as frequently used. Psychological tests are the most common types of tests out of these three that are being used for assessments in Icelandic companies or 29,8%, whereas 12,8% use ability tests and only 4,3% use technical tests.

Question 3.

Which of the following statements apply when selecting mid-/senior managers?		
Answer Options	Response Percent	Response Count
First is the assignment/position is defined and then an applicant selected who has the right fit	89,4%	42
First is a talented individual detected and he is given a assignment/position	10,6%	5
If both applies, in what % proportions is the assignment first defined?		2
	answered question	47
	skipped question	0

Table 3: Which of the following statements apply when selecting mid-/senior managers?

The majority of the participants do first define the assignment or the position before the applicant who has the right fit is selected, or 89,4% vs. 10,6% where a talented individual is detected and given an assignment or position. Two participants of the survey responded as to the both applies. The responses of the percentage proportions where the assignment is defined first was 80/20 and 50/50.

Question 4.

How much time do you think is spent on subject concerning training and development?		
Answer Options	Response Percent	Response Count
Very much time	8,5%	4
Relatively much time	31,9%	15
Medium	46,8%	22
Relatively little time	12,8%	6
Very little time	0,0%	0
	answered question	47
	skipped question	0

Table 4: How much time do you think is spent on subject concerning training and development?

The majority of the participants in the survey state that they spend time on training and development to a medium extent. Only 8,5% state they spend very much time on the subject and 31,9% relatively much. 12,8% state that there is relatively little time spent on the subject.

Question 5.

We use a systematic approach to identify talents within the company. How much do you agree/disagree to this statement?

Answer Options	Response Percent	Response Count
Very much agree	6,4%	3
Relatively much agree	34,0%	16
Do not agree or disagree	40,4%	19
Relatively disagree	17,0%	8
Very much disagree	2,1%	1
	answered question	47
	skipped question	0

Table 5: We use a systematic approach to identify talents within the company. How much do you agree/disagree to this statement?

The majority of the participants, or 40,4%, do not agree or disagree to this statement on using a systematic approach to identify talents within the company. 6,4% do very much agree and 34% do relatively much agree. 17% do relatively disagree and 2,1% very much disagree.

Question 6.

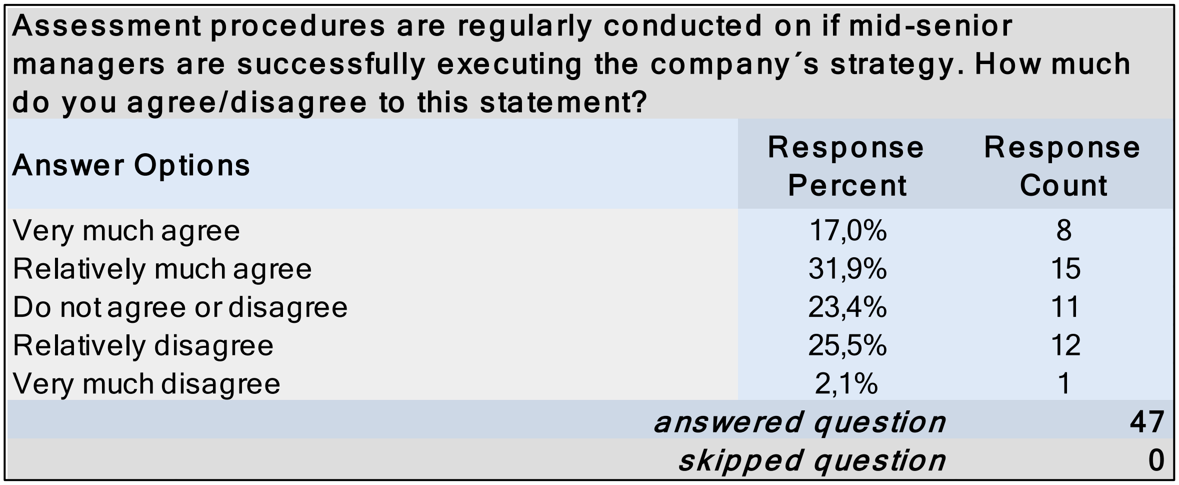
How much time do you think is spent on assessment on mid-senior managers' performances?

Answer Options	Response Percent	Response Count
Very much	4,3%	2
Relatively much	12,8%	6
Medium	59,6%	28
Relatively little	21,3%	10
Very little	2,1%	1
	answered question	47
	skipped question	0

Table 6: How much time do you think is spent on assessment on mid-/senior mangers´ performances?

The majority states that time spent on mid-/senior managers' performances is to a medium extent, or 59,6%. Only 4,3% state that very much time is spent on the subject and 12,8% state relatively much. 21,3% state that there is relatively little time spent on the subject and 2,1% states very little, which is one participant.

Question 7.



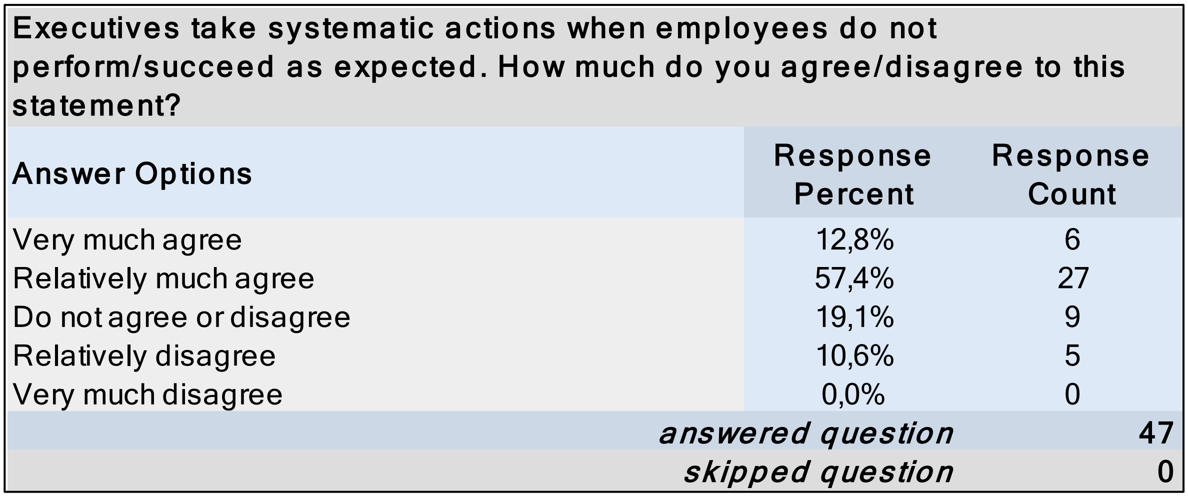
Assessment procedures are regularly conducted on if mid-senior managers are successfully executing the company´s strategy. How much do you agree/disagree to this statement?

Answer Options	Response Percent	Response Count
Very much agree	17,0%	8
Relatively much agree	31,9%	15
Do not agree or disagree	23,4%	11
Relatively disagree	25,5%	12
Very much disagree	2,1%	1
	answered question	47
	skipped question	0

Table 7: Assessment procedures are regularly conducted on if mid-/senior managers are successfully executing the company´s strategy. How much do you agree/disagree to this statement?

The majority of the participants of this survey, or 31,9%, relatively much agree on that assessment procedures are regularly conducted on if mid-/senior managers are successfully executing the company’s strategy. 17% do very much agree on the subject. 23,4% do not agree or disagree and 25,5% do relatively disagree. Only one participant, or 2,1% very much disagrees.

Question 8.

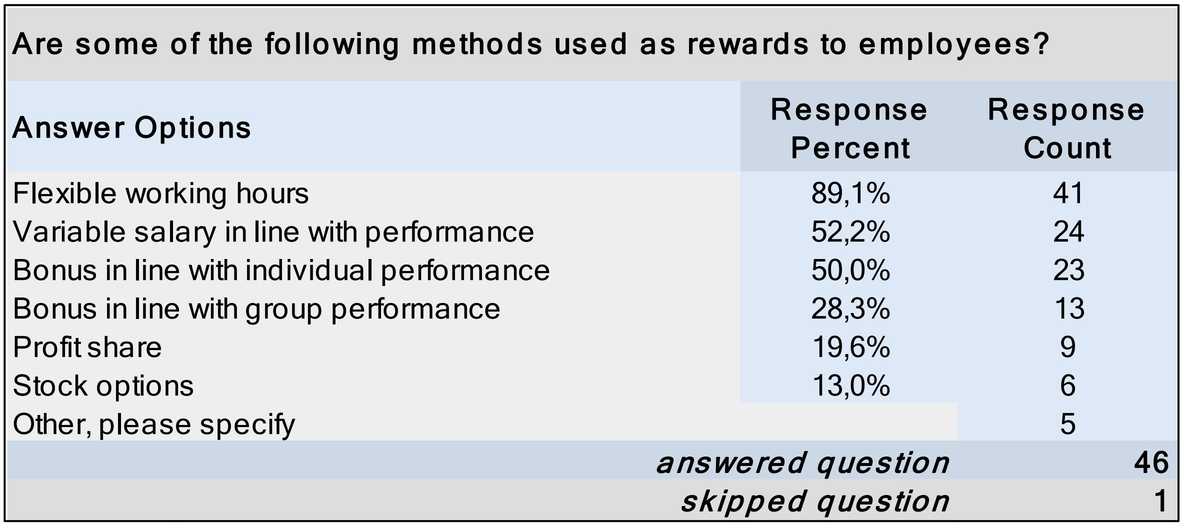


Executives take systematic actions when employees do not perform/succeed as expected. How much do you agree/disagree to this statement?		
Answer Options	Response Percent	Response Count
Very much agree	12,8%	6
Relatively much agree	57,4%	27
Do not agree or disagree	19,1%	9
Relatively disagree	10,6%	5
Very much disagree	0,0%	0
	answered question	47
	skipped question	0

Table 8: Executives take systematic acticons when employees do not perform/succeed as expected. How much do you agree/disagree to this statement?

The majority of the participants in this survey do relatively much agree, or 57,4% to this statement. 12,8% do very much agree. 19,1% do not agree or disagree and 10,6% do relatively disagree.

Question 9.

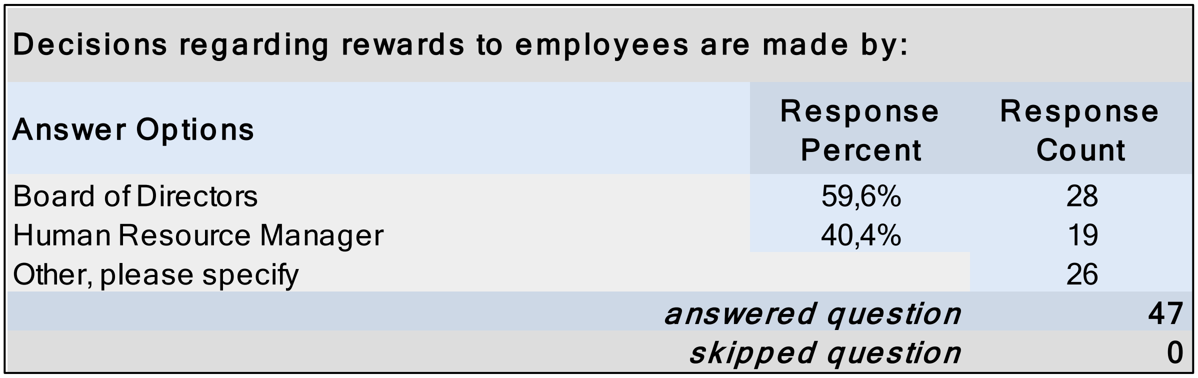


Are some of the following methods used as rewards to employees?		
Answer Options	Response Percent	Response Count
Flexible working hours	89,1%	41
Variable salary in line with performance	52,2%	24
Bonus in line with individual performance	50,0%	23
Bonus in line with group performance	28,3%	13
Profit share	19,6%	9
Stock options	13,0%	6
Other, please specify		5
	answered question	46
	skipped question	1

Table 9: Are some of the following methods used as rewards to employees?

This question gave the option of multiple answer choices. The majority of the participants in this survey, or 89,1%, offer flexible working hours to their employees. Variable salaries in line with performance is also common or 52,2%. Bonus payments in line with individual performance are of 50,0% vs. 28,3% in line with group performance. 19,6% offer a profit share and 13,0% stock options. As can be seen on the table above, there were 5 participants who ticked into the “other” category. Their comments were of various kinds, from complementing the employees to the company’s participation in paying travel costs and other costs. Two participants of the survey mentioned that none of the above does apply and one participant mentioned that it is not official how employees are rewarded. One participant skipped this question.

Question 10.

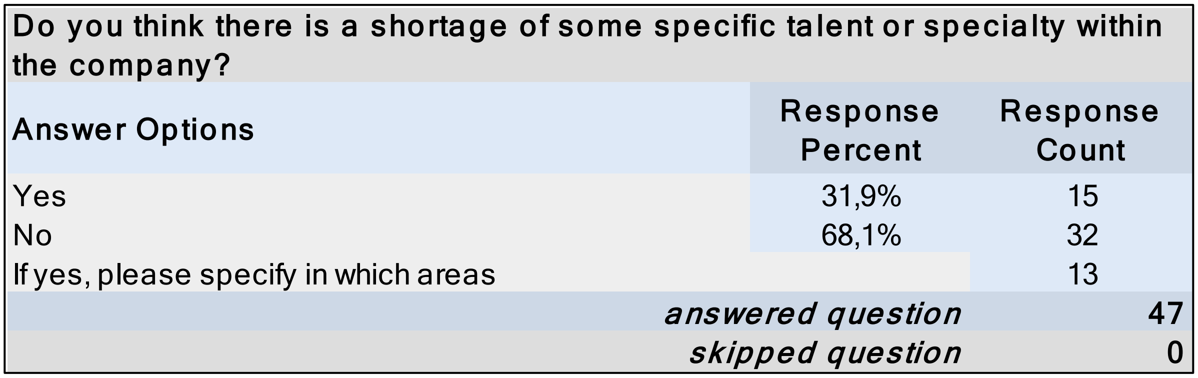


Decisions regarding rewards to employees are made by:		
Answer Options	**Response Percent**	**Response Count**
Board of Directors	59,6%	28
Human Resource Manager	40,4%	19
Other, please specify		26
	answered question	47
	skipped question	0

Table 10: Decisions regarding rewards to employees are made by:

The majority of the participants, or 59,6%, state that the BOD make the decisions regarding rewards to employees and 40,4% state that the decisions are made by the HR manager. This question has a flaw in the survey which is that in order to tick into the “other, please specify“ the participants had to tick in either of the two previous options. Those participants who ticked into “other, please specify“ category were in total 26 participants, and they ticked in either of the two previous options also. The reason is that the decisions are made by the BOD or the Human Resource manager in cooperation with several other senior mangers such as financial mangers. The majority also mention that there is a cooperation between the BOD and the HR manager.

Question 11.



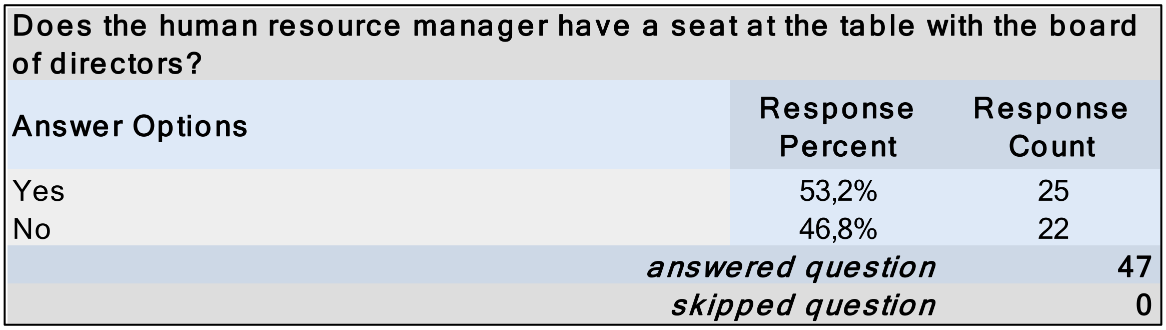
Do you think there is a shortage of some specific talent or specialty within the company?

Answer Options	Response Percent	Response Count
Yes	31,9%	15
No	68,1%	32
If yes, please specify in which areas		13
	answered question	47
	skipped question	0

Table 11: Do you think there is a shortage of some specific talent or specialty within the company?

The majority of the participants, or 68,1%, do not think that there is a shortage of talent within the company. Those 31,9% who ticked "yes" were asked to specify in which areas the feel that there is a shortage of talent or specialty. 13 out of 15 participants, who feel that there is a talent shortage, did specify the nature of the shortage. The talent shortages were mainly concerning technical skills, HR management and analytical and leadership skills for mid-level managers. One mentioned product management and marketing and another mentioned project management with international experience.

Question 12.



Does the human resource manager have a seat at the table with the board of directors?

Answer Options	Response Percent	Response Count
Yes	53,2%	25
No	46,8%	22
	answered question	47
	skipped question	0

Table 12: Does the HR manager have a seat at the table with the board of directors?

53,2% of the participants in this survey state that the HR manager has a seat at the table with the BOD and 46,8% state the opposite.

Question 13.

How good/poor do you think the flow of information is between executives and HR?		
Answer Options	Response Percent	Response Count
Very good	44,7%	21
Relatively good	29,8%	14
Medium	21,3%	10
Relatively poor	4,3%	2
Very poor	0,0%	0
	answered question	47
	skipped question	0

Table 13: How good/poor do you think the flow of information is between executives and HR?

The majority of the participants, or 44,7%, think that the flow of information between executives and HR is very good, 29,8% think that the flow is relatively good. 21,3% think that the information flow is to a medium extent and 4,3% think it is relatively poor.

Question 14.

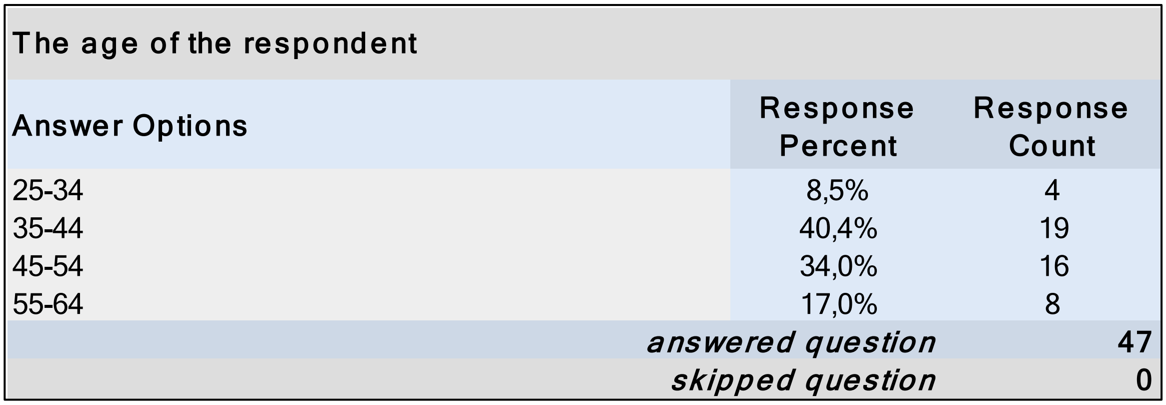
The respondent is a:		
Answer Options	Response Percent	Response Count
CEO	19,1%	9
HR manager	80,9%	38
Other, please specify		7
	answered question	47
	skipped question	0

Table 14: The respondent is a:

In this survey there were 19,1% of the participants CEOs or 9 individuals. 80,9% of the participants were HR managers or other, more specifically there were 31 individuals who were HR mangers and 7 individuals have other positions. Those who were not CEOs or HR managers (7 participants) all have a role concerning the research topic and therefore were chosen (by the CEOs who forwarded the e-mail with the link to the survey) to participate. Please be informed that in order to be able to tick into the “Other, please specify” option, they had to tick into either of the options above which was a technical flaw in the survey.

They ticked into HR manager and did then specify accordingly. Three participants are job development managers, one is an HR project manager, two directors and one field manager.

Question 15.

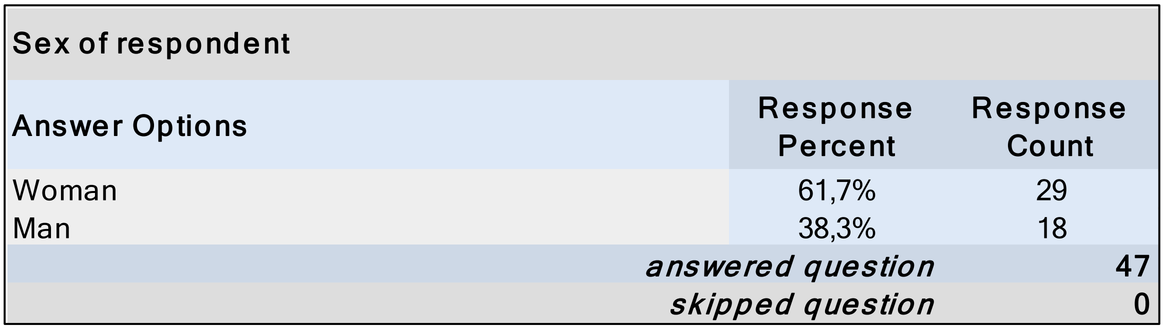


The age of the respondent		
Answer Options	Response Percent	Response Count
25-34	8,5%	4
35-44	40,4%	19
45-54	34,0%	16
55-64	17,0%	8
	answered question	47
	skipped question	0

Table 15: The age of the respondent

The majority of the participants are between 35 and 54 years old, or 74,4%. 8 individuals are older and 4 individuals are younger than the majority.

Question 16.



Sex of respondent		
Answer Options	Response Percent	Response Count
Woman	61,7%	29
Man	38,3%	18
	answered question	47
	skipped question	0

Table 16: Sex of respondent

The majority of the respondents are women, or 61,7% vs. 38,3% men.

5. Discussions

When analyzing the results of the research the responses from the participating companies are discussed. There are several questions that will have a special focus where the relationship and connection between answers are investigated in order to answer the research questions. The participants of the survey are 61,7% women and 38,3% men, or 29 women and 18 men. The majority are in the age between 35 and 54, all of which are in leading positions such as senior managers or CEOs.

5.1. Channels, methods and assessments

Concerning recruitment methods and channels this research shows that recruitment agencies are the most common channel as they have all the relevant personal information already registered in their database and can more effectively match people in positions or at least make propositions on the matter for companies. The second most common channel for recruiting mid-/senior managers is through indoor recruitment. The result from the Cranet research in 2009 imply similar figures concerning indoor recruitment where 49% of executives and 33% of specialists were recruited from within the companies (Einarsdóttir et al., 2009, p. 36). When we take a look at the time that is spent on assessing mid-/senior mangers' performances, the results show that 17,1% of the participants state that they spend relatively and very much time on assessing managers' performances. The majority or 59,6% states that medium time is spent on the subject which is a fairly neutral response, some performances might be assessed more and others to a lesser extent which might also depend on the nature of the company's activity and size in terms of number of employees. 23,4% of the participants state that relatively little and very little time is spent on the subject. The proportion of those who spend little time on the subject is bigger than those who are spending much time on the subject which is giving the implications that only a minority is actively preoccupied with assessing mid-/senior mangers' performances.

The results of the Cranet 2009 research showed similar outcomes. Most of the companies were conducting performance measurement processes (Einarsdóttir et al., 2009, p. 54) but when asked about the extent of how much do the companies assess employees performances did 68% respond to as relatively low/very low/none and only 33% responded as to a relatively high/very high extent (Einarsdóttir et al., 2009, p. 15). Again is the proportion of those who spend little time on the subject much bigger than those who spent much time on the subject and therefore underlining the assumption that the minority is actively assessing managers' performances.

When looking at crosstab 1 (see appendix) the relationship between Q1 "What methods are being used when recruiting executives and mid-/senior managers" and Q6 "How much time do you think is spent on assessment on mid-/senior managers' performances" is investigated and compared. The results say that 75% of those who responded to as spending very much time and relatively much time on assessments on mid-/senior performances do recruit for these positions through recruitment agencies and 50% through indoor recruitments. This gives the implication that the majority does have standard procedures for these higher level positions and are both recruiting internally and externally as is recommended by TM practitioners.

However when compared to those who responded as to spending relatively little and very little time on assessment on mid-/senior managers' performances, being 23,4% of the participants, shows that 72,7% of them recruit mid-/senior managers through indoor recruitment and 45,5% of them recruit through recruitment agencies. The reason for this high proportion of indoor recruitment might be that they are relying on instincts about certain employees, trust and maybe the fact that the individual knows the business well, but professional decision making is however questioned in these cases.

What is very interesting is to see that 37,5% of those who spend relatively much and very much time on these assessments do have the initiative on contacting a talented individual for a specific position. And comparing that to 54,5% of those who spend relatively little or very little time on assessments for mid-/senior managers who have the initiative on contacting a talented individual. The fact that these results show that those who spend less time on assessments on the performances of managers do recruit for these positions to a more extent through indoor recruitment and less through recruitment agencies which interestingly is the other way around for those who spend relatively and very much time on the assessments of mid-/senior performances.

This fact based on these results do have the effects to get one thinking about this relationship between responses and which are giving the implications of that those who emphasize more on assessment procedures on performances are following more structured procedures and they do to a lesser extent upgrade the current workforce but rather try and enhance their talent pool. Those who spend relatively little and very little time on assessments on mid-/senior managers' performances are to a greater extent recruiting for these positions through indoor recruitment and having more initiative to contact a talented individual. The theories of TM place deep emphasis on the individual in the organization, and the quality of the workforce is constantly being assessed with measurements and compared with results from key activities which are connected to recruiting, selecting and retaining talent (*Recruiting, selecting, and retaining talent: An overview of findings from APQC's collaborative benchmarking research*, 2010, p. 2). Actually for both cases the question awakens if the participating companies do have the necessary performance measurement tools. Many different tools can be used for evaluating and assessing performances and it is recommended to have a range of tools which are linked to the company‘s objectives (McDonnell & Collings, 2011, p. 66).

When the recruitment process is taking place the majority have a group taking the interview for evaluating the individual for the position and recommendation plays a major role where 37 out of 47 participants in the research or 78,7% state that recommendation has impact on the decision making process. The results from the Cranet research which was conducted in 2009 show as well that the majority of executives or 68% were hired based on recommendation and only 8% had to complete an ability test (Einarsdóttir et al., 2009, p. 41). Concerning tests are psychological tests the most common ones used or 29,8% of the participants in this TM survey who state that they use them, 4,3% use technical tests and 12,8% use ability tests. Ability tests are often used for measuring the maximum ability in some specific area and have been proven to be very helpful in selection processes. The efficiency of using them for these higher level positions has however been criticized because as differences in intelligence of highly qualified individuals might not be significant and therefore it could be difficult to differentiate the individuals (McDonnell &

Collings, 2011, p. 67). Keeping that in mind it is nevertheless positive that 12,8% of the participants are using ability tests which is a higher proportion than the Cranet research from 2009 presented, but it is necessary to keep in mind that the Cranet research had a higher number of participating companies.

5.2. First who then what, or what?

The position-centric approach is the most common approach among the companies who participated in this research. This approach emphasizes on identifying first what needs to be done specifically and what knowledge the potential candidate, the talent, has to have in order to be considered as potential for that position (Michaels et al., 2001, p. 78). The majority or 89,4% state that they do first define the position and what has to be done with all the requirements identified, and then they search for and select the right candidate who would fit that position. This approach is not considered as being the most successful in a talent-driven business environment (Michaels et al., 2001, p. 78). It is however positive that 10,6% stated that they do first detect a talented individual and he/she is given an assignment or position. This approach is considered as very successful in terms of TM. It is also called opportunistic hiring when a candidate is hired and given a temporary position that allows the candidate to get to know the business and the company culture while they wait for the line position to become available (Michaels et al., 2001, pp. 78–79). Like Jim Collins talked about leaders who want to take their company from good to great, do emphasize on this approach where you think first about “who“ instead of “what“ and to the importance on having the right people “on the bus“ to take the company from good to great (Collins, 2001, pp. 41–42). For those two participants who stated that both applies where asked to state the % proportions whereas the first one assumed 80/20 and the second one 50/50 and both of them mentioned that they are always looking for talented people. This gives the implications on that some companies in Iceland do have a TM mindset.

5.3. Channels, methods and talent gaps

The most common channel which is used for recruitment is through recruitment agencies as 63,8% of the participants of the survey state. The second most common channel is through indoor recruitment, third through job offers in media and fourth common is the company’s initiative to contact a talented individual. Advertisements on companies´ web pages are not a very successful tool and it is also rare that individuals are recruited because of their own initiative to apply without a job having been advertised. When taking a look at crosstab 2 where the relationship between Q1 “What methods are being used when recruiting executives and mid-/senior managers” and Q11 “Do you think there is a shortage of some specific talent or specialty within the company?” is investigated, there are some interesting results to discuss.

The majority of the participants, or 68,1%, do not think that there is a shortage of talent within the company vs. 31,9% who think that there is a shortage of talent within the company. Those 31,9% are 15 participants and 13 of them did specify the nature of the shortage which were mainly concerning technical skills, HR management and analytical and leadership skills for mid-level managers.

When focusing on the two options as was done above for crosstab 1 as they show an interesting observation, indoor recruitment and the company’s initiative to contact a talented individual, the results between the relationship between Q1 and Q11 are that 60% of those who think that there is a shortage of some specific talent or specialty within the company, are recruiting through indoor recruitment and have also the initiative to contact a talented individual to the extent of 60%. The same proportion of 60%, do recruitment through advertisement in media. However the most frequently used method by those who think there is a talent shortage is through recruitment agencies or of the extent of 80%. This implies that the first reaction to talent shortage is to cooperate with recruitment agencies. Secondly to look into the company’s talent pool and recruit for these positions through indoor recruitment which is in line with TM practices to upgrade someone who is capable of taking more responsibility in a higher strategic role (McDonnell & Collings, 2011, p. 64) and contacting a talented individual for value-adding and improving the talent pool as well as through advertisements in media.

59% of the participants who do not think that there is a shortage of talent or specialty recruit executives and mid-/senior managers most frequently through indoor recruitment, 56% through recruitment agencies and 38% have the initiative to contact a talented individual. This implies that those companies do have a sufficient pool of talents as they are rather up-grading and promoting the current workforce for these high level positions to a more extent than recruiting new employees through recruitment agencies. Additionally, it is a positive sign that 38% of those who do not think there is a talent shortage do have the initiative however to contact a talented individual in order to add value and to improve the current talent pool. This implies that the leaders are committed to strengthening their talent pool which is important for trying to outperform the competitors (Michaels et al., 2001, p. 22).

5.4. Talent identification and talent gaps

According to the responses in the survey 40,4% of the participants do relatively and very much agree to the statement that they use a systematic approach to identify talents within the company and the same proportion 40,4% does not agree or disagree. Crosstab 3 investigates the relationship between Q5 “We use a systematic approach to identify talents within the company. How much do you agree/disagree to this statement?” and Q11 “Do you think there is a shortage of some specific talent or specialty within the company?” 53,5% of those who think that there is a shortage of talent or specialty within the company do very much and relatively much agree on that they use a systematic approach to identify talents within the company. This a positive sign which tells us that talent management practices are in place in this group of participants as it is quite reliable that they use a systematic approach on identifying talents within the company and come to the conclusion that they are short on some specialties and skills. This implies that these 53,5% do realize and assess the quantity and quality of their people. As mentioned, it is very important to be able to identify the talent gaps in order to form a successful strategy to close those gaps (Wellins et al., n.d., p. 2).

34,4% of those who do not think that there is any shortage of talent or specialty do very much and relatively much agree on that they use a systematic approach to identify talents within the company. There we are looking at a difference of 18,9% between those who do not think that there is a shortage of talent and those who do think there is a shortage of talent, where both groups relatively and very much agree on using a systematic approach to identify talents within the company.

It is also interesting to see that 25% of the respondent do not use a systematic approach to identify talents (who relatively and very much disagree), do not think there is a talent shortage, which gives the implications that those companies are either performing in accordance to the company´s goals or simply they do not have a talent management mindset within the company, and the latter being a more likely scenario. Companies have to be aware of that a new war for talent is predicted which is different from what has been discussed over the past decade, this one with a major focus on the gaps in skills on mid-level and senior level leadership (Hollon, 2011).

5.5. Training and development

Training and development is a very important and an essential part of managing a workforce. 40,4% of the participants in the survey spend relatively and very much time on training and development, 46,8% state that the time spent on the subject is to a medium extent and 12,8% spend relatively little time on the subject. The survey also asks about if executives take systematic actions when employees do not perform or succeed as expected where 70,2% of the participants do relatively and very much agree to that statement which is a very positive sign as systematic action taking is essential for good management practices.

The Cranet research from 2009 shows that only 36% of the majority (76-100%) of the employees receive formal training in the first weeks in the new position (Einarsdóttir et al., 2009, pp. 47–49). This proportion in 2009 is much less than the participants of this TM survey claim that they spend on the subject. However it shall be kept in mind that in the Cranet research were employees of the companies participating while in this survey are individuals from top management participating and answering about how much time they spend on the subject of training and development. Nevertheless is this comparison implying that in the recent years have companies become more aware of the importance of training and development. Concerning development opportunities and processes, the Cranet research shows that the most common method in Icelandic companies is to have employees participating in projects with other departments and to provide projects that enable the employees to increase their knowledge. Network building is also quite common as well as rotating people into other positions in order to gain more experience. High performing employees get also specific training in line with some predefined objectives (Einarsdóttir et al., 2009, p. 65).

This survey stated as mentioned before that 70,2% of the participating companies do relatively and very much agree to that executives take systematic actions when an employee is not performing or succeeding as expected. When this is compared to the responses in the Cranet research we see that 55% responded to as strongly agree and somewhat agree (Einarsdóttir et al., 2009, p. 70). This difference does imply that management practices in recent years have been improving in Icelandic companies.

Crosstab 4 investigates the relationship between Q4 “How much time do you think is spent on subject concerning training and development?” and Q8 “Executives take systematic actions when employees do not perform/succeed as expected. How much do you agree/disagree to this statement?” Here it is very interesting to see that 33,3% of those who relatively and very much agree to that executives take systematic actions when employees do not perform as expected, state that they spend relatively and very much time on training and development. This fact vs. 60% of those who relatively and very much disagree on taking systematic actions, state that they spend relatively and very much time on training and development. One would think that those who spend much time on training and development would assess the performances and take systematic actions accordingly which is not the case here. Systematic actions can be of various kinds such as more advanced training or rotating the employee in a position which fits better to his or her knowledge and skills. Since 60% do not take systematic actions even though they spend much time on training and development is certainly a major concern. Leaders have to be committed to training and skill development in order to achieve positive results (Pfeffer, 1995, p. 45).

5.6. Rewards and employee retention

After having spent time and efforts on training and development and the employee has gotten familiar with the working environment and the company´s goals, the employee has become an investment. Employee retention is very important for keeping the workforce satisfied and to minimize turnover especially in high level strategic positions. Keeping the employees can be very challenging and it is necessary to form a good retention strategy. Professionals who are achievement oriented and well educated are more likely to leave the company if there is not a proper retention strategy offered (Butler & Waldroop, 2001, p. 113). Rewards to employees are a form of retention alternatives which was investigated in terms of how the Icelandic participating companies in the survey are rewarding their employees. The results show that 89,1% of the participants of the survey do offer flexible working hours which is very valuable for many reasons and especially for people who have children at a young age. Variable salary in line with performances are 52,2% of the participants offering to their employees and 50% pay bonuses in line with individual performances. Bonuses in line with group performances are paid to a much lesser extent or 28,3% which are however 13 of companies who participated in the survey. Profit shares and stock options are not as commonly offered as before the economic crisis, or 19,6% and 13%, and are also mainly offered to employees in high level positions. Compensation is a powerful tool but also very easily matched by the competitors. Job design is very important and relocating an employee or changing the tasks can have very motivating effects and works well as a retention factor (Cappelli, 2001, pp. 32–33). The result in the survey also show that employees are being somewhat rotated for developmental purposes which is very positive and in accordance to TM practices.

These decisions regarding rewards are mainly made by the BOD in cooperation with the CEOs, Human Resource manager and several other senior managers such as financial managers, depending on the size of the companies.

5.7. Successful strategy execution

The majority of Icelandic companies have formal company policies in written formats for guidance and development purposes. HR managers are continuingly increasing their participation in general company policy making which indicates that the discussion about the importance of HR participating in strategic decision making processes and having a seat at the table with the BODs has had positive effects in Icelandic companies (Einarsdóttir et al., 2009, p. 24). Companies have to have their objectives and goals defined and a clear strategy to achieve those goals. It is absolutely crucial that everyone in the company who is playing leading roles as mid-level managers or senior managers have a realistic and vision based perspective on how to proceed in accordance to the company's goal and its objectives. The results of the survey show that assessment procedures are regularly conducted on if managers are successfully executing the company's strategy as 48,9% of the participants state that they relatively and very much agree to that statement.

Crosstab 5 investigates the relationship between Q7 "Assessment procedures are regularly conducted on if mid-/senior managers are successfully executing the company´s strategy. How much do you agree/disagree to this statement?" and Q8 "Executives take systematic actions when employees do not perform/succeed as expected. How much do you agree/disagree to this statement?" In this example we see that 60,6% of those who do relatively and very much agree on that assessment procedures are regularly conducted on if mid-/senior managers are successfully executing the company's strategy do also relatively and very much agree on that executives take systematic actions when performances are not meeting the set expectations. Only 18,2% do relatively and very much agree on Q8 that executives take systematic actions, and who state that they relatively and very much disagree on Q7 that assessment procedures are regularly conducted on if managers are successfully executing the company´s strategy.

However are 40% who relatively and very much disagree on that executives take systematic actions when employees do not perform as expected, do relatively and very much agree on that assessment procedures are regularly conducted on if mid-/senior managers are successfully executing the company's strategy. A very high proportion, or 60%, do relatively and very much disagree on both Q7 and Q8 which should be regarded as a concern. When an employee is not performing as expected, the cause is likely a mismatch between the assignments and the abilities of the employee, which under normal circumstances should be recognized and addresses accordingly (Schein, 2006, p. 33).

5.8. A seat at the table

In 53,2% do HR managers have a seat at the table with the BODs and 74,5% think that the flow of information between executives and HR is relatively and very good. When comparing this to the Cranet research in 2009 where as 70% (Einarsdóttir et al., 2009, p. 16) stated that the HR manager has a seat at the table with the BODs, we see that the proportion has declined. However when keeping in mind the differences in the sample size of the participants, one can assume that there are not any dramatic differences on the situation since 2009. Crosstab 6 investigates the relationship between Q12 “Does the human resource manager have a seat at the table with the board of directors?” and Q13 “How good/poor do you think the flow of information is between executives and HR?” Here it is interesting to compare that 96% of those who have the HR manager having a seat at the table with BODs also think that the flow of information between executives and HR is relatively and very good, while 50% think the flow is relatively and very good but the HR manager not having a seat at the table with the BODs. 40,9% state that the HR manager does not have a seat at the table and that the flow of information is neither good or poor and 9,1% state that the flow of information is relatively or very poor.

As has been mentioned is TM closely related to HRM in theory, but importantly is TM much more challenging and belongs to the CEOs and other leaders. Those HR managers or/and leaders who are professionals in TM who have a seat at the table, have to move to setting the table (Wellins et al., n.d., pp. 4–5). TM belongs at the table with the BODs as TM is not a process of integrating all the different HR practices, but more importantly a business process (Bernsin by Deloitte, 2010).

6. Conclusions

Several questions are asked in order to either support or reject hypothesis 1 and to answer the main research question. Those questions are Q1-Q3, Q5, Q6 and Q11. The results of these questions are summarized and finally the conclusions presented.

Hypothesis 1: Icelandic managers have much more talent internally than they have already identified. They have not been able to maximize their employees performances due to insufficient and undefined TM strategies.

Following this hypothesis the following question will be answered: *Do managers measure their employees performances and identify talents systematically in Icelandic companies?*

The participating companies in the survey on TM in Icelandic companies of which 17,1% state that much time is spent on assessment on mid-level and senior managers‘ performances which is a low proportion. The majority are responding quite neutrally, 59,6% who state to a medium extent, which means some less and others more. This fact is therefore supporting Hypothesis 1.

The companies who participated in the survey have not been discussed specifically due to discretion purposes but there are however several companies who are outperforming others in terms of TM practices. These 17,1% who spend much time on assessing individual performances in high level positions do have more structured procedures and recruit for these positions mainly through recruitment agencies, through indoor recruitment and having the initiative to contact a talented individual. Those companies who spend little time on assessing individual performances, are 23,4% of the participants, tend to take short cuts and relying on trust and recommendation. They are recruiting mainly through indoor recruitment (without assessing performances), secondly they have the initiative to contact a talented individual and the third most common alternative is recruiting through recruitment agencies. These facts do also support Hypothesis 1 since the proportion of assessment procedures for mid-level and senior managers is that the majority is not assessing the performances for these high level positions whereas 23,4% spend little time vs. 17,1% who spend much time on the subject and as stated earlier is the rest fairly neutral or assessing to a medium extent.

The tendency of trust which is without a doubt a very important factor, is quite prominent in the survey as 78,7% of the participants take recommendations very seriously. Assessment can however not be perfectly done by simply assessing the criteria, as it depends also on having good leaders with good judgment. Leaders who know the individuals and can contribute to the discussion and thereby improve the quality of the assessment (Michaels et al., 2001, p. 148). The most reliable source for evaluation are several factors which are e.g. education and experience along with recommendation. Furthermore as the results show are some companies using psychological tests (29,8%), ability tests (12,8%) and technical tests (4,3%) which are helpful for the decision making process when there are various criteria to be assessed. Finally it is positive that the majority state that interviewing the candidate is conducted by a group of people who are in leading positions and therefore are several leaders contributing to the decision making process.

Concerning talent shortage do 31,9% state that they do think they are lacking talent within the company and these shortages are mainly regarding technical skills, HR management and analytical and leadership skills. The results also show that 40,4% of the participants do use a systematic approach to identify talents within the company and 53,5% of those think that there is a shortage of talent or specialty within the company. This implies that talent management practices are in place in this group of participants as they assess the quantity and quality of their people. The other participants, 68,1%, do not think they are lacking any talent, thus implying that they have an adequate pool of talent. However, here it is important to keep in mind that only 17,1% are actively assessing performances. Additionally are 34,4% of those who do not experience a talent shortage, who state that they do use a systematic approach to identify talents within the company.

In conclusion is hypothesis 1 supported and accepted and the main research question is answered in the following. "*Do leading managers measure their employees performances and identify talents systematically in Icelandic companies"?* Yes, they do measure their employees performances and identify talents systematically. However, the companies who assess and measure performances in high level positions, are a minority or 17,1% which are only 8 companies. There are 40,4% who systematically identify talents within their companies which are 19 companies. This shows that leaders and managers are becoming more aware of TM practices including the importance of talent identification, but fail to maximize the employees' performances due to the lack of TM strategies and assessment procedures.

Other survey questions are asked to either support or reject hypothesis 2 following the research question 2. Those survey questions are Q4, Q7-Q10, Q12 and Q13.

Hypothesis 2: TM strategies and best practices which are used internationally are not commonly used in Icelandic companies and systematic actions in terms of TM are lacking in Icelandic companies.

Following hypothesis 2 the question will be answered: *Are TM practices conducted and systematic actions taken accordingly in Icelandic companies?*

Management practices have been improving in recent years in Icelandic companies when compared to previous research which has been conducted in Iceland. The results show that 70,2% of the participants do agree on that executives take systematic actions when employees do not perform or succeed as expected which is a very positive observation and on the one hand would reject hypothesis 2. However are only 33,3% of those who agree to that executives take systematic actions when employees do not perform as expected, who state that they spend much time on training and development. Very surprisingly do 60% of those who disagree on taking systematic actions, state that they spend much time on training and development which on the other hand supports hypothesis 2.

The majority of Icelandic companies have formal company policies in written formats for guidance and development purposes. The results of the survey show that assessment procedures are regularly conducted on if managers are successfully executing the company's strategy as 48,9% of the participants state that they agree to that statement. 60,6% of those who do agree on that assessment procedures are regularly conducted on if mid-level and senior managers are successfully executing the company's strategy do also agree on that executives take systematic actions when performances are not meeting the expectations. These facts do reject hypothesis 2.

However are 40% who disagree on that executives take systematic actions when employees do not perform as expected, do agree on that assessment procedures are regularly conducted on if mid-level and senior managers are successfully executing the company's strategy. This proportion being a minority, although close to being even, is supporting hypothesis 2. Finally are 60% who do disagree on both Q7 and Q8 which is a high proportion and should be regarded as a concern and which also supports hypothesis 2.

Retention activities are not necessarily fix or systematic in Icelandic companies. The most popular trend is to offer flexible working hours of which 89,1% of the participating companies do offer to their employees. Rewards to employees for retention purposes are mainly compensation in Icelandic companies, such as variable salary in line with performances and bonus payments. Profit shares and stock options are not as commonly offered as before the economic crisis and are mainly offered to top management. However due to limitations of the survey did the author of this research not investigate detailed retention activities in particular in Icelandic companies.

In conclusion is hypothesis 2 supported and accepted as the findings are to a more extent supporting than rejecting the hypothesis. Following hypothesis 2 the question will be answered: *Are TM practices conducted and systematic actions taken accordingly in Icelandic companies?* A minority of the companies in Iceland are actively conducting TM practices while the majority is still conducting basic HR practices. TM is first and foremost about leadership and belongs to top management and since the participants in the survey were several CEOs and the majority was HR managers or other managers who take care of these issues, there is an obvious difference in the responses from the CEOs and other managers. TM practices are to some extent conducted in Icelandic companies and does the size of the companies in terms of number of employees not make a clear cut difference on the matter. There are surprisingly many of the companies not taking systematic actions to various problems such as poor performances due to insufficient measurement procedures. There are several companies, although a minority as the results show, who are outperforming the majority in TM practices who also do take systematic actions on various issues as have been discussed.

7. Recommendations and further research suggestions

The author of this research strongly recommends that Icelandic companies adopt concrete talent management system and form a complete TM framework. The framework which Bernsin by Deloitte have presented is one example out of many that can be used for helping leaders to get an overview of what to include and to detect possible weaknesses in the company where more emphasis should be placed on. Furthermore it is important for Icelandic leaders to realize that TM is business process and not a process of integrating all the different HR practices (Bernsin by Deloitte, 2010).

It is strongly suggested that Icelandic leaders integrate TM elements into a TM system. They should start using competency models to measure different elements, and using outcomes from some measurements as inputs into other processes. The competency models demonstrate which skills and behaviors are valued including descriptions of what is expected and thus are these procedures helping leaders to identify current and future talent gaps (*TM From Competencies to Organisational Performance*, 2010, pp. 1–2). As has been pointed out, are many tools that can be used for evaluating and assessing competencies, knowledge, skills, abilities and experiences in terms of identifying high potential employees and the best approach being to use a range of tools which are linked to the company‘s objectives to identify high potentials (McDonnell & Collings, 2011, p. 66).

As the APQC collaborative benchmark study in 2007 showed that deep emphasis is on the individual in the organization. The quality of the workforce should be constantly assessed with measurements and results from key activities which are connected to recruiting, selecting and retaining talent which Icelandic companies should adopt for increased chances of success (*Recruiting, selecting, and retaining talent: An overview of findings from APQC's collaborative benchmarking research*, 2010, p. 2).

Icelandic leaders and managers should follow what Michaels and other practitioners have predicted, that leaders and managers at all levels embrace a talent mindset and believe that it is their responsibility to strengthen their talent pool (Michaels et al., 2001, p. 22). Likewise as Cheese among other practitioners have prediced should leaders in Icelandic companies form business strategies on how to make the company attractive in order to attract the relevant talent to the company (Cheese, 2008, p. 10). Icelandic leaders should ensure that proper identification methods and tools are in place in order to evaluate and to identify the talents internally for the talent pool as well as keeping an eye open on the external labor market as well (Groysberg & Sherman, 2008, p. 44; McDonnell & Collings, 2011, p. 69). They could also adopt A, B, and C player ratings where the emphasis is on managing the positions accordingly, by retaining A players, developing B players and helping C players to improve their insufficient performance or to remove them from their current positions (Michaels, 2001, p. 127).

As for the definitions by DDI the quantity and quality of the workforce has to be ensured for current and future priorities in the organization. Likewise should Icelandic leaders put more emphasis on procedures for talent identification and strategies to close talent gaps. Individual and team goals have to be defined with the next leading manager and connect those goals to corporate goals including clarifications on the expectations. It is very important to recognize the elements that are required for a successful execution of a talent strategy, and measurements have to be conducted on the effectiveness and how it has impact on the business (Wellins et al., n.d., p. 2). It has been mentioned that using a systematic approach to managing talent will increase the chances of success. Many companies have adopted the competency modeling with measurable positive results related to them (Cheese, 2008, pp. 91–92). DDI has pointed out a that a research done by the Hewitt Group stated that 84% of top global companies demonstrated alignment between their competency models and the overall business strategy (Wellins et al., n.d., p. 6). Thus the author does strongly recommend that Icelandic companies adopt competency models.

Retention is becoming a more challenging task and since compensation can be very easily matched by other companies (Cappelli, 2001, p. 32) should Icelandic companies focus more on non-monetary criteria which are very important such as career development, challenging assignments, the quality of supervision and a good company morale since the idea of job security and staying with one company lifelong has run its course (Hiltrop, 1999, p. 424). Professionals are so achievement oriented and can prove to be successful at various positions, so the chances that they leave the company for a better position elsewhere is fairly high if the manager does not have a proper retention strategy (Butler & Waldroop, 2001, p. 113).

The discussion on the War for Talent has been prominent among practitioners on TM since the concept was introduced in 1997. At the time it was predicted that in the next two decades the demand for top managerial talent would be increasing even more (Michaels et al., 2001, p. 5). This has proven to be correct and should Icelandic leaders be aware of the fact. Best practices have developed and evolved in accordance to the needs and priorities in management, and the challenge on finding the right talents has become even more difficult than before (Hollon, 2011; Irvine, 2012).

Icelandic leaders should in general get more familiar with TM practices and investigate the different challenges that companies are dealing with around the world. They should be aware of what is happening e.g. in China, India and the CEE countries where the biggest challenges are talent shortages, which are very difficult to solve as the problems and conflicts are from all different kinds and nature. They should also be prepared for generational shifts in the workforce and prepare their talent pipelines. By getting a bigger picture of the concept from an international perspective they should understand the risks by not taking TM practices seriously.

The author of this research strongly suggests that further research should be conducted on the situation in Icelandic companies concerning the awareness of TM in general and the effectiveness of TM practices.

8. Appendix

8.1. Survey results in charts

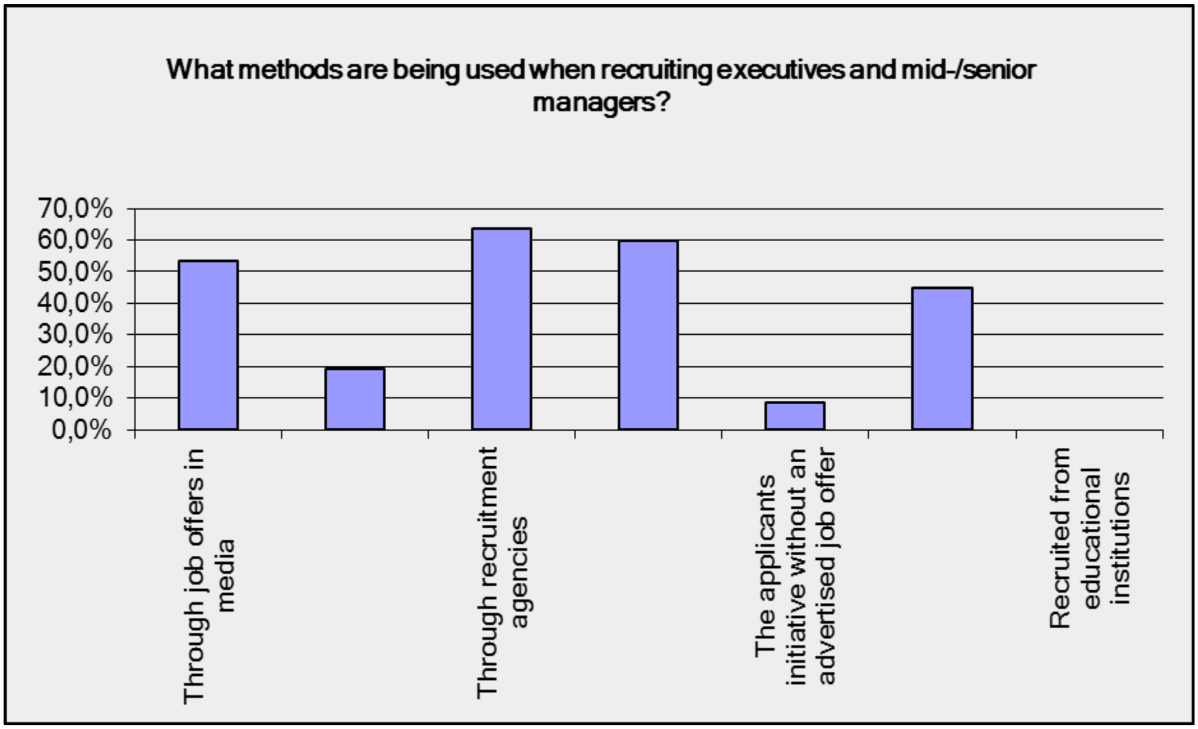


Chart 1: What methods are being used when recruiting executives and mid-/senior managers?

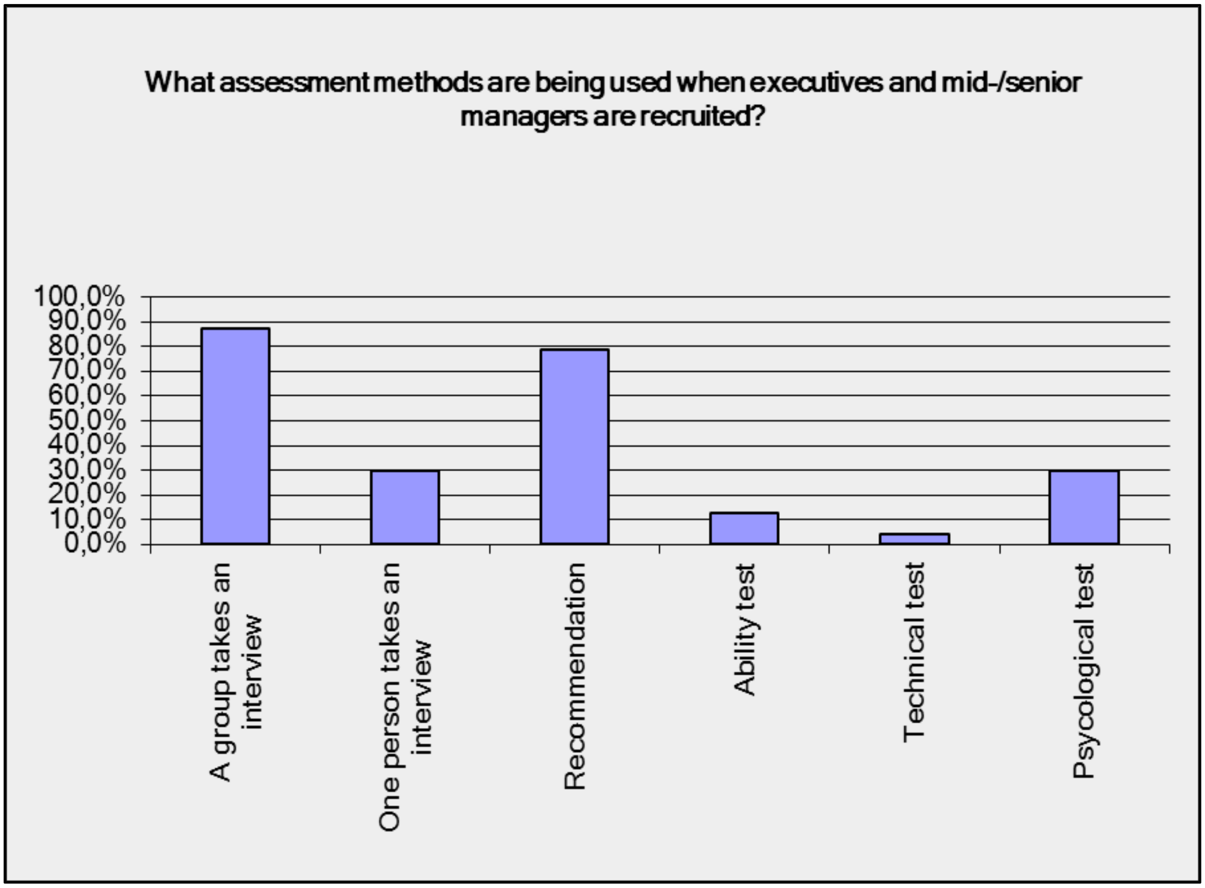


Chart 2: What assessment methods are being used when executives and mid-/senior mangers are recruited?

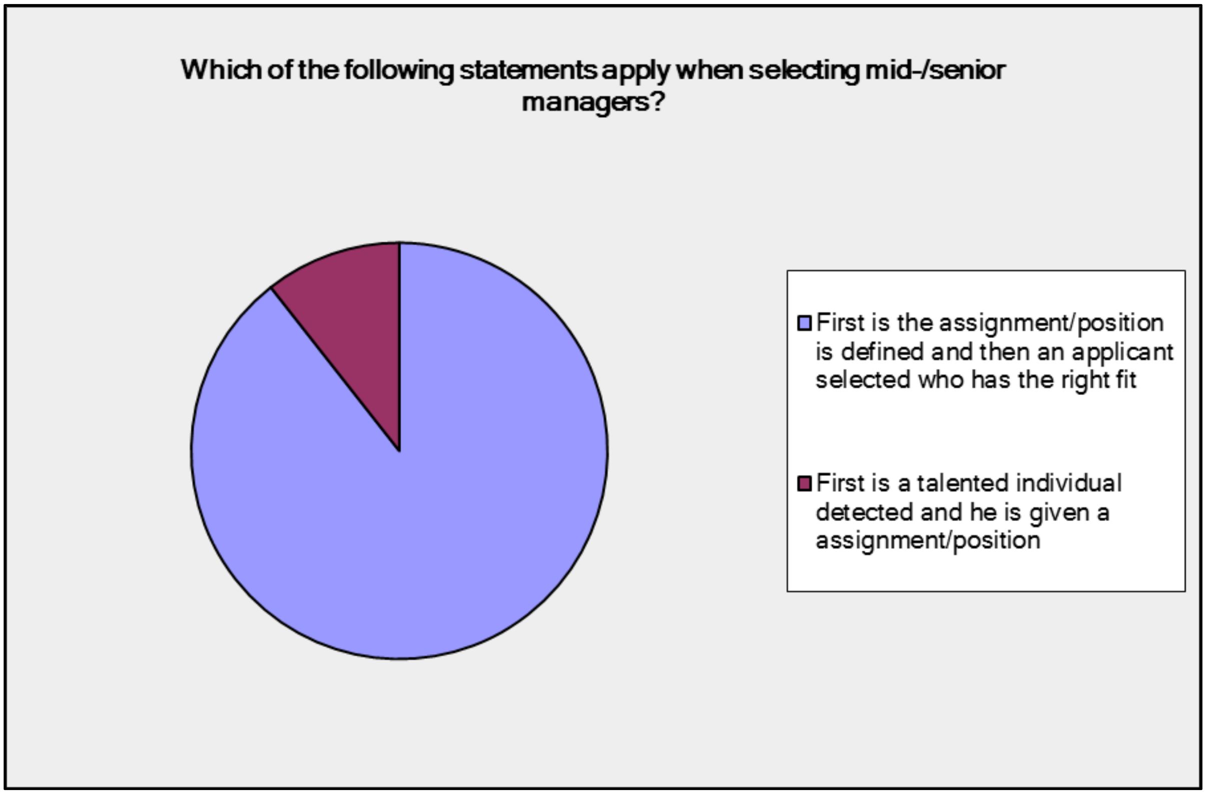


Chart 3: Which of the following statements apply when selecting mid-/senior managers?

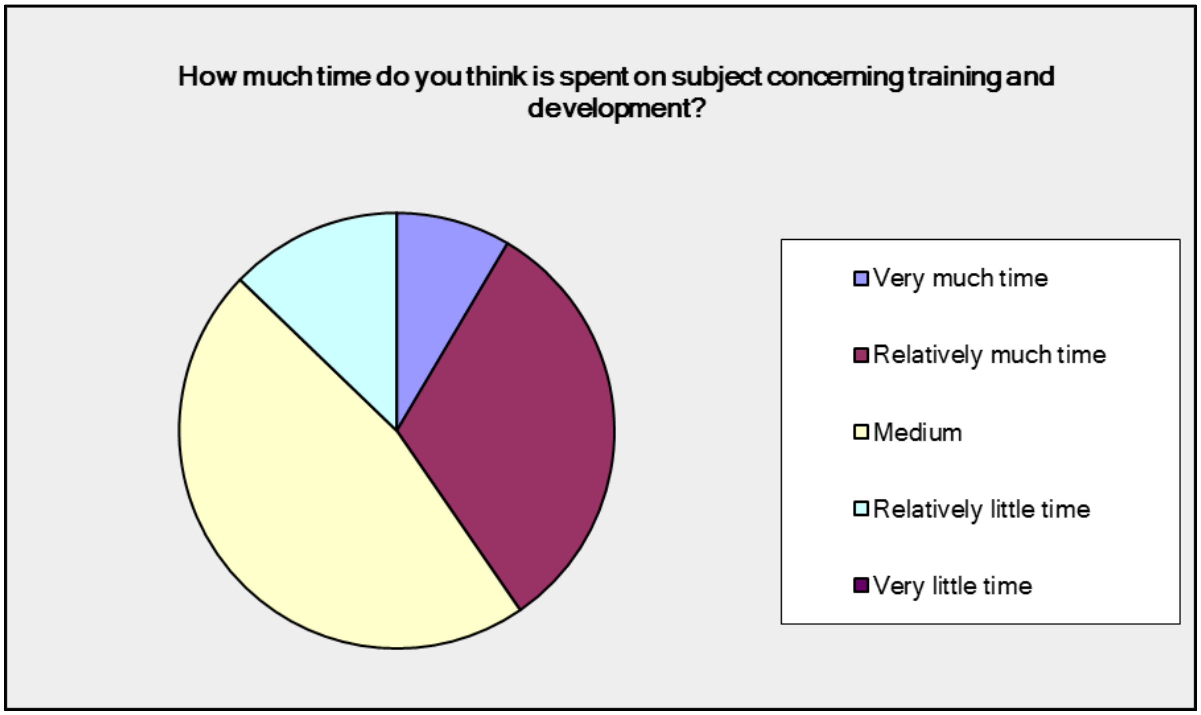


Chart 4: How much time do you think is spent on subject concerning training and development?

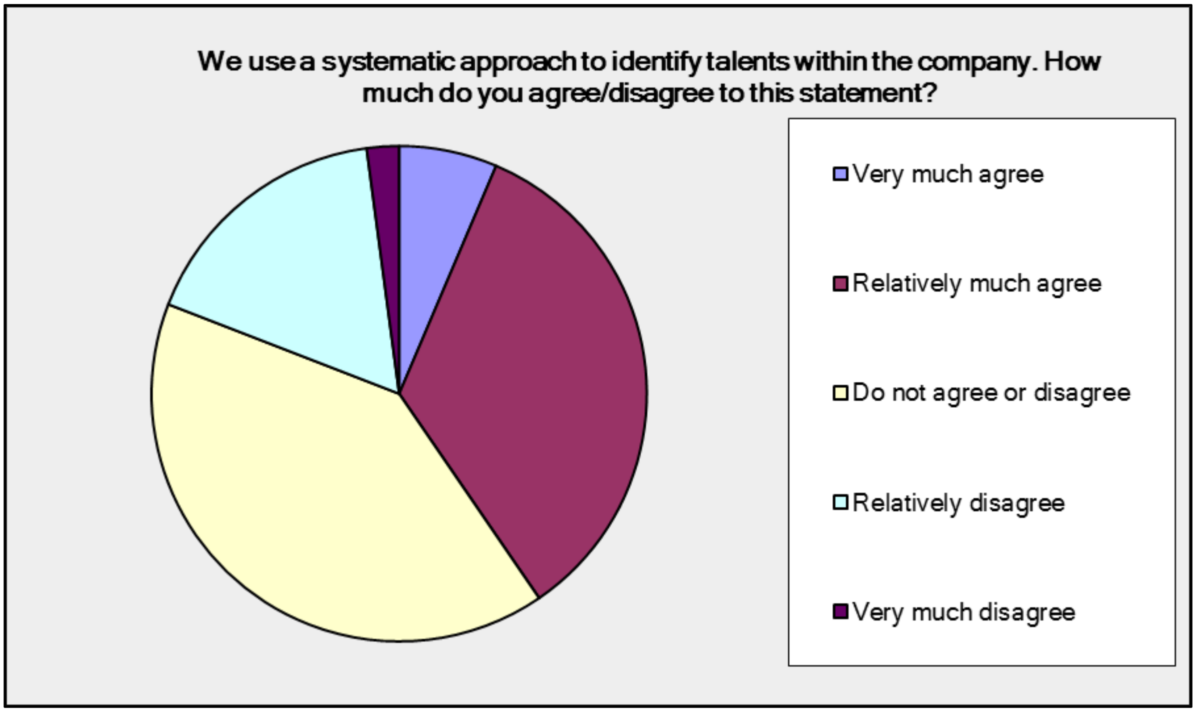


Chart 5: We use a systematic approach to identify talents within the company. How much do you agree/disagree to this statement?

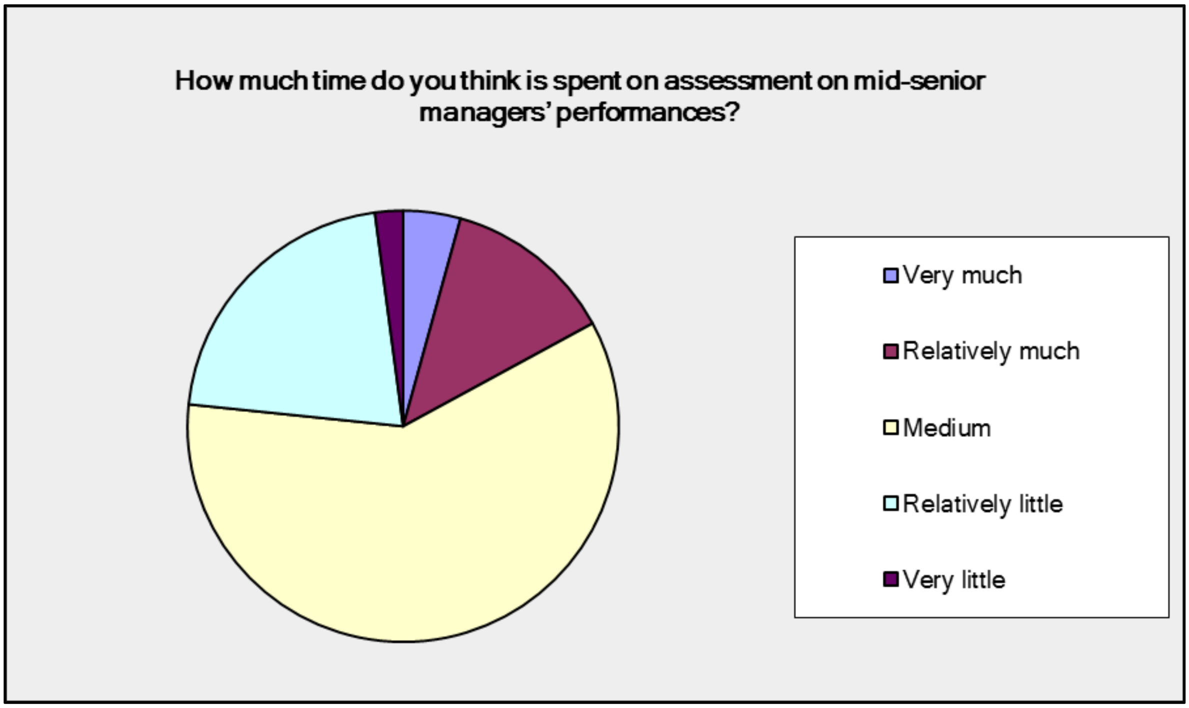


Chart 6: How much time do you think is spent on assessment on mid-/senior managers' performances?

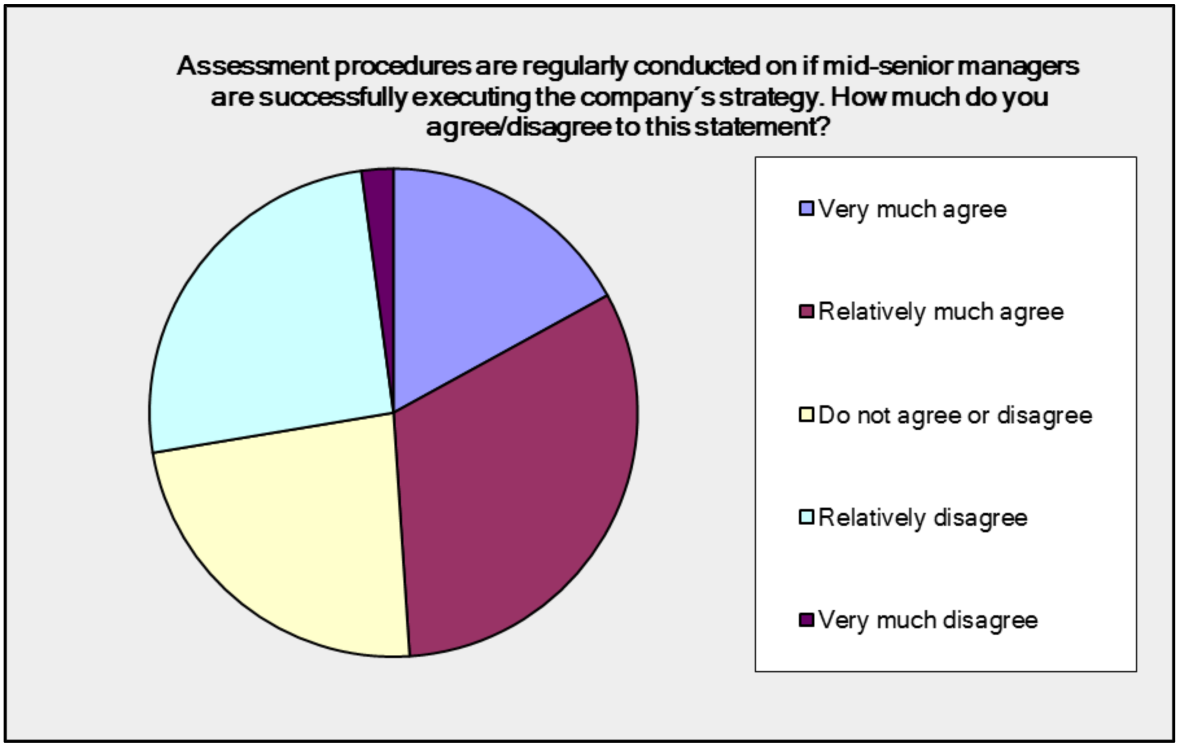


Chart 7: Assessment procedures are regularly conducted on if mid-/senior managers are successfully executing the company´s strategy. How much do you agree/disagree to this statement?

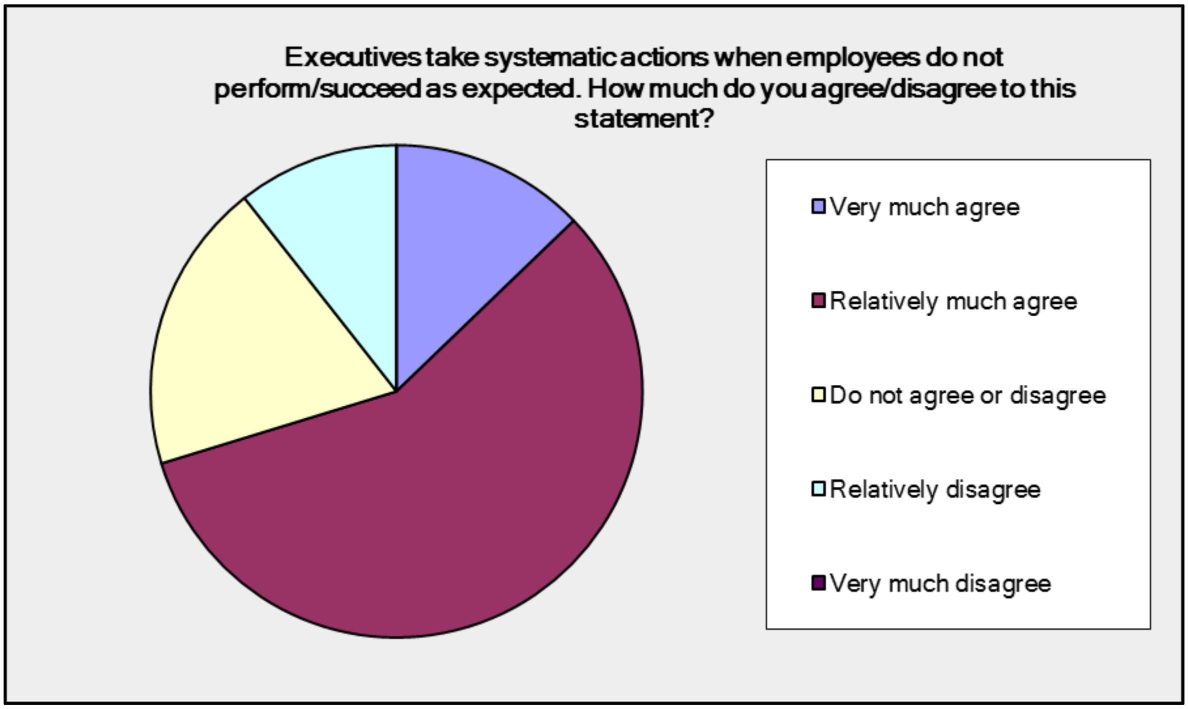


Chart 8: Executives take systematic actions when employees do not perform/succeed as expected. How much do you agree/disagree to this statement?

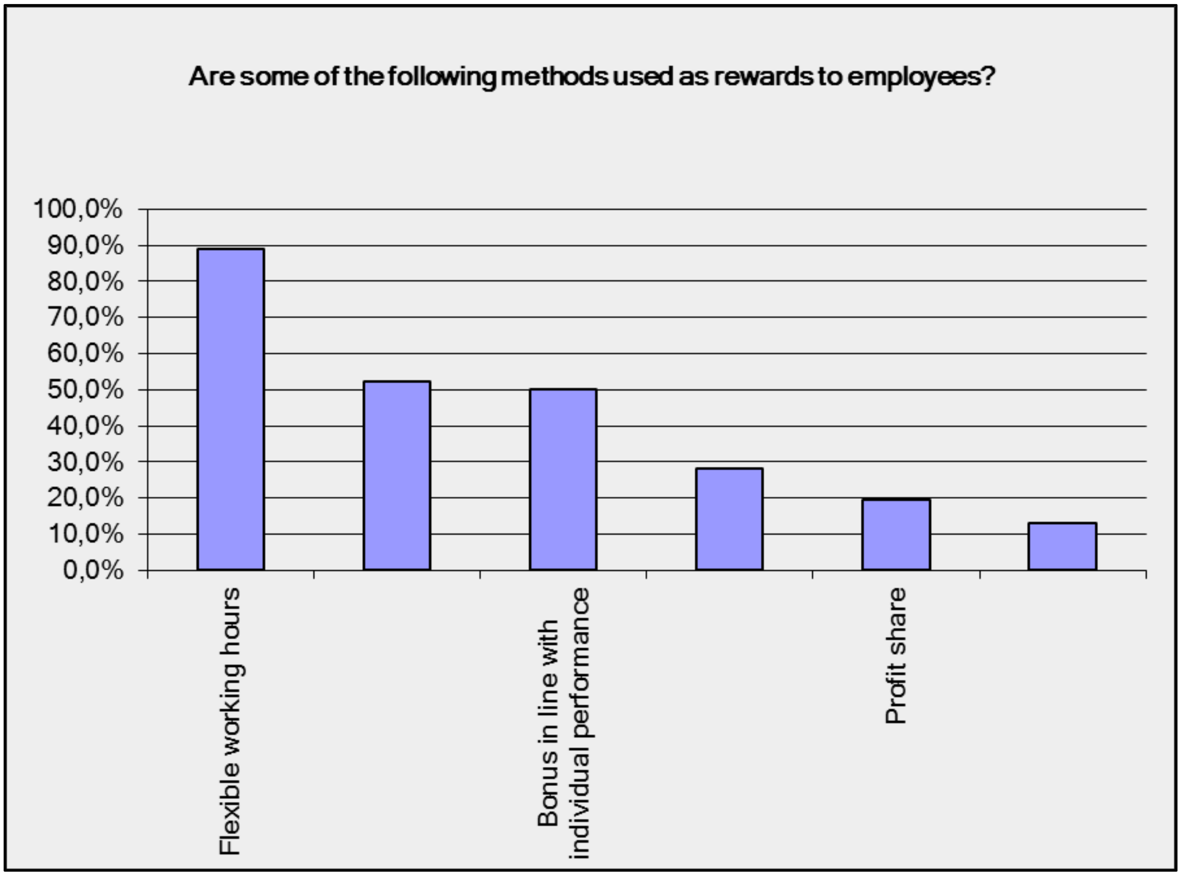


Chart 9: Are some of the following methods used as rewards to employees?

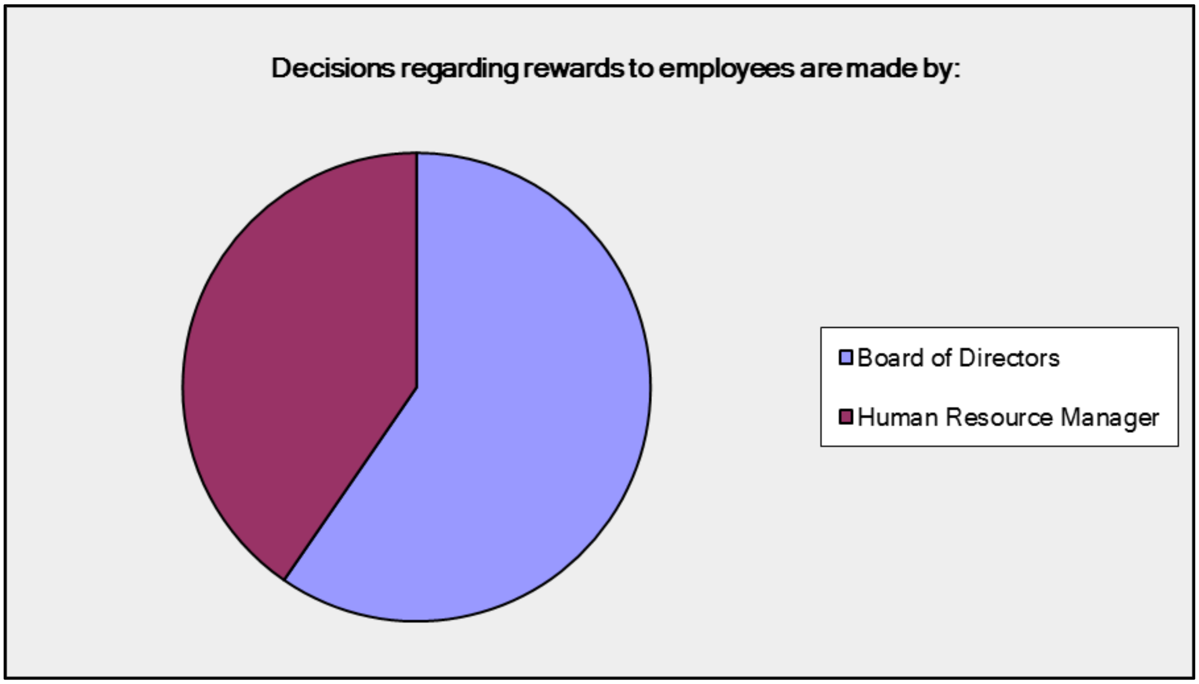


Chart 10: Decisions regarding rewards to employees are made by:

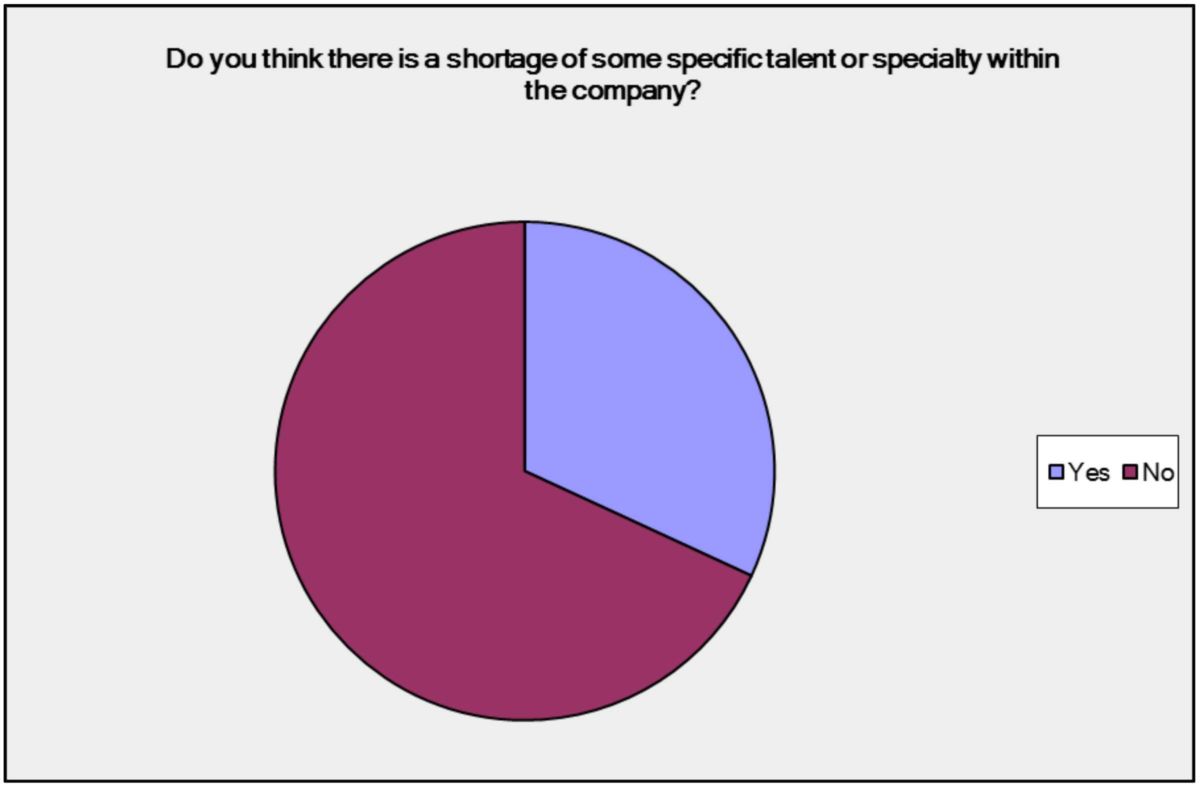


Chart 11: Do you think there is a shortage of some specific talent or specialty within the company?

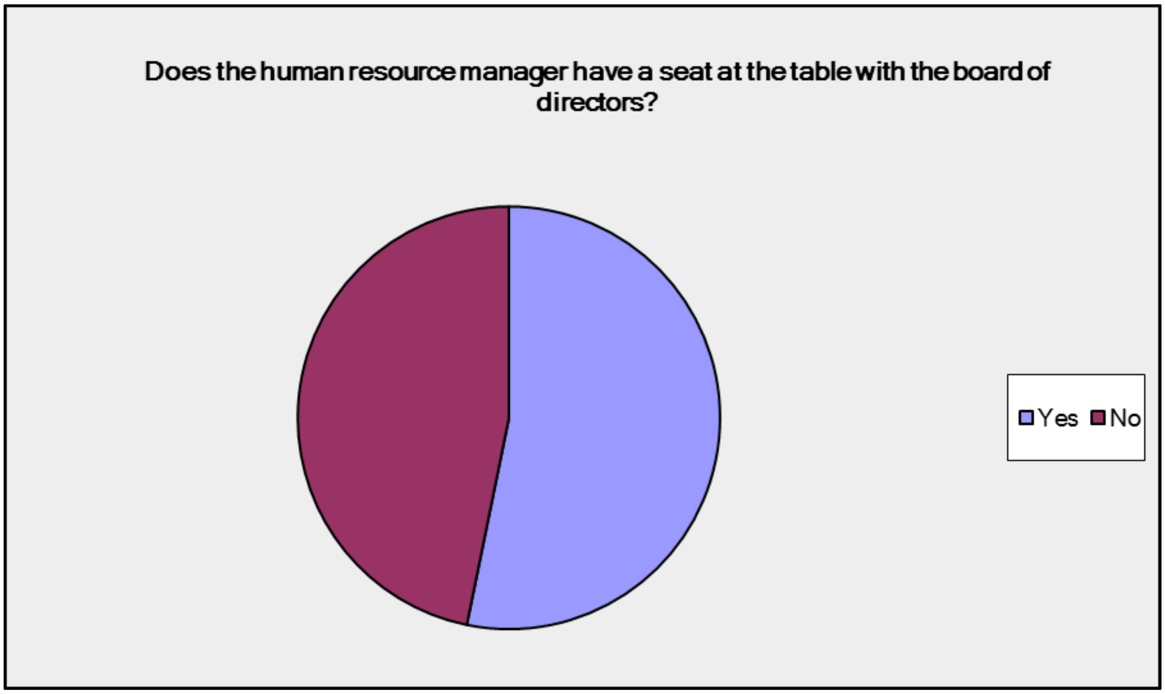


Chart 12: Does the HR manager have a seat at the table with the board of directors?

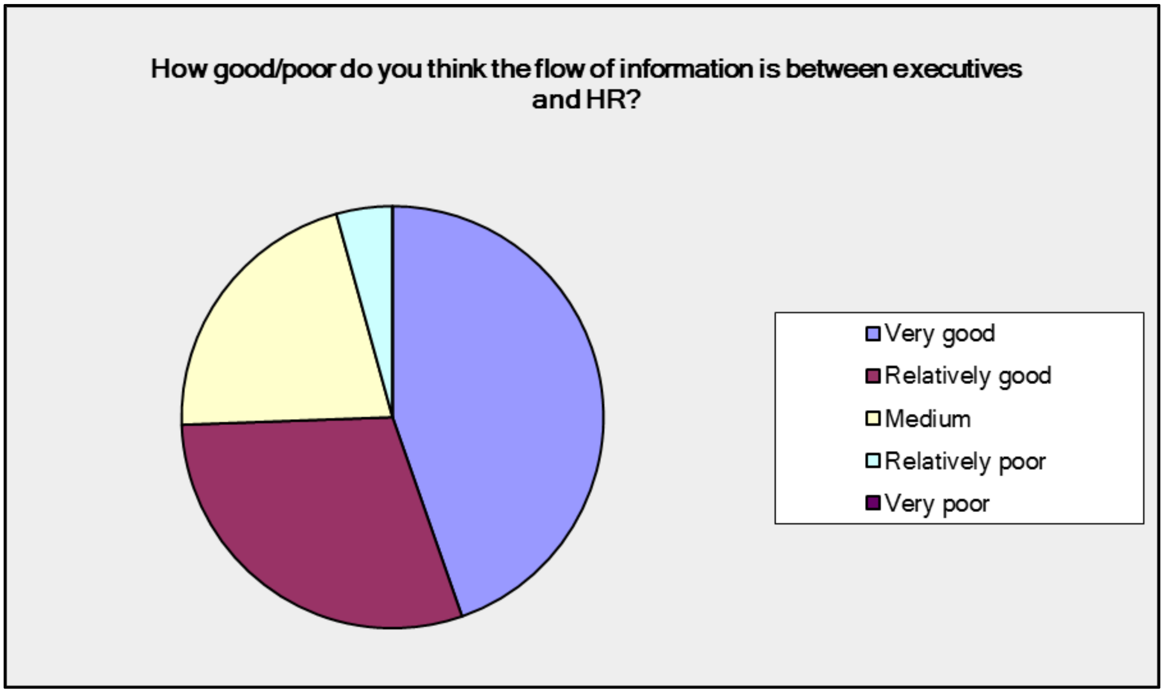


Chart 13: How good/poor do you think the flow of information is between executives and HR?

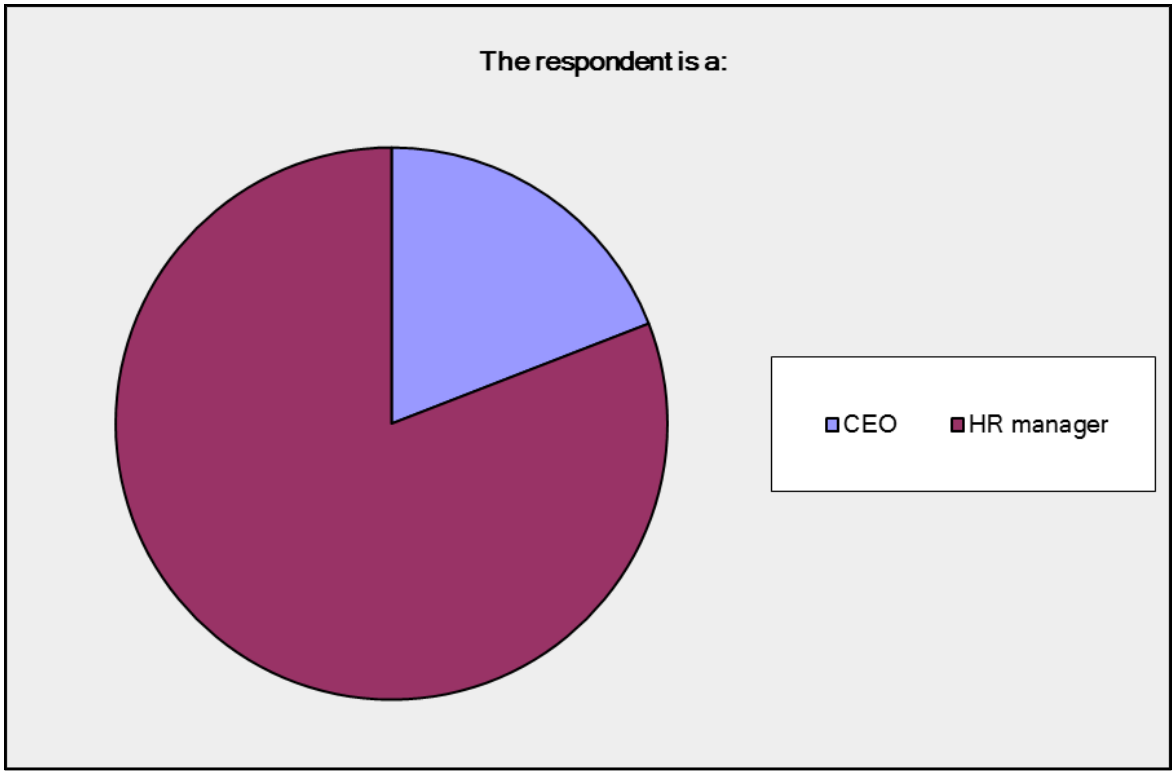


Chart 14: The respondent is a:

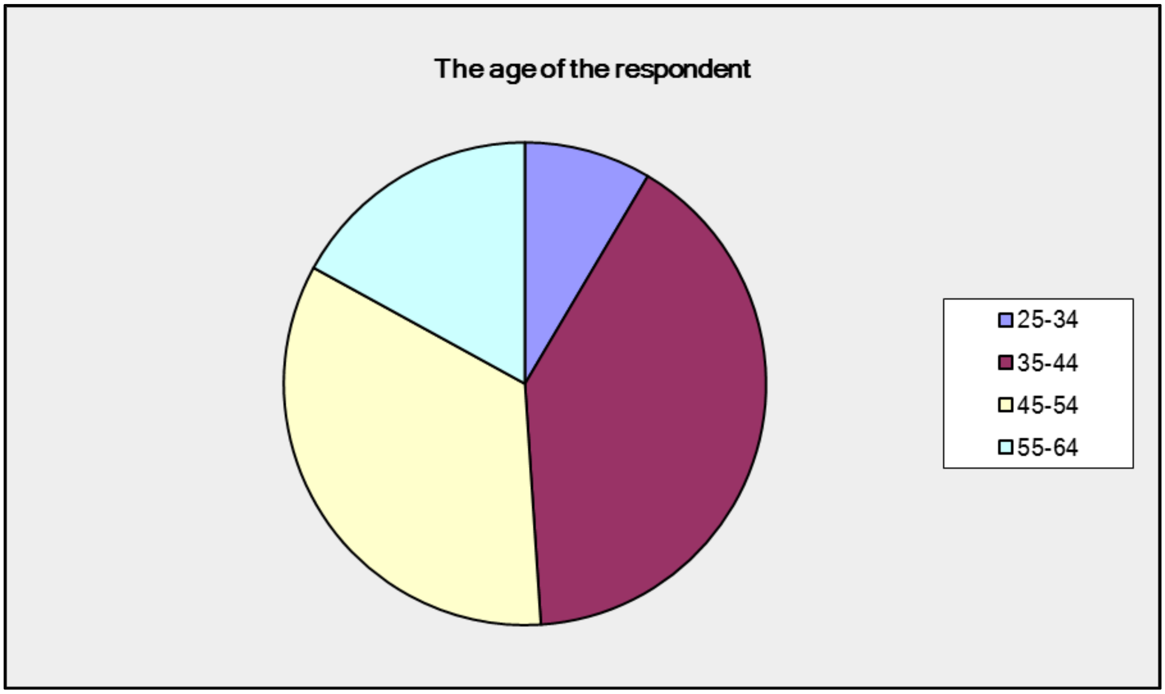


Chart 15: The age of the respondent

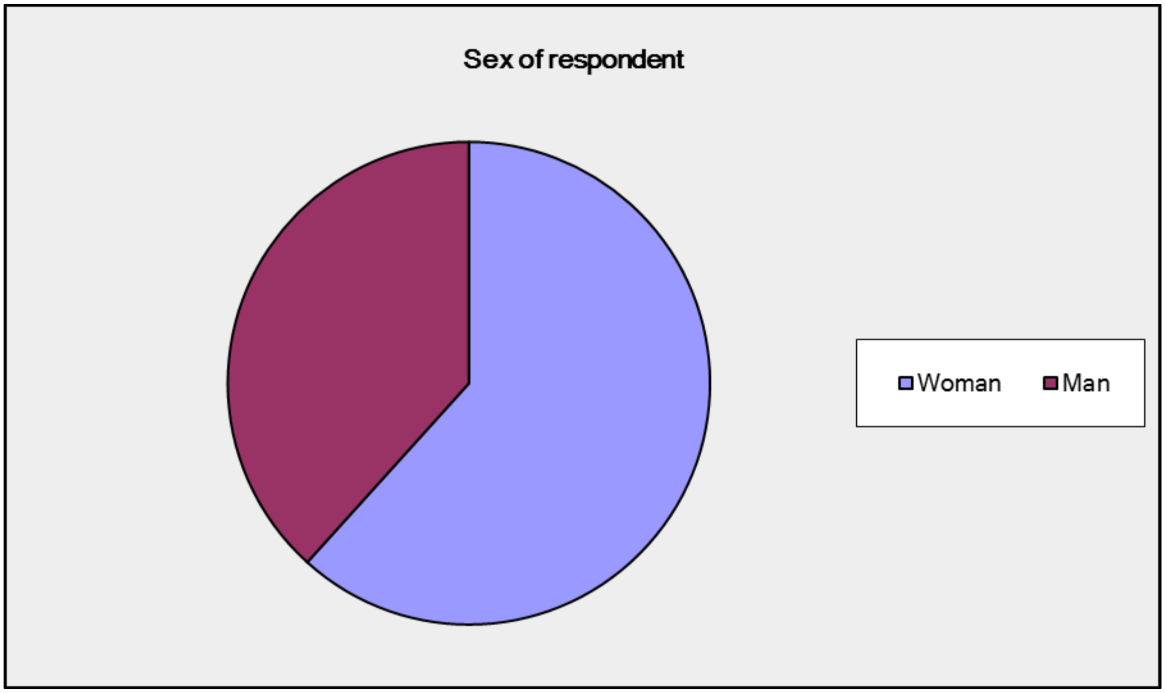
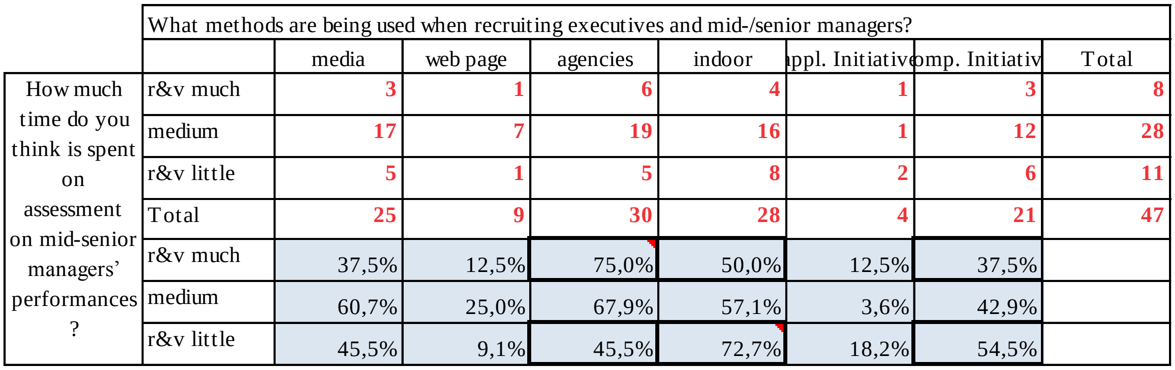


Chart 16: Sex of respondent

8.2. Crosstabs

Crosstabs are produced with SPSS software in order to investigate relationships between some chosen questions for further discussion purposes and final results.

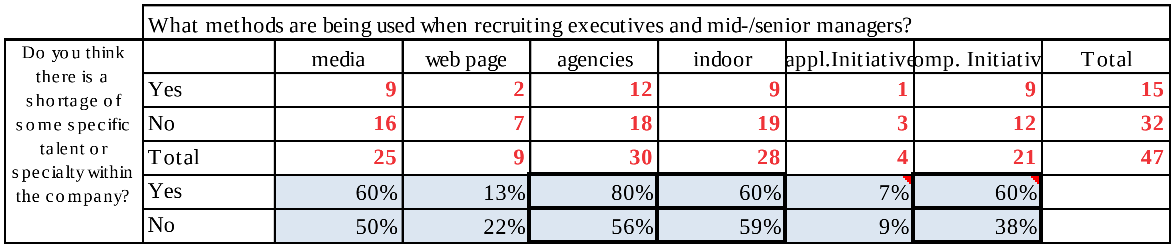
Crosstab 1.



		What methods are being used when recruiting executives and mid-/senior managers?						
		media	web page	agencies	indoor	ppl. Initiative	omp. Initiativ	Total
How much time do you think is spent on assessment on mid-senior managers' performances ?	r&v much	3	1	6	4	1	3	8
	medium	17	7	19	16	1	12	28
	r&v little	5	1	5	8	2	6	11
	Total	25	9	30	28	4	21	47
	r&v much	37,5%	12,5%	75,0%	50,0%	12,5%	37,5%	
	medium	60,7%	25,0%	67,9%	57,1%	3,6%	42,9%	
	r&v little	45,5%	9,1%	45,5%	72,7%	18,2%	54,5%	

Table 17: Crosstab 1

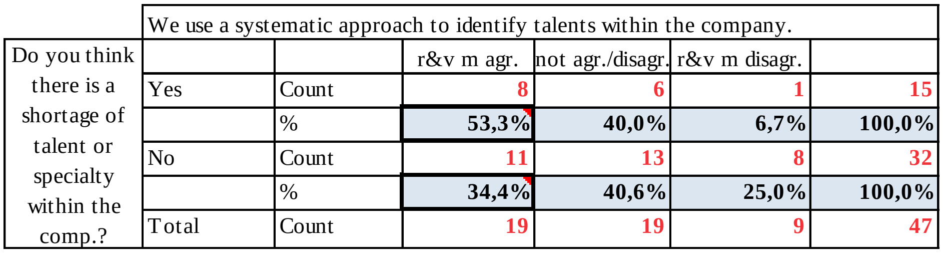
Crosstab 2.



		What methods are being used when recruiting executives and mid-/senior managers?						
Do you think there is a shortage of some specific talent or specialty within the company?		media	web page	agencies	indoor	appl.Initiative	omp. Initiativ	Total
	Yes	9	2	12	9	1	9	15
	No	16	7	18	19	3	12	32
	Total	25	9	30	28	4	21	47
	Yes	60%	13%	80%	60%	7%	60%	
	No	50%	22%	56%	59%	9%	38%	

Table 18: Crosstab 2

Crosstab 3.



		We use a systematic approach to identify talents within the company.			
Do you think there is a shortage of talent or specialty within the comp.?			r&v m agr.	not agr./disagr.	r&v m disagr.	
	Yes	Count	8	6	1	15
		%	**53,3%**	**40,0%**	**6,7%**	**100,0%**
	No	Count	11	13	8	32
		%	**34,4%**	**40,6%**	**25,0%**	**100,0%**
	Total	Count	19	19	9	47

Table 19: Crosstab 3

Crosstab 4.

			How much time do you think is spent on subject concerning training and developm.?			
Executives take systematic actions when employees do not perform/succeed as expected.			r&v much	medium	r&v little	
	r&v m agree	Count	11	18	4	33
		%	33,3%	54,5%	12,1%	100,0%
	not agr./disag	Count	5	2	2	9
		%	55,6%	22,2%	22,2%	100,0%
	r&v m disagr.	Count	3	2	0	5
		%	60,0%	40,0%	0,0%	100,0%
	Total	Count	19	22	6	47

Table 20: Crosstab 4

Crosstab 5.

			Assessment procedures are regularly conducted on if mid-/senior managers are successfully executing the company´s strategy.			
Executives take systematic actions when employees do not perform/succeed as expected.			r&v m agree	not agr./disag.	r&v m disagr.	
	r&v m agree	Count	20	7	6	33
		%	60,6%	21,2%	18,2%	100,0%
	not agr./disag.	Count	1	4	4	9
		%	11,1%	44,4%	44,4%	100,0%
	r&v m disagr.	Count	2	0	3	5
		%	40,0%	0,0%	60,0%	100,0%
	Total	Count	23	11	13	47

Table 21: Crosstab 5

Crosstab 6.

			How good/poor do you think the flow of information is between executives and HR?			
Does the human resource manager have a seat at the table with the board of			r&v good	not good/poor	r&v poor	
	Yes	Count	24	1	0	25
		%	96,0%	4,0%	0,0%	100,0%
	No	Count	11	9	2	22
		%	50,0%	40,9%	9,1%	100,0%
	Total	Count	35	10	2	47

Table 22: Crosstab 6

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