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'Exploring Talent Management through Competency-based Profiling Model for More Effective Training and Development Planning' – Case Herman IT

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| <p>Human resource management is a pivotal part in driving a company to success. This stands true for all companies in every industry including the currently booming technology industry. Herman IT - a Kajaani-based technology company - is planning to establish its own human resource management (HRM) department and is in need of a competency-based talent management model as a guideline for its HRM. The purpose of this research is to explore Herman IT's current talent management and compare it to a competency-based talent management model, thus drawing out suggestions for Herman IT's problems based on the comparison.</p> <p>The theoretical background of this research includes the definitions of human resource management, talent management and competency. This research also uses Google as a benchmark case study to build up the competency-based talent management model.</p> <p>The quantitative research method is adopted in this research. The analysis of findings collected from close-ended survey provides information about Herman IT's current talent management situation as well as its current problems with talent management. The analysis also represents the opinion of a part of Herman IT's employees on how they want the talent management to be, thus giving some ideas for solving Herman IT's talent management problems.</p> | |
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PREFACE

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1 INTRODUCTION

1.1 BACKGROUND AND PROBLEM STATEMENT

In recent years there has been a growing demand for data centers as the technology industry blooms, especially in Finland because the country is considered an ideal place for data centers. Herman IT, a technology company based in Kajaani, Finland, uses the advantages that Finland has to offer, positioning itself as a data center services provider. The company is undergoing an organizational restructure, changing its business divisions during 3 coming years. The employees of Herman IT, therefore, need to acquire a new set of competencies, skills and a new mindset to harmonize with this organizational change.

Plus to better understand and manage its human resource, Herman IT is planning to establish its human resource department in the coming year, with the intention of implementing competency-based human resource management model into its system. Thus, Herman IT needs a competency-based talent management model as a guideline for the company to offer its employees proper training to support them both in personal growth and career advancement.

1.2 RESEARCH OBJECTIVE AND QUESTIONS

Based on the organizational needs of Herman IT regarding competency-based talent management, and since talent management is all about profiling talents, retaining talents and developing talents, the objective of this research is to find out Herman IT's current talent management situation, what Herman IT is doing regarding those three aspects and what Herman IT employees' expectation of those three aspects. The objective of this research is fulfilled by answering the following three questions:

RQ1: How does Herman IT profile its talents and how can they be improved?

RQ2: How does Herman IT retain its talents and how can they be improved?

RQ3: How does Herman IT develop its talents and how can they be improved?

1.3 SCOPE OF THE STUDY

Since the study revolves around Herman IT talent management from the board of management point of view, Herman IT employees, excluding CEO and chief managers, are considered the main target of this study. The main goal is to find out from the employees' point of view how Herman IT profiles, retains and develops its employees and how the employees expect themselves to be profiled, retained and developed. From there, the current situation and the expectation are compared to find out any gaps between these two, thus drawing

suggestions for Herman IT to close the gaps based on talent management theoretical framework.

1.4 STRUCTURE OF THE STUDY

Chapter 2 provides background information of this research, including background of the industry, the background of Herman IT, the statement of problem, the purpose of this study, the objectives of this study and the limitations of this study.

Chapter 3 discusses the theoretical background of this study, providing fundamental definitions and key concepts of Human Resource Management, Competency, Talent Management and the purpose of Talent Management.

Chapter 4 presents the specific case Herman IT, the comparison between Herman IT case and Google case, the talent management framework and finally breaks down the framework into three main parts: how to profile talents, how to retain talents and how to develop talents.

Chapter 5 briefly explains the research method, the conduction of the survey questions and the implementation of the work.

Chapter 6 discusses the survey results, findings from those results and analysis of collected data, then brings research questions out to discussion, aiming at answering the 3 research questions.

Finally, chapter 7 delivers the conclusion of the research, presenting the outcome and the limitations of the research.

2 RESEARCH BACKGROUND

2.1 BACKGROUND OF THE INDUSTRY

As the technology industry grows in full bloom, the demand for data centers grows immensely with it. According to a report recently commissioned by Google called “Finland’s giant data center opportunity”, in Western Europe, 60 data centers are expected by 2020. And Finland alone has a promising future in this data center industry since the country has a lot of advantages being an ideal place for data centers. These advantages are good internet connectivity, reliable and affordable energy supplies, suitable environment conditions, plentiful natural resources and stable regulation. (Nissilä, Eho, & Kokkonen, 2011, pp. 4-6)

There are currently several investments to Finland coming from global technology companies, namely Google, Microsoft, Yandex for data centers. (Nissilä, Eho, & Kokkonen, 2011). These investments are valued at an impressive €1,3bn and it is estimated that “foreign data-centre investments could generate up to 50,000 years of employment in Finland and a total economic impact of up to €11bn within the next decade” (Haaramo, 2015).

Particularly, Kajaani is aiming to become a major hub for the fast growing data center industry in Finland by attracting many more data centers and providing the most comprehensive training program that according to its Project Director Hannu Tikkanen “does not exist anywhere else in Europe” (Pioneering data centre training programme starts in Finland, 2014). This is also the city that Herman IT is based at.

2.2 BACKGROUND OF HERMAN IT

Herman IT Oy was established in 2011. It is a technology company owned by KPO (Kainuun Puhelinosuuskunta Co-operative) Group. The company has around 40 employees and currently positions itself as a solution and service provider in the area of data center services and other ancillary products and services surrounding this core business. In December 2014, Herman IT merged with its sister company, Ebsolut Oy, a Kajaani based software developing company founded in 2000. Ebsolut Oy’s businesses are designing and developing information systems as well as offering subcontracting services in this sphere. The aim of this merger is to pave the way for Herman IT to become a major data center and cloud service provider in Finland. With the slogan “Stable- Secure – In Finland”, Herman IT promises to bring their customer the most reliable, cost efficient services provided by this Finnish company. (Ruey, 2015)

After the merge, Herman IT has re-organized its business into three main business areas: (Ruey, 2015)

- Colocation: using a former UPM paper mill site in Renfosin Ranta and two different data center spaces totaling 350 meter square and the power grid (about 1 mega-watts) which has proven their reliability by many decades serving in the intensive industry, Herman IT is capable of providing high-availability data center and colocation solutions. Herman IT targets to expand the power grids up to 5 mega-watts to be in the top-five in the data center services industry in Finland in 2018.

- Capacity: partnering with IBM, Herman IT uses IDM Spektri to provide cost-effective and reliable technology services. Herman IT offers domestic IT outsourcing and data center services based on its existing data centers, including server environments, virtual environments, capacity services and storage services.
- Concepts: Herman IT provides tailor services based on customer needs, comprising of web solution and software development services, Office 365 from Microsoft's global cloud and web conferencing solutions basing on the Finnish innovation, available in mobile devices and computers.

This is Herman IT's organizational chart. (Figure 1 – Herman IT's organizational chart)

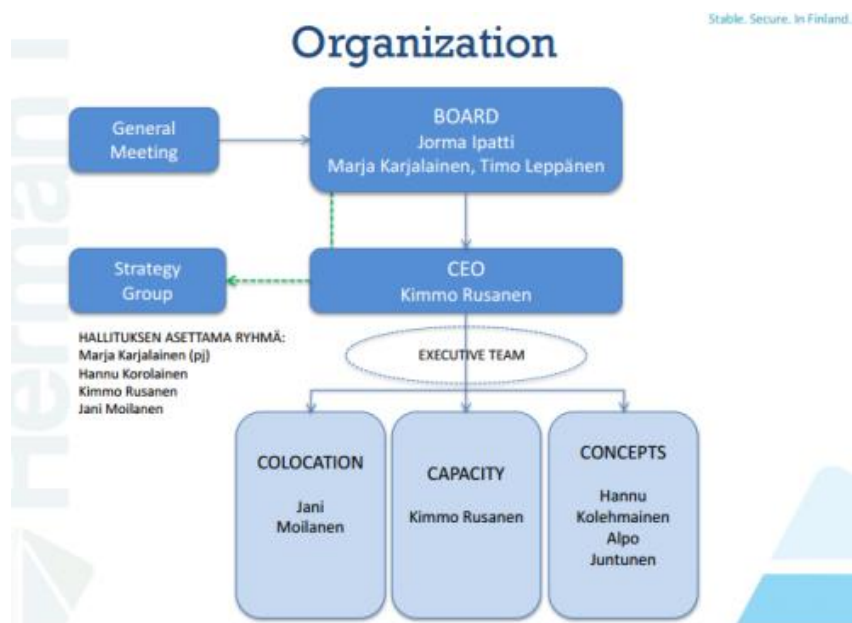


Figure 1 - Herman IT's organizational chart

After the merger, Herman IT's staff is located as follow. (Figure 2 – Employees organization after the merger)

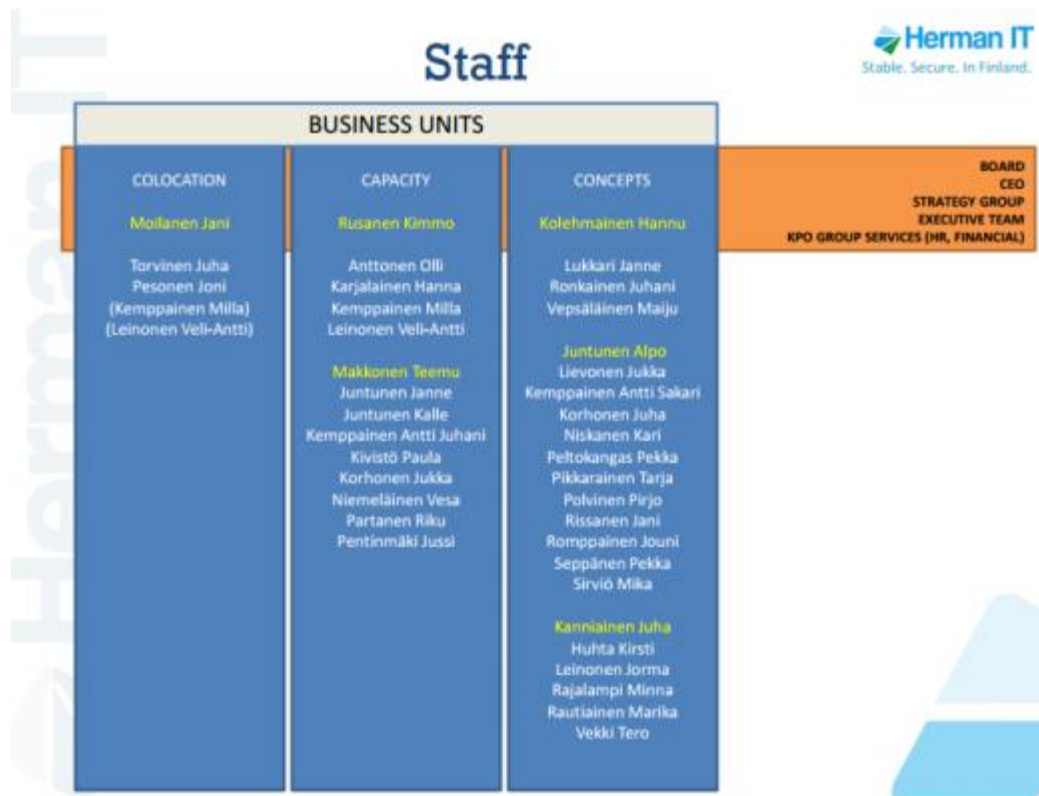


Figure 2 - Employees organization after the merger

After the merger, most of the staff from Ebsolut Oy was placed in Concept Business Division. A few have been re-trained and placed in the Capacity Division. Herman IT's future plan is to consolidate the sales team across the three divisions to draw more synergies across the businesses and to explore the possibility to mobilize people between the capacity and concept teams. (Ruey, 2015)

In the next three years, Herman IT is planning to enlarge its colocation business, aiming at a threefold growth in this division and a twofold growth in the capacity division. The company expects a modest growth in the concept division in view that the main objective for this business area is to help people develop new competencies and skills needed to support the growth in other business areas. (Ruey, 2015)

2.3 STATEMENT OF PROBLEM

Herman IT is in an ongoing restructure of its organization. The company is changing how its business divisions operate in the course of 3 years, focusing on colocation division instead of equally distributing human and capital resources to all three divisions. Therefore its employees, to move along with this wave of changes, need a new set of competencies and skills, as well as a new mindset.

Herman IT has also planned to implement the competency-based Human Resource Management (HRM) model to facilitate this transition, therefore management of Herman IT needs a tool to profile their talents so that they can offer appropriate training, development programs to better support their employees' career aspirations and development. In addi-

tion, they also would like to cultivate stronger learning culture for the organization since they are operating in a rapidly changing environment.

2.4 PURPOSE OF STUDY

In Ruey Komulainen's Herman IT presentation (2015), a question about talent management was posed by the senior management of Herman IT. It went: "Who are their talents, where do they fit, what are their potentials and how to develop them to fit the strategic needs of the organization?". To answer such questions, a model is needed to define the steps, giving the company a clear guideline of where it is now and what to do next. It would help to evaluate Herman IT's employees, to find out about their potentials and their most suitable position in the company where they can perform at their best, thus serving the company's strategic benefits. However, how Herman IT is doing in the talent management challenge and what Herman IT can do to improve and overcome these challenges is unknown.

Thus in this thesis, the research questions are:

RQ1: How does Herman IT profile its talents and how can they be improved?

RQ2: How does Herman IT retain its talents and how can they be improved?

RQ3: How does Herman IT develop its talents and how can they be improved?

2.5 OBJECTIVES OF STUDY

This study aims to create a talent management process for Herman IT to profile its talents in a more systematic, structured manner to support more effective people development program using the competency based model and competency roadmap.

2.6 LIMITATIONS

It is obvious that the talent management model cannot be tested in real life since this is a real company and interference with the company's human operation is unadvisable. For this reason, the talent management model that the author has created here only serves as a hypothetical model that will be used to compare with HermanIT's current talent management situation, thus draw conclusion from the comparison.

3 THEORETICAL BACKGROUND

This study is about building a talent management process using competency-based human management principles for Herman IT. Therefore theories and definitions of competency and talent management should be reviewed and discussed in this section to explain what a competency-based talent management model is. Moreover, as talent management is a part of human resource management, the definition of human resource management should be studied as well to understand the bigger picture and the role of talent management in the human resource managing process.

3.1 HUMAN RESOURCE MANAGEMENT AND HUMAN CAPITAL

First we take a look at the definition of human resource management. Human resource management practices concern with all the aspects of how employees are employed and managed in an organization. According to Amstrong, HRM is a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organization (Amstrong, 2009, p. 4). The purpose of HRM is to ensure an organization's success through people by making the best use of available resources to increase organizational effectiveness and capability to achieve its goals. (

Figure 3 – The HRM system demonstrates the human resource management system. As illustrated, “an HRM system brings together HR philosophies that describe the overarching values and guiding principles adopted in managing people, HR strategies that define the direction in which HRM intends to go, HR policies that provide guidelines defining how these values, principles and the strategies should be applied and implemented in specific areas of HRM, HR processes that comprise the formal procedures and methods used to put HR strategic plans and policies into effect, linked HR practices that consist of the approach using in managing people, and HR programmes that enable HR strategies, policies and practices to be implemented according to plan” (Amstrong, 2009, pp. 11-12). As we can also see from Figure 3, talent management is a part of the human resource management system.

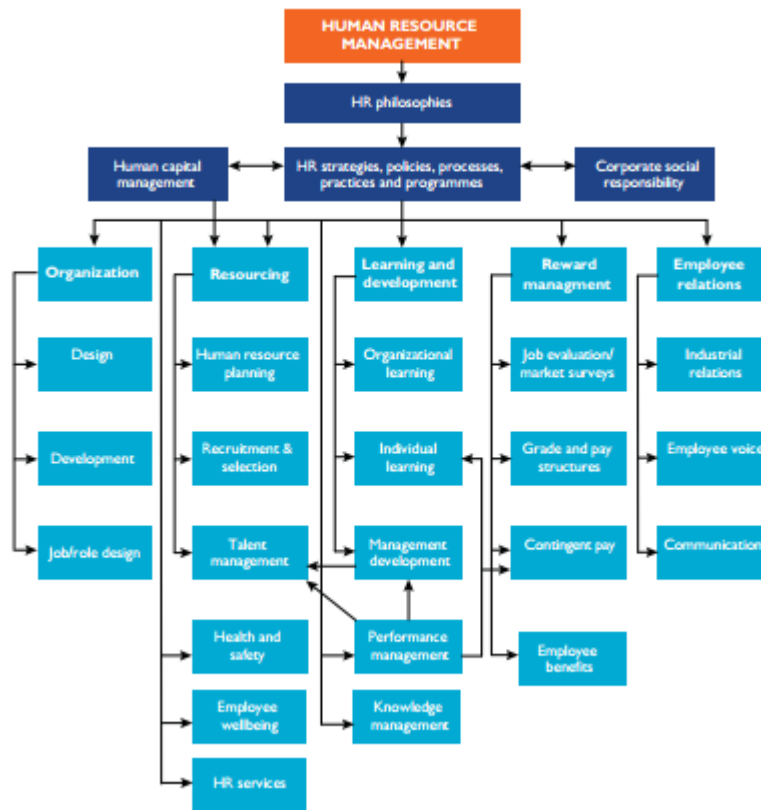


Figure 3 - The HRM system (Amstrong, 2009, p. 12)

There are two kinds of contextual factors that influence human resource policies and practices. They are external and internal environments of the organization. External environment comprises of social, political, legal, economic developments and competitive pressure, which are aspects that the organization is unable control over but can only predict and set up human resource policies and practices accordingly. Internal environment includes type of organization, size of organization, maturity, technology, key activities, type of people employed and organization's culture. An organization is able to control these factors and build its human resource policies and practices based on the characteristics of that organization (Amstrong, 2009, p. 18).

Human capital is also an important part of human resource management. According to Claudia Goldin, human capital is the stock of skills that the labor force possesses and it encompasses the notion that there are investments in people and that these investments increase an individual's productivity (Goldin, 2014). In Lectures in Labor Economics, Acemoglu and Autor mentioned Becker's view on human capital. Human capital is considered directly useful in the production process. Becker thinks human capital increases a worker's productivity in all tasks, though possibly different in various tasks, organizations or situations. So human capital concerns the skills, the knowledge, the productivity of the labor force while human resource management focuses on every aspects of the labor force. By focusing on human capital, an organization focuses on increasing the productivity of its employees. When an individual's productivity increases, the whole company's productivity will increase as a result, thus increasing the company's profits. Therefore investing in human capital will create an edge for the company to compete with its rivals.

3.2 COMPETENCY

Secondly, to fully understand what competency-based talent management is, the definition of competency needs to be addressed. There are several definitions of competency. Mansfield (1999) put it as “an underlying characteristic of a person that results in effective or superior performance” while Rankin (2004) suggested that competency is the definition of skills and behaviors that organizations expect their staff to practice in their work. Another definition of competency from Lucia and Lesinger was “a descriptive tool that identifies the skills, knowledge, personal characteristics and behaviors needed to effectively perform a role in the organization and help the business meet its strategic objectives (Lucia & Lesinger, *The Art and Science of Competency Models: Pinpointing critical success factors in an organization*, 2002, p. 5) These definitions above might differ in words but they all hold the same notion which is about performance and ability of employees within an organization. It is important that the organization determines what competencies are needed from its employees and crucial for the organization to succeed in achieving its goals. These determined competencies are called core competency, according to Berger (2004).

There are two types of competencies: behavioral competencies and technical competencies. Behavioral competencies are known as “soft skills”, representing type of behavior required to deliver results under such headings as social skills, team working, communication, leadership and decision making. Technical competencies are known as “hard skills”, referring to technical knowledge that an employee should possess to perform the job effectively. Each job requires a different set of technical competencies. Both types of competencies are critical to the performance of employees within an organization. Without one type of competency, it is hard for an employee to deliver successful results in his or her job. (Amstrong, 2009).

3.3 TALENT MANAGEMENT AND THE PURPOSE OF TALENT MANAGEMENT

Last but not least, to completely understand the term “competency-based talent management”, definition of talent management should be examined. In an article called “The art and science of talent management”, Mucha defined talent management as “a constant challenge to have the right people matched to the right jobs at the right time and doing the right things” (Mucha, 2004). Indeed, everyone has his or her own strengths and weaknesses and will thrive the best when put in positions where his or her strengths can be amplified. Meanwhile in Amstrong’s handbook, talent management is systematically defined as the process of identifying, developing, recruiting, retaining and deploying talented people (Amstrong, 2009, p. 580).

People are the most valuable asset a company can have. In order to have a successful business, a company needs to focus on managing and developing its human resource. This point was made in the previous part where human capital was discussed. To maximize the performance of an organization, it is advisable that the organization must try to maximize the performance of its work force as a whole. And to maximize the performance of an individual, that individual should be put in a position where he or she can showcase his or her strengths, the competencies that he or she possesses to perform the job. However, since resources in an organization are limited, distributing resources equally to all employees might

not bring the best results, while likely wasting some part of the resources for no returns. It is sensible to channel the resources to those who deserve them. Those who have the competencies to do their job within or even beyond expectations are called talents. Those are the people that will add real value to the company and bring the company to success. Therefore to manage those talents, the talent management process including identifying, profiling, developing them, is pivotal.

4 CASE: HERMAN IT

4.1 GOOGLE AND HERMAN IT

Google is a good example for talent management. Google runs a successful business with a lot of exciting projects going on, carried out by its talented teams and the company is able to keep those talented people to work dedicatedly for it. The two companies' core business is about technology. Google even purchased an abandoned 60-year old paper mill in Eastern Finland in 2009 and has invested €800 million transforming it into one of the most modern data center in the world (Nissilä, Eho, & Kokkonen, 2011). However there are some noticeable differences between Google and Herman IT.

First, Google provides search services, ad services, information resulted in those search queries to businesses that need them. Herman IT provides colocation (physical space for data center), capacity (virtual space for data in data center) and concept (customized solutions for data center and capacity management related needs). However as mentioned above, Google runs a data center in Eastern Finland and this division resonates with Herman IT's core business.

Second, the two companies' human resource structures are also different. Google is a multinational company, culturally diverse with 45000 employees. Herman IT is a domestic company with 40-50 employees. It should be very difficult for Google to manage all those talents, but Google can do it, very successfully. So it should be feasible for Herman IT with its current scale. And Google, during its establishment and growing process, was once a small domestic company with only 40-50 employees. Surely there is something to learn from Google that can be adapted to Herman IT.

Another difference is that Google's recruiting process is remarkably harsh. Google has this LAX interview where an interviewee would have to spend an entire day with the interviewer at LAX airport and the one that passes the test is the one that does not make the interviewer get bored during the long dreadful interview. In the process of recruiting, its motto is that Google would rather not hire the person that they should have hired rather than hiring the person they shouldn't have. While Herman IT's recruiting process is unknown, and we can only work on the existing human resource that Herman IT currently has.

Despite all the above differences, the similarity in the two companies' nature of industry, human capital resources, which is both companies' employees are mainly engineers, and the reason as mentioned above, Google was once a start-up in Silicon Valley, demonstrate that there are surely something to learn here. It is extremely challenging to provide the exact talent management model that Google is using so the author's ambition is to build her own model and use Google as a case study, pick up the bits and useful tips that Google uses that can be applied to Herman IT and incorporate them into her model.

4.2 TALENT MANAGEMENT FRAMEWORK

Below is the talent management framework. The competency-base talent management model is emphasized in the red area of the framework. It includes 3 main steps: profiling talents, retaining talents and developing talents. The last feedback step is added to examine if there is any gap in the process. (Figure 4 – Talent management framework)

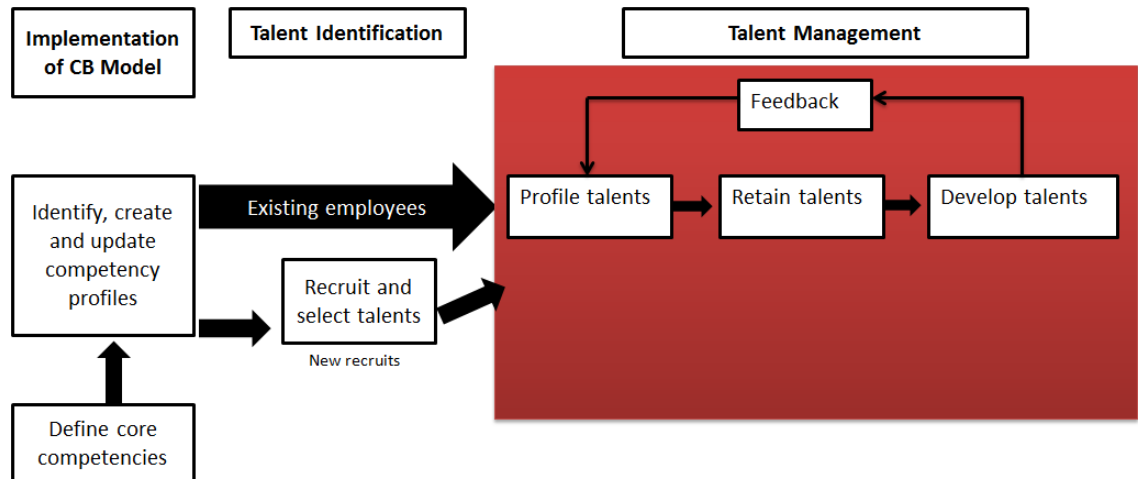


Figure 4 - Talent management framework (source: author)

4.3 BREAKING DOWN THE FRAMEWORK

4.3.1 How to profile talents

Herman IT has approximately 40 employees. The company needs to know more about its employees, who they are, what their strengths are, what their weaknesses are, what they want to improve, who are excellent at what task, who wants to improve and who doesn't, how to profile those 40 employees and categorize them into groups

In an organization, employees are at various levels of competency. Some excel at their jobs, some do just enough to complete their tasks and some perform terribly below par. The cornerstone to an organization's growth is the identification of those who excel, also known as high-potential talent. Having a strong pipeline of high-potential talent is vital to organizations because it builds an organization's competitive advantage for the future (Snipes, 2005). In the report named "Identifying High-Potential Talent in the Workplace", Kip Kelly (2013) pointed out the characteristics of a high-potential employee. A "high-potential employee" is

an employee who has been identified as having the potential, ability, and aspiration for successive leadership positions within the company (Bersin by Deloitte staff). Once identified, they are often singled out for focused developmental opportunities designed to prepare them for future leadership positions (Kelly, 2013). In an article on Harvard Business Review called “Are you high-potential?”, authors Douglas A. Ready, Jay A. Conger and Linda Hill identified four “X” factors that are common among high-potential employees, including a drive to excel, a catalytic learning ability (the ability to scan for new ideas, the cognitive capacity to absorb them and translate them into productive action), an enterprising spirit and dynamic sensors (the ability to read the situation, skirt risks and make the right decisions) (Ready, Conger, & Hill, 2010).

In the book named “How Google Works”, authors Eric Schmidt (Google ex-CEO) and Jonathan Rosenberg (Google ex-Senior Vice President of Product) contrasted traditional knowledge workers with the engineers or other talent people that work at Google (who they call “smart creatives”). Traditional knowledge workers were described as “the ones who thrive in the straitjacketed world of corporate process, by building deep expertise in a narrow set of skills” whereas smart creatives were described as “not confined to specific tasks, not limited in their access to the company’s information and computing power, not averse to taking risks nor punished or held back in any way when those risky initiatives fail, nor hemmed in by role definitions or organizational structures; in fact, they are encouraged to exercise their own ideas, they are multidimensional, usually combining technical depth with business savvy and creative flair” (Schmidt & Rosenberg, 2014).

In the Talent Management handbook, author Lance A. Berger introduced 4 steps to creating a talent management system (Berger, 2004) (Figure 5 – 4 steps to creating a talent management system)

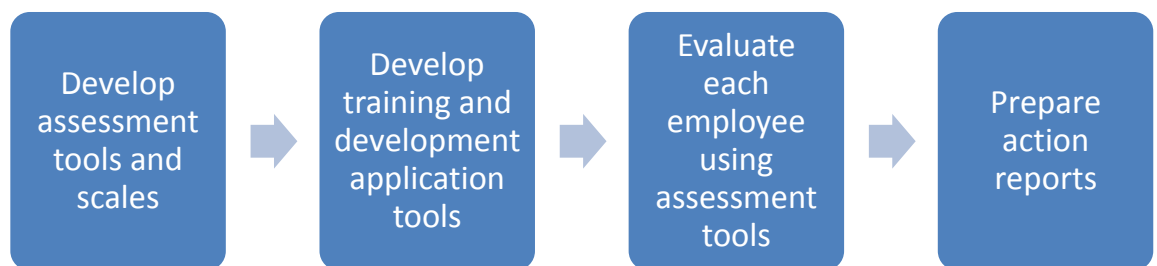


Figure 5 - 4 steps to creating a talent management system (Berger, 2004)

In order to profile talents, having a set of assessment tools to evaluate the employees upon is vital. Seeing fitted to supporting the author’s first step-“profiling talents”, step 1 – “develop assessment tools and scales” and step 3 – “evaluate each employee using assessment tools” from author Lance A. Berger will be incorporated as the preparing steps for “profil-

ing talents” process. Meanwhile, step 2 – “develop training and development application tools” and step 4 – “prepare action reports” will be fitted in as the preparing steps for “developing talents” process, which will be presented later. Likewise, step 2 and step 4 will be explained more clearly in the “developing talents” part.

Step 1: Develop assessment tools and scales

Assessing employees is an indispensable step in talent management process. By assessing employees’ competence and proficiency, an organization gets to know more about its employees, their ability, their strengths and weaknesses, their compatibility to their current positions within the organization. In order to do that, assessment tools and scales are needed and that is why step 1: develop assessment tools and scales is crucial.

Berger suggested 4 sub-steps in developing assessment tools and scales, which are presented as follow:

- a) Develop competency definitions and measurement scales.

The development of an organizational talent management plan necessitates each employee’s assessment based on a framework of accepted definitions and measures of competency performance and potential (Berger, 2004, p. 23).

Competency definitions need to be clear, actionable, concise and measureable so that the management of an organization can use them to act on recruitment and assessment strategy.

Example of competency definitions: (Figure 6 – Sample core competencies)

| Competency | Competency Definition |
|---------------------------|--|
| Action Orientation | Targets and achieves results, overcomes obstacles, accepts responsibility, establishes standards and responsibilities, creates a results-oriented environment, and follows through on actions. |
| Communication | Communicates well both verbally and in writing. Effectively conveys and shares information and ideas with others. Listens carefully and understands various viewpoints. Presents ideas clearly and concisely and understands relevant detail in presented information. |
| Creativity/ Innovation | Generates novel ideas and develops or improves existing and new systems that challenge the status quo, takes risks, and encourages innovation. |
| Critical Judgment | Possesses the ability to define issues and focus on achieving workable solutions. Consistently does the right thing by performing with reliability. |
| Customer Orientation | Listens to customers, builds customer confidence, increases customer satisfaction, ensures commitments are met, sets appropriate customer expectations, and responds to customer needs. |
| Interpersonal Skill | Effectively and productively engages with others and establishes trust, credibility, and confidence with others. |

Figure 6 - Sample core competencies (Berger, 2004, p. 24)

Example of measurement scale: (Figure 7 – Sample measurement scale for the communication competency)

| Definition of "Communication": Communicates well both verbally and in writing. Effectively conveys ideas and shares information and ideas with others. Listens carefully and understands the details of difficult points of view. Presents ideas clearly and concisely. | | | | | |
|---|--|---|--|---|--|
| 1 | 2 | 3 | 4 | 5 | 5 |
| Clearly and appropriately expresses his/her desires and needs. | Understands the importance of and demonstrates good oral, listening, and writing skills. | Adapts communications to audience requirements to optimize understanding. | Actively presents information and ideas to all appropriate levels and leads others to do the same. | Promotes open expression of ideas and encourages communication without retribution. | Is recognized as one who effectively clarifies and communicates key/strategic information. |

Figure 7 - Sample measurement scale for the communication competency (Berger, 2004, p. 24)

(The worksheets can be downloaded from the McGraw-Hill website at www.books.mcgraw-hill.com/training/download and can be edited as well.)

- b) Establish a performance appraisal definition and measurement scale.
According to Berger, "a performance appraisal is a measurement of actual results achieved within those areas where the employee is held accountable and/or the competencies deemed critical to job and organization success".
- c) Establish a "talent potential forecast" definition and measurement scale.
"A potential forecast is a prediction of how many levels (organization/job) an employee can reach within the organization based on his/her past/current performance appraisals, training and development needs, career preferences, and actual and projected competency levels" (Berger, 2004) (Figure 8,9 – Performance appraisal and "potential forecast" worksheet)

| Employee _____ | Assessor _____ | Date _____ |
|--|----------------|------------|
| <p>Competencies Assess the employee in each competency area defined below on the following basis: greatly exceeds expectations (5), exceeds expectations (4), meets expectations (3), below expectations (2), greatly below expectations (1). On the companion sheet, describe behaviors and skills that are strengths and/or developmental needs associated with the competencies listed below when assessments exceed and greatly exceed or are below and greatly below expectations.</p> | | |
| <p>Action Orientation Targets and achieves results, overcomes obstacles, accepts responsibility, establishes standards and responsibilities, creates a results-oriented environment, and follows through on actions. Assessment: _____ Potential: _____</p> | | |
| <p>Communications Communicates well both verbally and in writing. Effectively conveys and shares information and ideas with others. Listens carefully and understands various viewpoints. Presents ideas clearly and concisely and understands relevant detail in presented information. Assessment: _____ Potential: _____</p> | | |
| <p>Creativity/Innovation Generates novel ideas and develops or improves existing and new systems that challenge the status quo, takes risks, and encourages innovation. Assessment: _____ Potential: _____</p> | | |
| <p>Critical Judgment Possesses the ability to define issues and focus on achieving workable solutions. Consistently does the right thing by performing with reliability. Assessment: _____ Potential: _____</p> | | |
| <p>Customer Orientation Listens to customers, builds customer confidence, increases customer satisfaction, ensures commitments are met, sets appropriate customer expectations, and responds to customer needs. Assessment: _____ Potential: _____</p> | | |
| <p>Interpersonal Skill Effectively and productively engages with others and establishes trust, credibility, and confidence with others. Assessment: _____ Potential: _____</p> | | |

Figure 8 - Performance appraisal and "potential forecast" worksheet (Berger, 2004, p. 26)

Leadership
 Motivates, empowers, inspires, collaborates with, and encourages others. Develops a culture where employees feel ownership in what they do and continually improve the business. Builds consensus when appropriate. Focuses team members on common goals.
 Assessment: _____ Potential: _____

Teamwork
 Knows when and how to attract, develop, reward, and utilize teams to optimize results. Acts to build trust, inspire enthusiasm, encourage others, and help resolve conflicts and develop consensus in creating high-performance teams.
 Assessment: _____ Potential: _____

Technical/Functional Expertise
 Demonstrates strong technical/functional proficiencies and knowledge in areas of expertise. Shows knowledge of company business and proficiency in the strategic and financial processes, including P&L planning processes and their implications for the company.
 Assessment: _____ Potential: _____

Summary
 Overall Performance (Competencies and Accomplishments) _____
 (greatly exceeds expectations, exceeds expectations, meets expectations, below expectations, greatly below expectations)

Overall Potential _____ (unlimited, promotable, lateral, marginal, none)

Next Position(s) Status Next Position (immediate, 0-12 months, beyond 12 months)
 1. _____
 2. _____

Replacement(s) for Incumbent Status Next Position (immediate, 0-12 months, beyond 12 months)
 1. _____
 2. _____

Additional Comments:

Figure 9 - Continued performance appraisal and “potential forecast” worksheet (Berger, 2004, p. 27)

- d) Apply the measurement scales to each job.
 Example of competency grid (describing the minimal competency level for each job) (Figure 10 – Sample competency grid)

| Competency | Position | | | | | | |
|--------------------------------|----------|----------|-------|---------|----------|-------|-------|
| | EVP | VP & CFO | VP HR | Dir R&D | Oper Mgt | Sales | Clerk |
| Action Orientation | 6 | 5 | 5 | 5 | 4 | 3 | 1 |
| Communications | 6 | 6 | 6 | 5 | 4 | 3 | 1 |
| Creativity/Innovation | 6 | 6 | 5 | 6 | 4 | 2 | 1 |
| Critical Judgment | 6 | 6 | 6 | 5 | 4 | 2 | 1 |
| Customer Orientation | 6 | 5 | 5 | 5 | 4 | 3 | 1 |
| Interpersonal Skill | 6 | 5 | 6 | 5 | 4 | 3 | 1 |
| Leadership | 6 | 6 | 5 | 5 | 4 | 2 | 1 |
| Teamwork | 6 | 6 | 6 | 5 | 4 | 2 | 1 |
| Technical/Functional Expertise | 6 | 6 | 6 | 5 | 4 | 3 | 1 |

Figure 10 - Sample competency grid (Berger, 2004, p. 25)

The author wants to reorder Berger’s steps, as she finds it would be better for step 3 to follow step 1, therefore right after finishing developing the assessment tools and scales, the author suggests to move on to assessing employees. After assessing each individual, total employees are divided into 4 groups:

- *Super keepers*: those who do their jobs extraordinarily beyond expectation.
- *Keepers*: those who do their job within or beyond expectation.
- *Solid citizens*: those who do their job within expectation or might need more improvement.
- *Misfits*: those who do their job below expectation.

Managers can set a standard for their own “expectation”, to be the basis to categorize talents into 4 groups above. The reason why there is no general standard here and it is suggested that managers should have their own standard is because expectation varies between different positions in different companies, under different managements, therefore each manager needs to clearly define his or her expectation over a certain job and the criteria for that job, and then can start evaluating and grouping talents from there.

The author’s purpose is to incorporate these 4 steps into her framework. The step 1 that Berger suggested provides a process to assess and profile talents, before categorizing them into the 4 groups. This is how it fits in the author’s framework: (Figure 11 – Incorporated framework part 1)

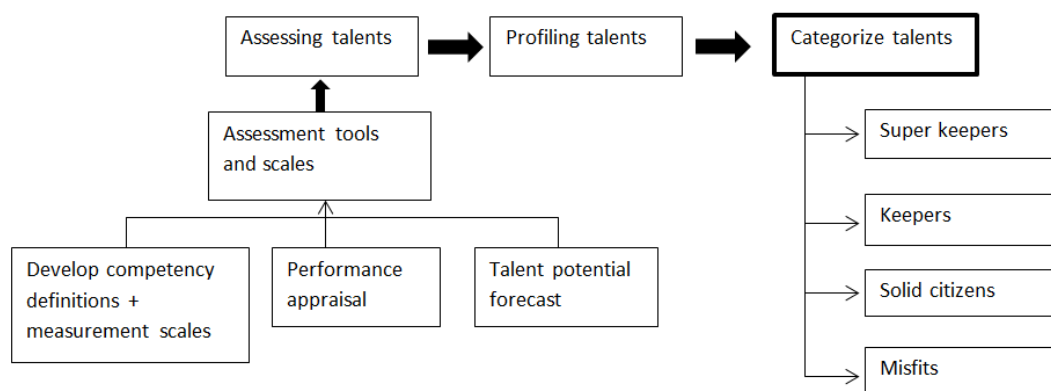


Figure 11 - Incorporated framework part 1 (source: author)

4.3.2 How to retain talents

After categorizing, organizations should find ways to retain superkeepers, keepers, solid citizens, and ways to eliminate misfits. Retaining superkeepers and keepers (equivalent to smart creative or high-potential employees) are remarkably important to an organization as they are the key forces that drive the organization to move forward. In an article called “The Paradox of High Potentials” on Harvard Business Review, author Ron Ashkenas stated that: “To retain high-potential employees, the conventional wisdom is deceptively simple: Identi-

fy, develop, and nurture them. By paying special attention to the very best people, they will stay with the firm and eventually emerge as key leaders.” (Ashkenas, 2012)
 Nonetheless, there can be some difficulties in retaining high-potential employees and gaining their loyalty for the company. One of the problems is that these employees “get bored easily and shift jobs a lot” (Schmidt & Rosenberg, 2014). Another problem being their big ego, more interest in their personal career and less loyalty to employers (Caye & Marten, 2007). A study carried out in 2010 by the Corporate Executive Board showed that “25 percent of employer-identified, high-potential employees plan to leave their current companies within the year, as compared to only 10 percent in 2006” (The Corporate Executive Board, 2010). The number of the current date is unknown, however there is no guarantee that it would be less than that of the year 2010.

Jean Martin and Conrad Schmidt even gave six mistakes that make keeping top talents go wrong in their article “How to keep your top talent” on Harvard Business Review, including: 1) assuming that high potentials are highly engaged, 2) equating current high performance with future potential, 3) delegating down the management of top talent, 4) shielding rising stars from early derailment, 5) expecting star employees to share the pain, and 6) failing to link your stars to your corporate strategy. The most relevant mistake is assuming that high potentials are highly engaged in an organization. They are not. The truth is that these talents set an incredibly high bar for their organizations in terms of employee welfare, recognition, stimulating work, compelling career paths and the chance to prosper. When the organization is struggling, the top talents would get disappointed quickly and would be in search for new employers and other opportunities because they are capable of doing so. (Martin & Schmidt, 2010)

This is what Schmidt and Rosenberg (2010) suggested in their book “How Google Works” that organizations can do to retain their talents:

- Give them more autonomy, more freedom
- Compensate generously
- Build company culture that employees will be proud of

Autonomy in workplace means that employees have more freedom to choose the right alignment of tools, policies, spaces, working methods, schedules, etc. to get their jobs done. That gives employees a sense of choice and the Gensler 2013 U.S Workplace survey stated that “Employers who provide a spectrum of choices for when and where to work are seen as more innovative and have higher-performing employees”. It has also found that employees with choice are more effective than employees without choice. (Figure 12 – employees with choices are more effective)

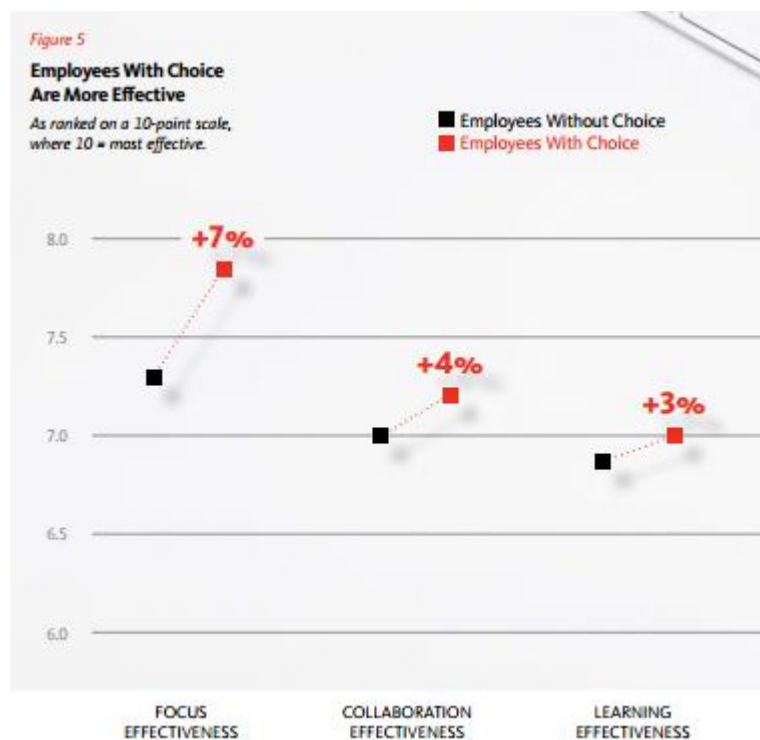


Figure 12: Employees with choice are more effective (Source: The Gensler 2013 U.S. Workplace Survey)

Dan Pink, in his Ted talk on the topic of “The puzzle of motivation” at Ted Global 2009, has stressed the importance of autonomy, of intrinsic motivation that is created when employees are given freedom to do what they want. He also gave example of Atlassian, an Australia software company, doing this “incredibly cool” thing. A few times a year they let their engineers to go work for anything they want that is not part of their regular job for 24 hours. And at the end of the day, they would present all of the stuffs that they have been working on to their teammates, to the rest of the company, in a friendly meeting. A lot of great stuffs were created during these 24 hours. At Google, engineers can spend 20% of their time working on anything they want. They have control over their task, their time, their team and their technique during that time. And the result is, half of Google’s new products in a typical year are birthed during that 20% time.

So we can all see autonomy in workplace would give employees more happiness, more motivation and lead to higher performance.

Being such a giant tech company, Google provides its employees with wonderful comforts, privileges and perks that make workers at most other companies have to envy. Such perks and privileges include gourmet meal 3 times a day, unlimited snacks, nap pods, treadmill desks, gyms, swimming pools, bikes around campus, on-site physicians and nurses, and health coverage for employees’ families. Employees at Google are even allowed to bring their dogs to office or to request to work anywhere for a change of mood. It is obvious that Herman IT is not capable of providing its employees with such luxurious perks. However, Herman IT still can do something for its employees in a smaller scale but with the same good intention that is to improve employees’ working condition, environment thus improving their performance at work and their loyalty to the company.

4.3.3 How to develop talents

After sorting out an organization's human resource and retaining talents who have the ability and potentials to grow in the organization, the next step is developing them.

Once an organization has assessed its future needs and roles, it is ready to identify and match individuals to the sweet spot, which describes a model that positions the best person in the best job for them (Mucha, 2004). A talent's sweet spot is a job that he or she does well, offers enjoyable work and involves work essential to the organization (Mucha, 2004). (Figure 13- Finding sweet spot)

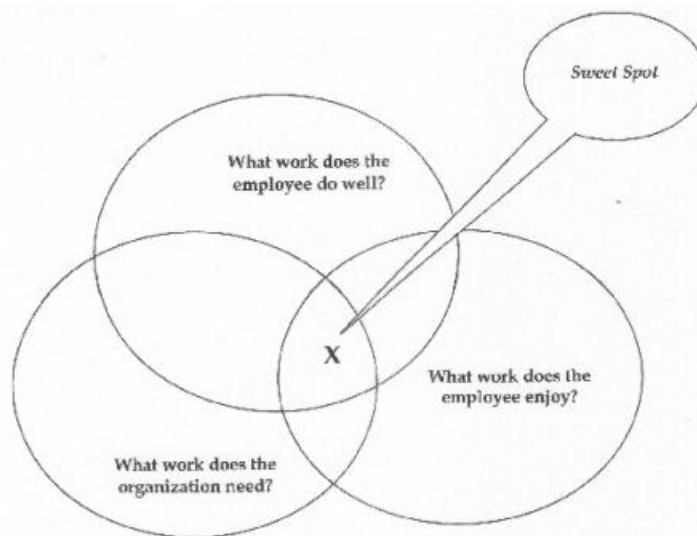


Figure 13 - Finding sweet spot (Mucha, 2004)

When all three are aligned, the organization benefits the most because when people are working in their sweet spot, they exhibit their best work and leadership.

An organization can identify its employees sweet spots based on assessment results, individual interview, observance and communication.

Finding out about talents' wish to improve certain competencies is no less important than finding their sweet spot. When an employee has an internal motivation to learn or improve a competency, that competency becomes much easier to acquire than forcing an employee to learn a new competency that he or she does not want.

An organization can also find its talents' wish for improving by individual interview and daily communication.

After investigating those two matters on its employees, an organization should assign tasks to talents that are really into or excellent at it, or to talents that want to challenge himself to learn new things.

Moreover, when assessing employee's profiles, pay attention to the employee's proficiency and organization's requirement. When there's a gap between organization requirement and employee's proficiency in a competency, a supervisor uses training and coaching to eliminate the gap (Berger, 2004, p. 27). As mentioned before, Berger's Step 2 and 4 in Berger's 4 steps are aimed for developing talents through training. Step 2 aims at preparation of the training and step 4 aims at taking action of the actual training.

Step 2: Develop training and development application tools

- a) Create a coaching guide to create an improvement program for individual employees
- b) Assemble a directory of the best training and development programs organized by competency.
- c) Create a directory of top books associated with each competency.

Example of coaching guide (Figure 14,15 – Sample training and development guide for the “communication” competency)

| |
|---|
| <p>Competency Definition</p> <p>To communicate well both verbally and in writing; to effectively convey ideas and share information and ideas with others; to listen carefully and to understand difficult points of view; to present ideas clearly and concisely; to understand relevant detail in presented information.</p> <p>Coaching Guide</p> <ul style="list-style-type: none"> • Clarify your expectations of individual achievement and your measurement criteria. • Document in writing employee achievements, shortcomings, or suggested areas for improvement and share with the employee. • Provide vehicles for others to voice their opinions. • Keep all communications clear and concise. • Adjust words/terminology to ensure audience understanding. • Ask clear questions using oral and/or other methods of communication. • Attend to communications received from others. • Follow up on ideas and continuously encourage idea generation without retribution. • Help others to sense urgency through daily updates via memos, e-mail, or other sources of communication. • Provide clear instructions or information to others orally or through other methods of communication. • Use appropriate nonverbal communication (eye contact, gestures, posture). • Seek opportunities to give speeches through community or service organizations. <p>Training</p> <p><i>Assertive Communication Skills for Professionals</i> (CareerTrack) audiocassettes and workbook</p> <p><i>Better Business Writing</i> by Carol Gelderman (Prentice Hall, 1990) audiocassette and workbook</p> <p><i>Communicating Non-Defensively</i> (CRM Learning) video with leader's guide and participant's workbook</p> <p><i>Giving and Receiving Feedback</i> (Crisp) self-study audio and book</p> |
|---|

Figure 14 - Sample training and development guide for the "communication" competency (Berger, 2004, p. 28)

Interpersonal Communication Skills (CareerTrack) CD-ROM
The 9 Deadliest Sins of Communication (CareerTrack) four audiocassettes
Power Talking Skills (CareerTrack, #50218 \$79.95) six audiocassettes, workbook, reference card
You're Not Communicating (Video Publishing House) video

Books
 Cormier, Robin A. *Error-Free Writing: A Lifetime Guide to Flawless Business Writing*. Prentice Hall, 1995.
 Daniels-Booher, Dianna. *Communicate with Confidence: How to Say It Right the First Time and Every Time*. McGraw-Hill, 1994.
 Decker, Bert. *The Art of Communicating: Achieving Interpersonal Impact in Business*. Crisp #COA409-X (revised edition).
 Dilenschneider, Robert L. *A Briefing for Leaders: Communication as the Ultimate Exercise of Power*. HarperBusiness, 1992.
 Kennedy, Grace, and Ida Ramirez. *Business and Management Communication: A Guide Book*. Prentice Hall, 1996.
 Linver, Sandy. *The Leader's Edge: How to Use Communication to Grow Your Business and Yourself*. Simon & Schuster, 1994.
 Olderman, Raymond M. *10 Minute Guide to Business Communication*. New York: Macmillan, 1997.
 Tannen, Deborah. *Talking from 9 to 5*. William Morrow & Co., 1994.
 Wilder, Claudyne. *The Presentations Kit*. John Wiley & Sons, Inc., 1994.

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Figure 15 - Continued sample training and development guide for the "communication" competency (Berger, 2004, p. 29)

Step 4: Prepare action plans

- a) Create a "bench strength" summary
- b) Create individual talent competency development forms

This is how step 2 and 4 fit in my model/framework (Figure 16 – Incorporated framework part 2)

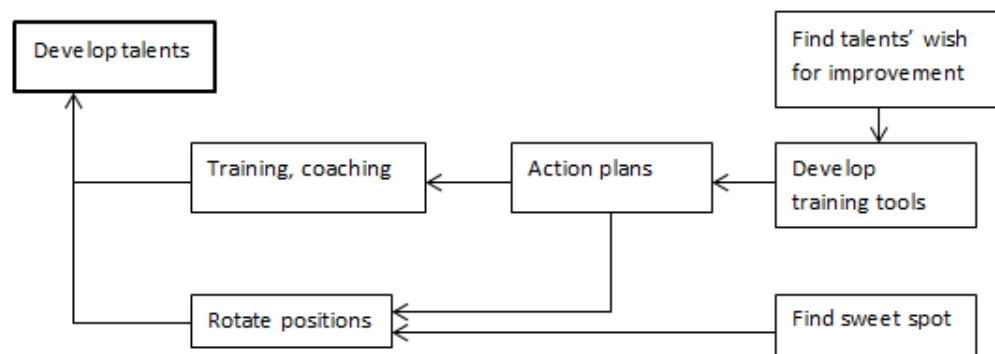


Figure 16 - Incorporated framework part 2 (source: author)

The last step is getting feedback from all employees about the whole talent management process, from assessing, evaluating, profiling, retaining to developing talents by giving talents assessment test to examine talent's progress, proficiency and satisfactory and organizing individual interview to gain more insights. After getting all the feedback, management of the organization should analyze them, examine what went well and what went wrong, alter and adapt accordingly then go back to the first step applying all those changes.

5 RESEARCH METHOD AND IMPLEMENTATION OF THE WORK

5.1 RESEARCH METHOD

The research aims at investigating how Herman IT is doing in the talent management process and suggesting ways for Herman IT to improve on the 3 steps of talent management: profiling talents, retaining talents and developing talents. The quantitative research method was chosen for this research under form of a survey. The advantage of using survey is that the content of a survey is logical and easy to analyze as clear answers and figures can be collected. It is also because a survey does not require physical attendance while takes little time to complete yet still provides significant amount of information, thus making it more reachable and less time consuming to all employees.

5.2 SAMPLE SELECTION AND QUESTIONS DEVELOPMENT

The survey is designed to examine how Herman IT employees feel about its current talent management system and how they expect it to be regarding many aspects of the profiling, retaining and developing talents processes. It includes of a set of double questions about several statements concerning profiling talents, retaining talents and developing talents aspects. The first question of a statement aims at finding out at what level that statement stands true in Herman IT, in other way, to examine the reality of the concerned aspect at Herman IT. The second question of the same statement aims at finding out Herman IT employees' expectation over the matter. The purpose of this is to figure out how well Herman IT has matched its employees' expectation at these matters, what Herman IT is doing good and what Herman IT needs to improve on. Besides the double questions, there are a few questions aiming at exploring possessed competencies and desired competencies of Herman IT employees. In general, this survey is aimed at gaining opinions from the staffs' perspectives, to examine whether there is a match or a mismatch between Herman IT's reality in talent management and its employees' expectation in talent management, and to help finding ways to bridge the mismatch if any. Since the survey revolves around Herman IT's talent management situation and employees' expectation, the target of the survey will be low and middle level Herman IT staffs.

5.3 RELIABILITY AND VALIDITY OF THE RESEARCH

In quantitative research, reliability refers to the consistency and repeatability of the research results, while validity refers to whether the right things have been researched and measured (Kananen, 2011). Since the sample size of this research is very small, with only 14 respondents out of 40-50 employees at Herman IT, which accounts for 35%, at best, and 28%, at worst, of the total employees, the reliability of this research is quite low. Concerning validity of the research results, validity can be assessed in many ways. Although the respondents of the survey exactly match the target group, due to small sample size, validity of this research program is also quite low.

6 FINDINGS AND DATA ANALYSIS

6.1 DATA ANALYSIS

6.1.1 Profiling talents

When asked to rate what extent that they agree to the statement “my organization knows what competencies I possess and what competencies I do not possess”, figure 17 shows that 9 out of 14 respondents agreed with this statement, 4 chose neutral and 1 disagreed with this statement. Meanwhile, according to figure 18, the expectation of employees about how well the organization should know about their competencies is remarkably high, 3 answered very important, 9 answered important and only 2 chose neutral. None of the respondents thinks it was less than that. These 2 graphs show that there is a small gap between expectation and reality within the company regarding understanding of employees’ competencies. (Figure 17 – Survey question 1’s result , Figure 18 – Survey question 2’s result)

To what extent do you agree to this statement: My organization knows what competencies I possess and what competencies I do not possess.

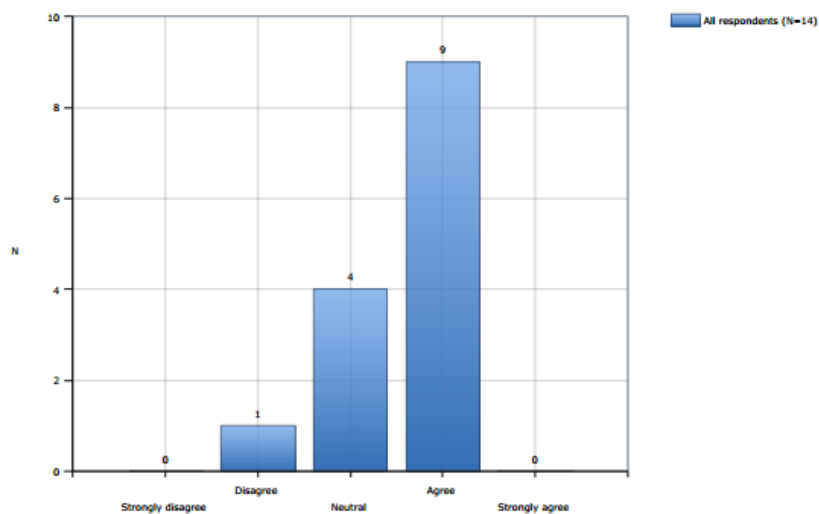


Figure 17 - Survey question 1's result (source: author)

How important do you think the above statement is?

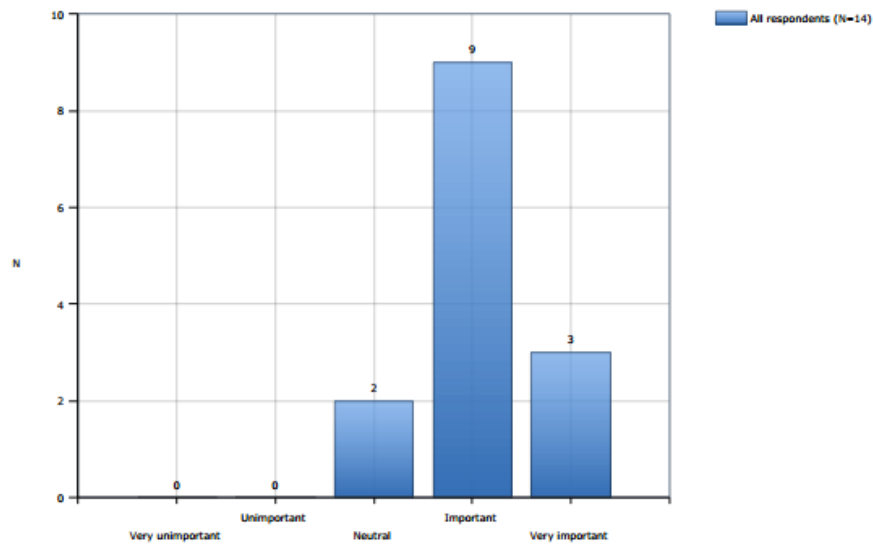


Figure 18 - Survey question 2's result (Source: author)

In figure 19, when asked about their opinion on the statement: “My organization allows me to work with jobs that enhance my competencies”, 11 respondents agreed, 1 chose neutral and 2 disagreed with this statement. Figure 20 shows the high expectation of respondents on the company allowing them to work with jobs that enhance their competencies. 10 out of 14 respondents answered important and 4 out of 14 respondents answered very important. These 2 graphs show that the company does allow their employees to work with jobs that enhance their competencies. However, 14% of the respondents did not feel the same way with the majority. (Figure 19 – Survey question 3's result, Figure 20 – Survey question 4's result)

To what extent do you agree to this statement: My organization allows me to work with jobs that enhance my competencies.

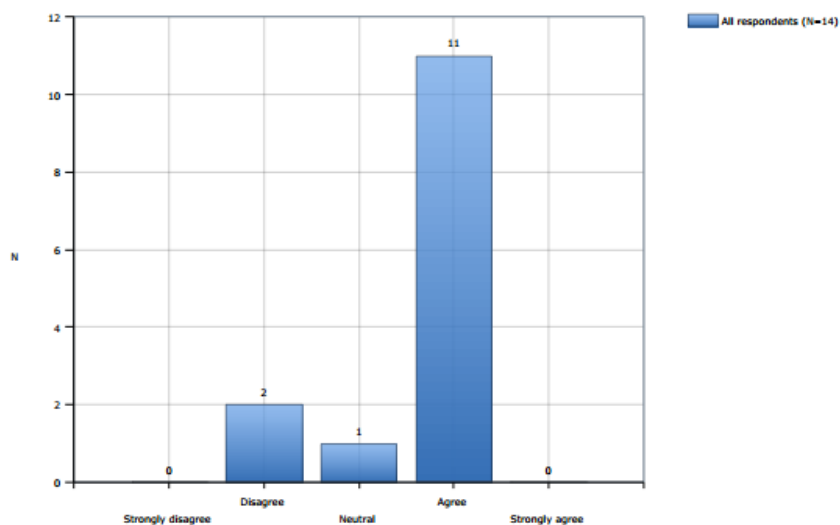


Figure 19 - Survey question 3's result (Source: author)

How important do you think the above statement is?

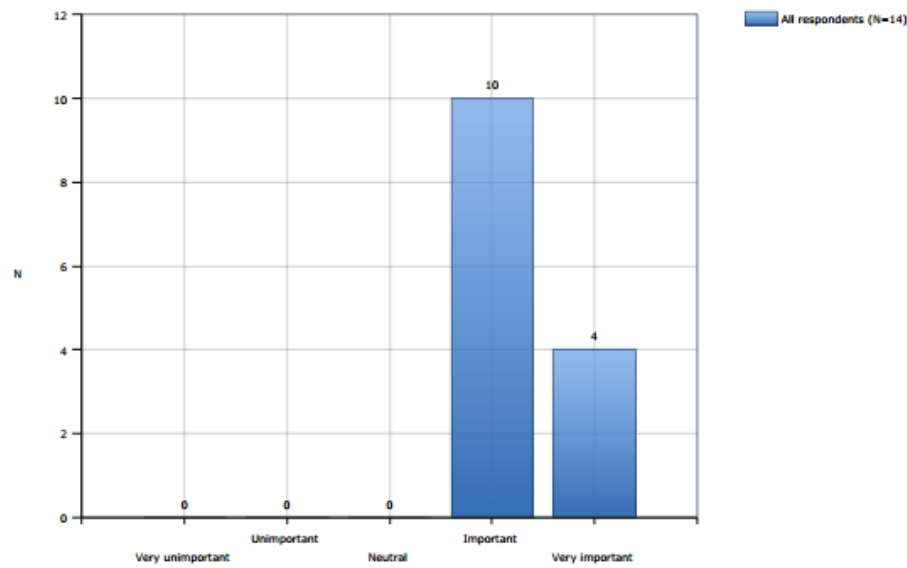


Figure 20 - Survey question 4's result (Source: author)

When asked about opinions on the statement “my current position allows me to showcase the best of my competencies”, 2 of all respondents strongly agreed, 6 of them agreed with this statement, 4 chose neutral and 2 disagreed with it. This statement is meant to examine if the employees are in the right position that enables them to work at their best abilities. This result shows that there are a few employees who are unsatisfied with their positions, and a few more employees who are neither satisfied nor unsatisfied. However, both groups need to be given more attention so that everyone would eventually work in their best fitted positions.

Half of the respondents voted that this matter is important, 28% of the respondents think that it is very important that their current position allows them to showcase their best competencies while 21% of the respondents chose to stand neutral in this matter. (Figure 21 – Survey question 15's result, Figure 22 – Survey question 16's result)

To what extent do you agree to this statement: My current position allows me to showcase the best of my competencies.

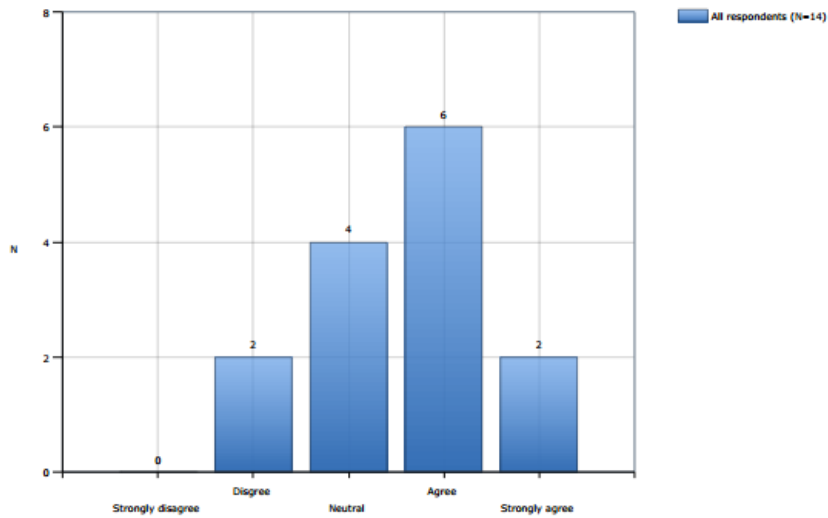


Figure 21 - Survey question 15's result (Source: author)

How important do you think the above statement is?

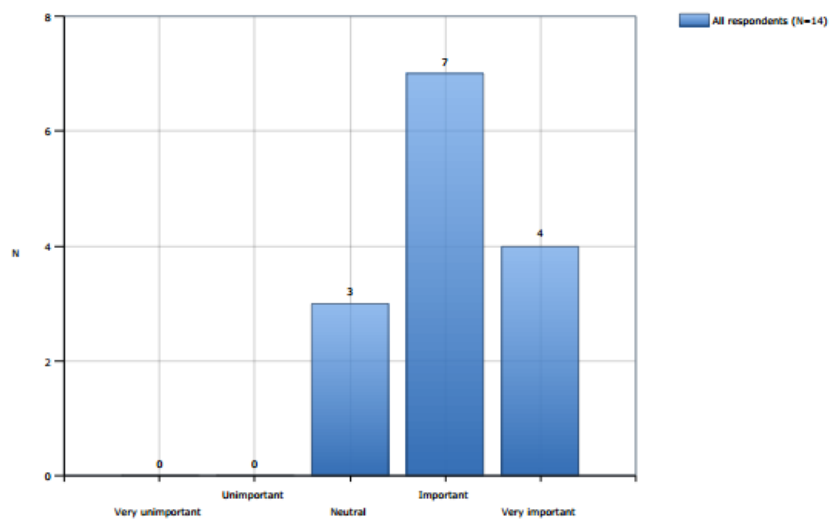


Figure 22 - Survey question 16's result (Source: author)

6.1.2 Retaining talents

Figure 23 shows what factors that make an employee stick to an organization, what can gain their loyalty and keep them within that organization. Among a list of provided factors, the most popular factor is “Freedom and autonomy in work”, chosen by 86% of the respondents, followed by “good salary”, chosen by 71% of the respondents. “Good colleagues” and “friendly working environment” come in third place with 64% of the respondents for each choice. 50% of the respondents chose “opportunities for career advancement and growth”.

“Challenging working environment” and “opportunities for personal growth” make up for 43% of the respondents individually. 35% of the respondents think that “good boss” is a factor that makes them stay in an organization. “Acceptable level of stress” and “good other compensations” accounted for 28% and 21% of the respondents respectively. None of the respondents consider “recognition from work” a factor keeping them in the organization. (Figure 23 – Survey question 17’s result)

What are the factors that make you stay in an organization?

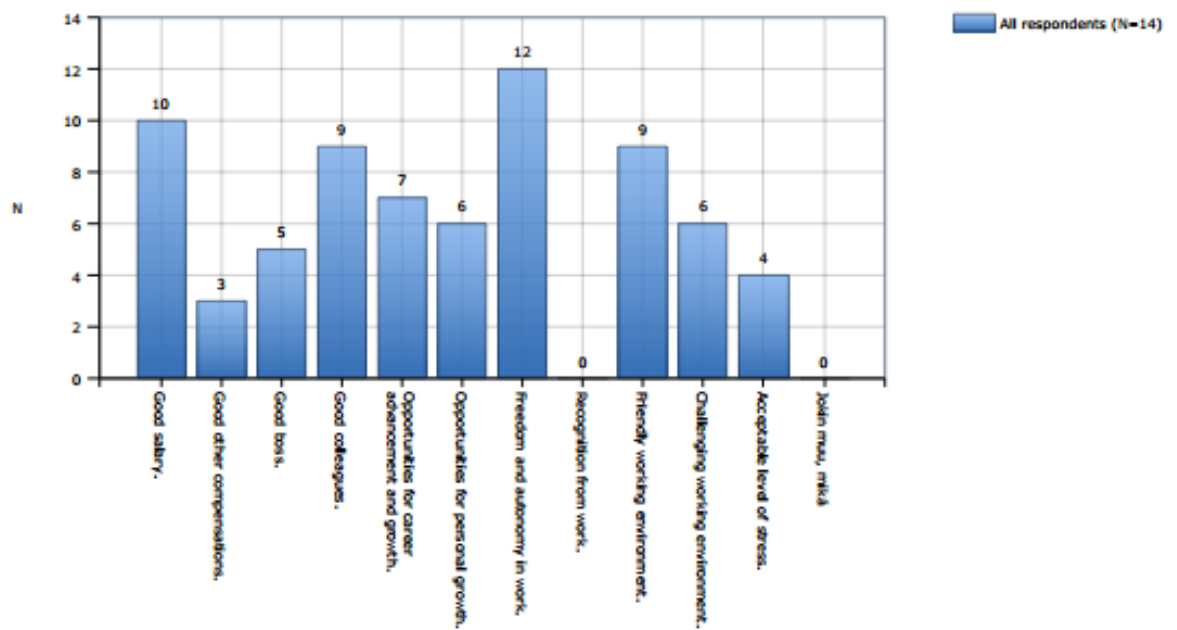


Figure 24 demonstrates the real factors that make these respondents stay in their current organization, in this case Herman IT. Surprisingly the most chosen one is also “freedom and autonomy from work”, made up by 78% of the respondents. This indicates that Herman IT is doing a remarkably good job on providing freedom and autonomy in its workplace. “Good colleagues” comes in second place, chosen by 71% of the respondents. This factor actually is not in the controlling hand of Herman IT’s management board. 50% of the respondents chose “friendly working environment” as another factor. The lesser popular factors that Herman IT has to keep their employees are “opportunities for personal growth”, “good other compensations” and “challenging working environment”, which account for 42%, 35% and 28% of total respondents correspondingly. There are only 21% of the respondents who think opportunities for career advancement and growth is what’s keeping them in the company. Although 35% of the respondents think “good boss” is a factor that keeps them in a company, there are only 14% of the respondents think “good boss” is a real factor that keeps them in Herman IT. The least chosen ones are “recognition from work” and “good salary”, both make up for only 7% of the total respondents. What’s striking is from Figure 24, “good salary” is a key factor that keeps employees stay within a company (10 out of 14 respondents chose this factor), while in reality at Herman IT, only 7% (which is 1 out of 14) of the respondents think it is “good salary” that is keeping them here. This finding shows that Herman IT is not providing its employees enough salary incentives to make it a good reason to stay. Also as shown in 2 figures, surprisingly, none of the respond-

ents cares about recognition from work and only one of them says it makes him/her stay in the current organization. Besides, very few respondents think that there is room for career advancement opportunities. (Figure 24 – Survey question 18's result)

Figure 23 - Survey question 17's result (Source: author)

What are the factors that make you stay in your current organization?

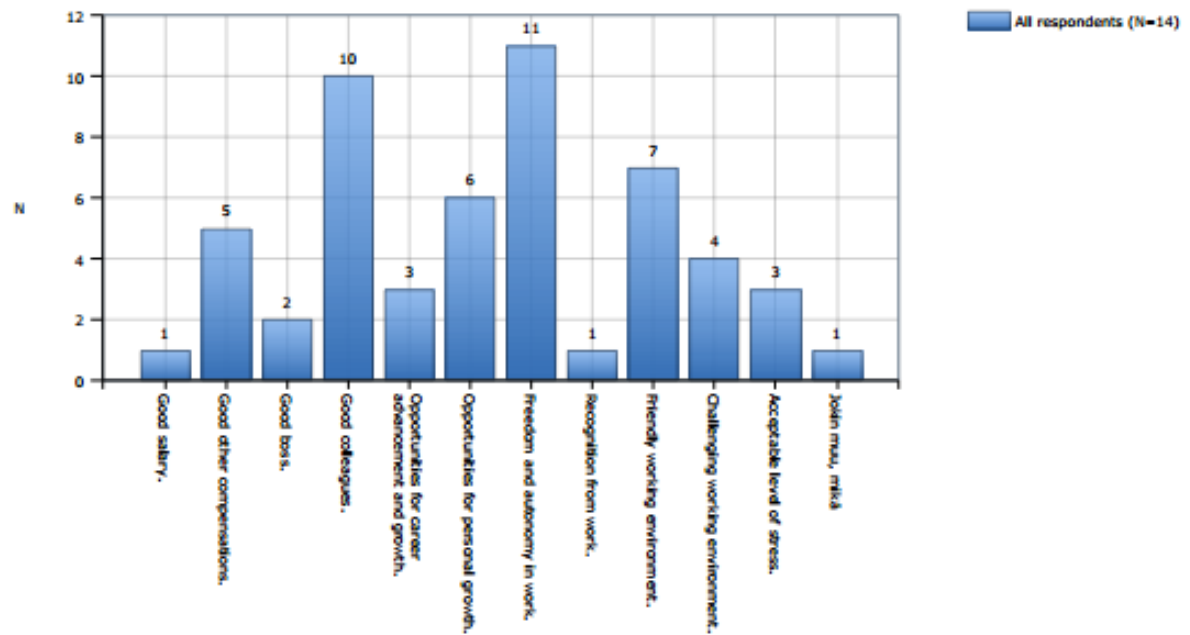


Figure 24 - Survey question 18's result (Source: author)

In Figure 25, 9 out of 14 respondents claim that they are happy with their current positions as well as their current organization. 4 out of 14 respondents state that they are happy with their current positions but not their current organization. 1 out of 14 respondents say that he/she is happy with his/her current organization but not his/her current position. None of the respondents think that they are unhappy with both their current positions and current organizations. To the respondents that are not happy with their current organization, Herman IT should investigate more on why they are unhappy and what Herman IT can do or improve to gain more loyalty from them. From comparing Figure 33 with Figure 34, Herman IT might find some clues on where to improve, for example raising salary would be a beneficial way to gain more employees' loyalty. To the respondents who are not happy with their current positions, Herman IT should try to find out why they are not happy with those positions, what positions are really best for them and reassign them to new and more suitable positions where they would feel content and can work with their best abilities. (Figure 25 – Survey question 19's result)

Are you happy with:

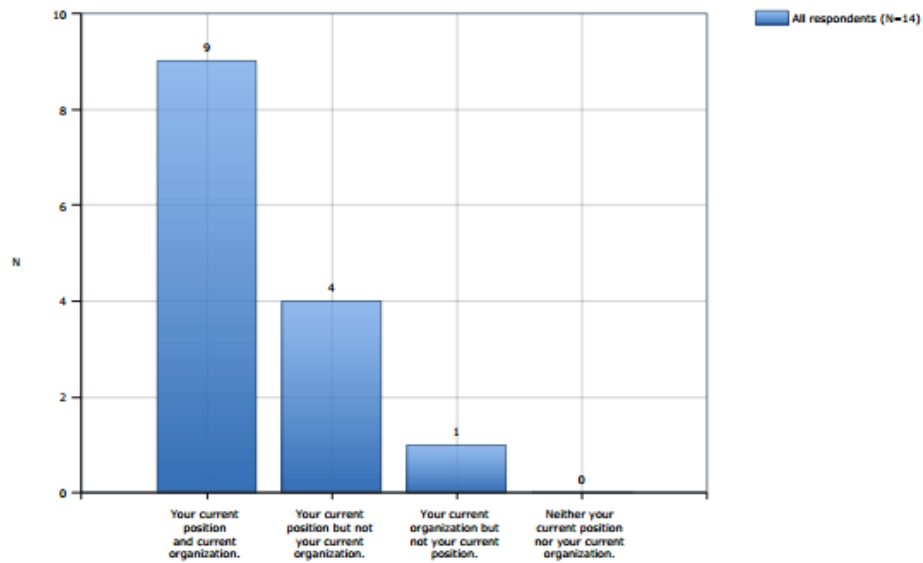


Figure 25 - Survey question 19's result (Source: author)

Below is a cross tabulation between two variables: 1) departments and 2) satisfaction. The 2 questions for these two variables are:

1. What department are you in?
 - Concept
 - Capacity
 - Colocation
2. Are you happy with:
 - Your current position and current organization
 - Your current organization but not current position
 - Your current position but not current organization
 - Neither your current position nor current organization

The total number of respondents is 14, however there was one respondent who was in both concept and capacity departments, therefore that respondent was counted twice and made the total number to 15.

| | Concept | Capacity | Colocation | Total |
|---|---------|----------|------------|-------|
| Current position and current organization | 7 | 3 | 0 | 10 |
| Current organization but not current position | 0 | 1 | 0 | 1 |
| Current position but not current organization | 2 | 1 | 1 | 4 |
| Neither current | 0 | 0 | 0 | 0 |

position nor
current organi-
zation

| | | | | |
|-------|---|---|---|----|
| Total | 9 | 5 | 1 | 15 |
|-------|---|---|---|----|

This table shows that most of the respondents (60%) are in the concept department. Capacity department accounts for 33% and colocation department only accounts for 7% of the respondents. It also shows that 70% of those who are happy with their current position and current organization are from the concept department. 22% of the respondents from concept department are happy about their current position but not the current organization. There is one respondent from capacity department who is happy with the current organization but not current position. Also the only one respondent from colocation department thinks that he/she is happy with the current position but not the current organization.

6.1.3 Developing talents

When asked about how their organization encourages them to work on the competencies that they are lack of, half of the respondents agreed, while 21% of the respondents chose neutral and 28% of the respondents disagreed. Simultaneously, 14% of the respondents think it is very important that their organization encourages them to work on their lack of competencies, 43% of them think it is important and an equal 43% chose neutral. (Figure 26 – Survey question 5’s result, Figure 27 – Survey question 6’s result)

To what extend do you agree to this statement: My organization encourages me to work on the competencies that I’m lack of.

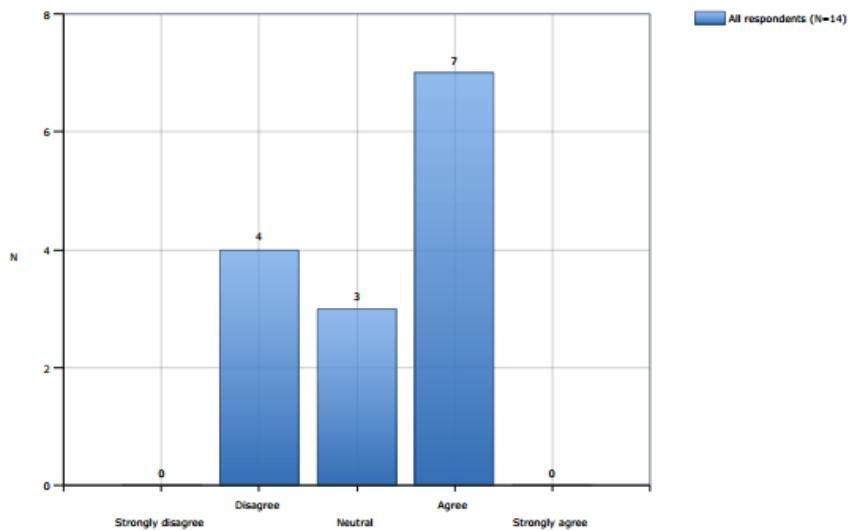


Figure 26 - Survey question 5's result (Source: author)

How important do you think the above statement is?

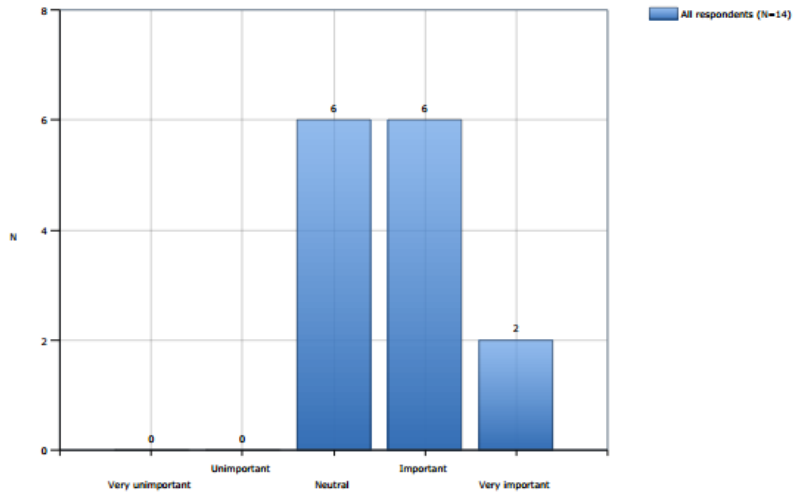


Figure 27 - Survey question 6's result (Source: author)

On the statement “my organization provides me chances/training program to improve the missing competencies”, half of the respondents agreed to the statement, 6 out of 14 respondents chose neutral and one respondent disagreed to the statement. Meanwhile, all of the respondents rated this statement as important and very important, at a percentage of 64% and 36% of the respondents respectively as shown in Figure 29. These findings again demonstrate a gap between expectation and reality regarding the company providing chances/training program to improve employees’ missing competencies. (Figure 28 – Survey question 7’s result, Figure 29 – Survey question 8’s result)

To what extent do you agree to this statement: My organization provides me chances/ training programs to improve the missing competencies.

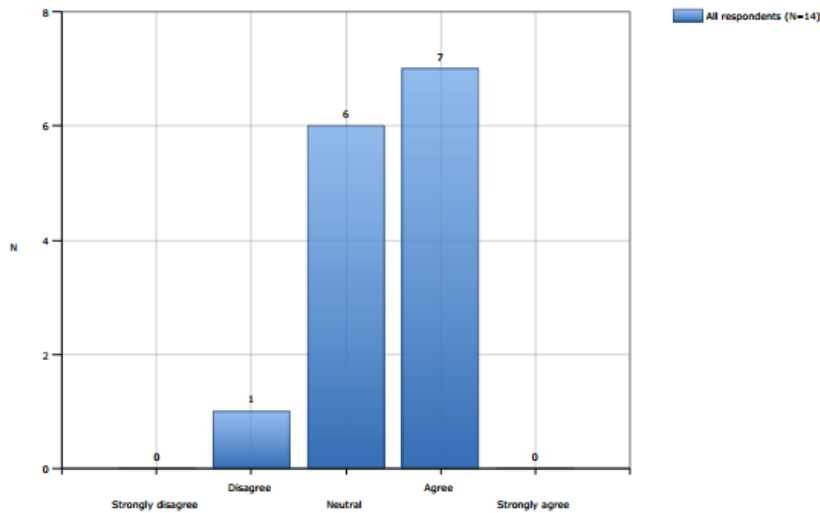


Figure 28 - Survey question 7's result (Source: author)

How important do you think the above statement is?

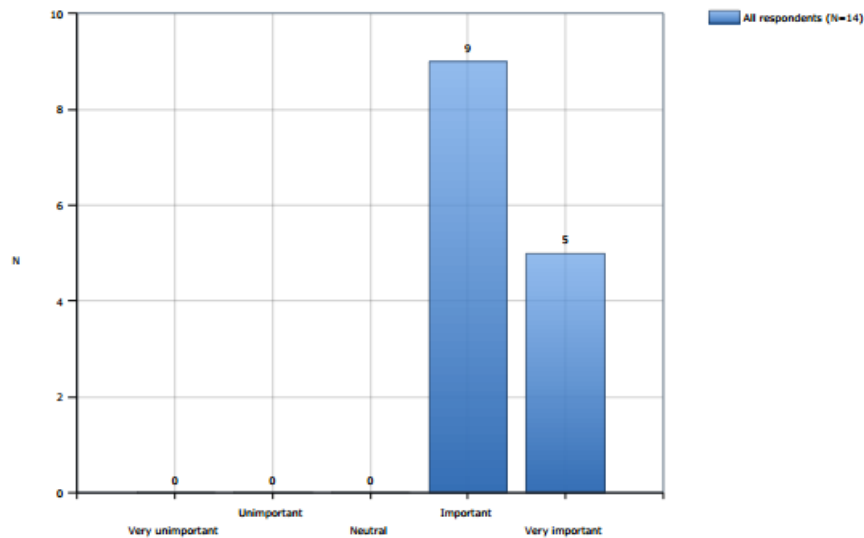


Figure 29 - Survey question 8's result (Source: author)

On the statement “my organization has a strong formal mentor/coaching program”, 1 out of 14 respondents strongly disagreed with this statement, 5 respondents disagreed, 7 respondents chose neutral and only 1 person agreed with this statement.

Meanwhile, 2 out of 14 respondents think that having strong formal mentor or coaching program is very important, 7 respondents think that it is important and the rest chose neutral as in Figure 31. It is obvious that this gap at this matter is quite significant and the company needs to work more on creating and developing coaching program for its employees. (Figure 30 – Survey question 9's result, Figure 31 – Survey question 10's result)

To what extent do you agree to this statement: My organization has a strong formal mentor/coaching program.

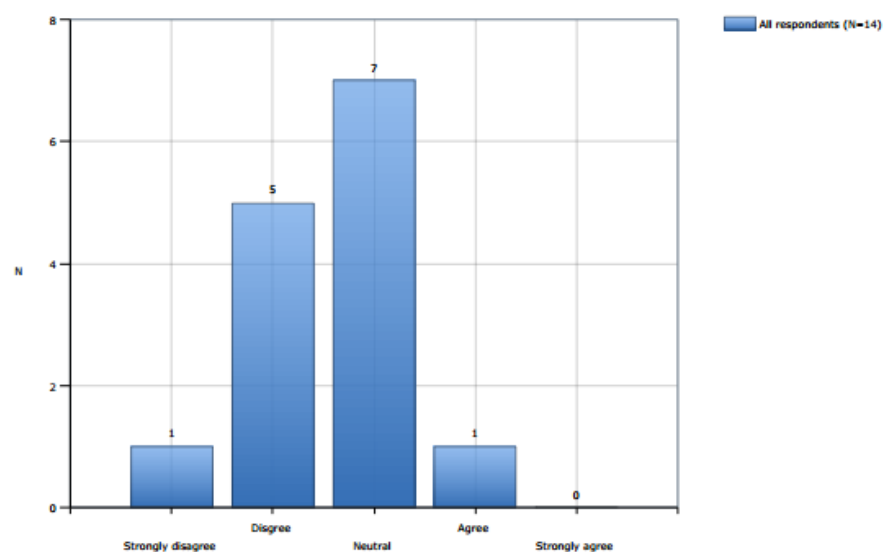


Figure 30 - Survey question 9's result (Source: author)

How important do you think the above statement is?

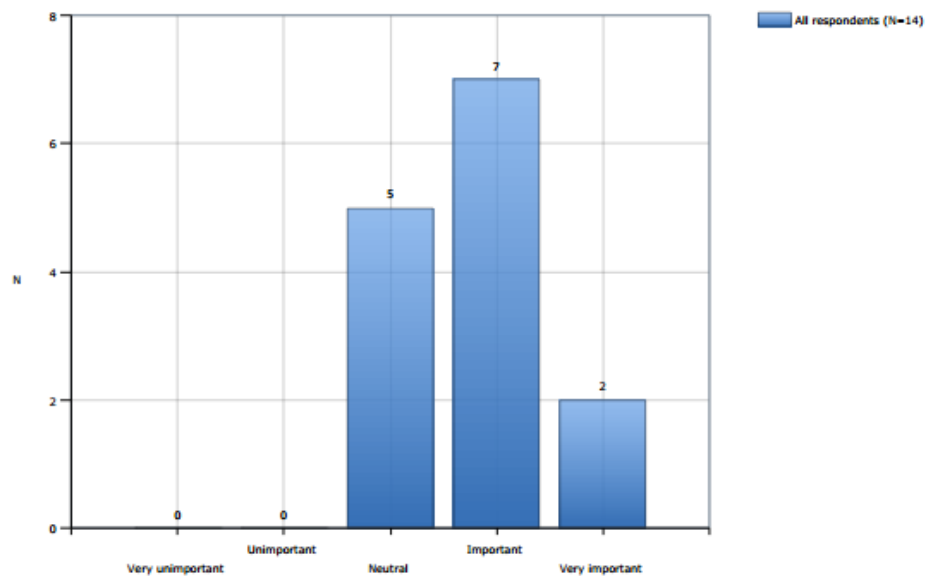


Figure 31 - Survey question 10's result (Source: author)

Figure 32 presents the reality of how good their organization is at developing employees. 2 out of 14 respondents disagreed with this statement, 7 respondents chose neutral and 5 respondents agreed with the statement.

In the same time, 2 respondents think that it is very important that the organization is good at employees' development, 9 respondents think it is important, 3 respondents chose neutral and none of the respondents think that employees' development is unimportant or any less than that. This shows that the company has not met its employees' satisfaction on this matter. (Figure 32 – Survey question 11's result, Figure 33 – Survey question 12's result)

To what extent do you agree to this statement: My organization is good at employee development.

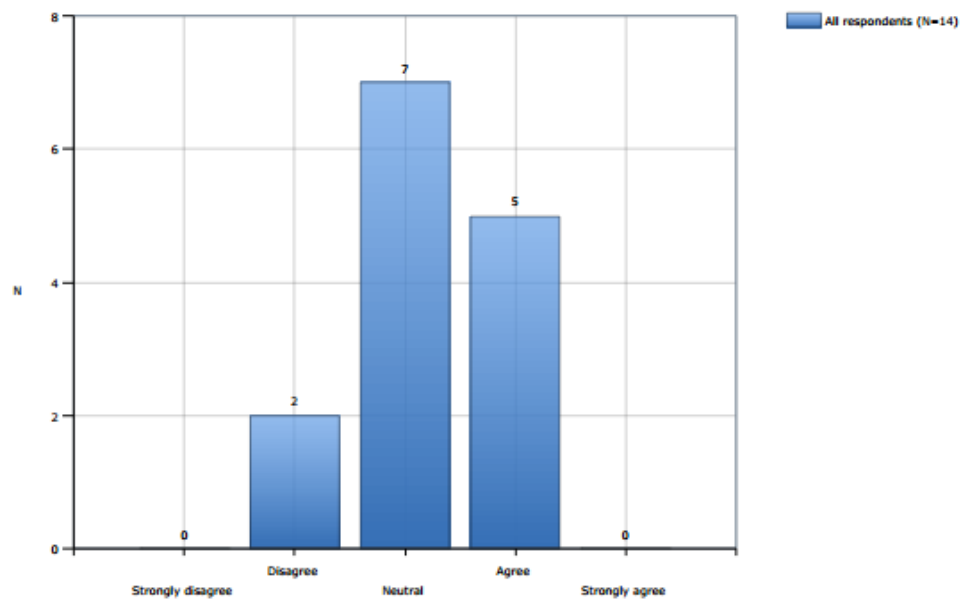


Figure 32 - Survey question 11's result (Source: author)

How important do you think the above statement is?

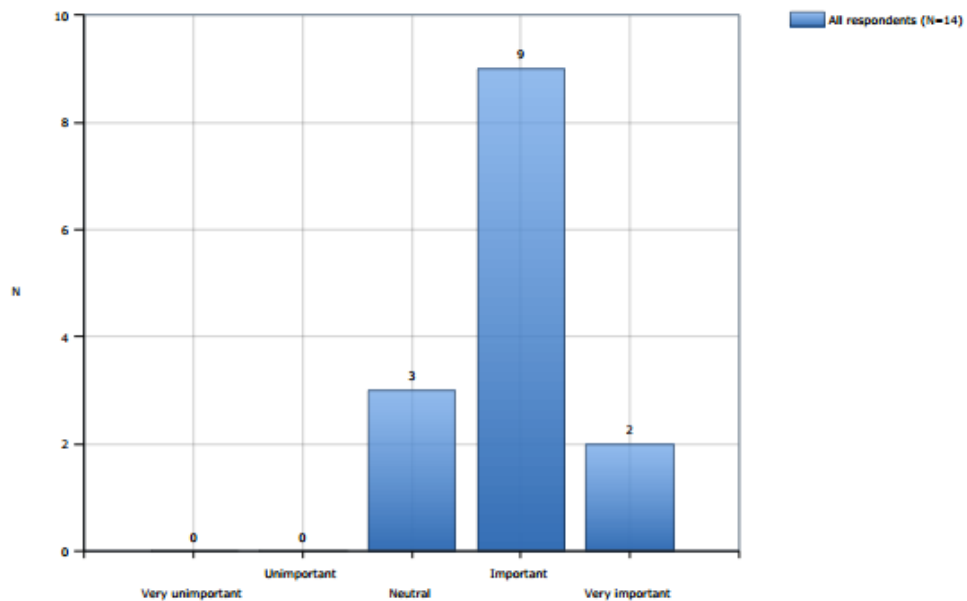


Figure 33 - Survey question 12's result (Source: author)

When asked about the statement “my organization has exciting challenges”, there are varied opinions from the respondents. 2 out of 14 respondents strongly agreed with this statement, 3 respondents agreed with this statement while 6 respondents chose neutral and 3 respondents disagreed with this statement. This finding suggests that exciting challenges might not be distributed evenly to every employee, or each employee has his/her own standard of exciting challenges. Either way, the company should find ways to give every employee exposure to exciting challenges.

Opinions on how important having exciting challenges, which is shown in Figure 35, are fairly varied too. Most respondents think that it is important, comprising by 6 out of 14 respondents, 2 other respondents think that it is very important that the company offers them exciting challenges, the second biggest group chose neutral (5 out of 14) and 1 respondent even thinks that exciting challenges offered by the company is unimportant. Based on these two charts, it is advisable that the company needs to identify those who seek challenges and give it to them. (Figure 34 – Survey question 13's result, Figure 35 – Survey question 14's result)

To what extent do you agree to this statement: My organization has exciting challenges.

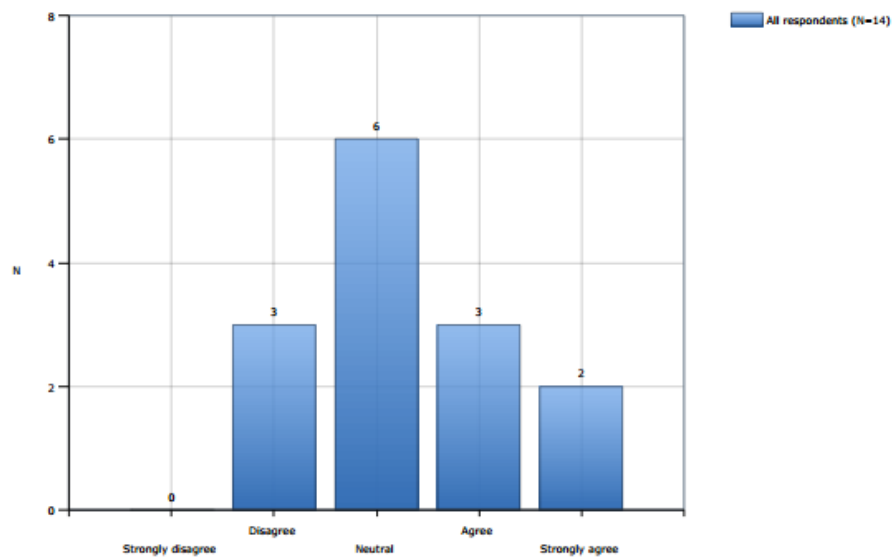


Figure 34 - Survey question 13's result (Source: author)

How important do you think the above statement is?

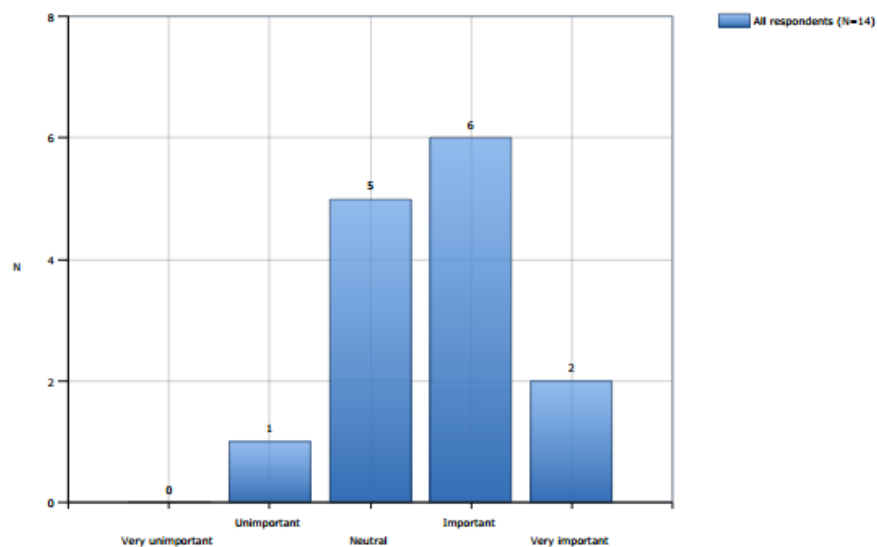


Figure 35 - Survey question 14's result (Source: author)

6.1.4 From the management of Herman IT's point of view

In Bach's interview with Kimmo – CEO of Herman IT, Lenni – Sales Manager and Teemu – Brand Manager of the capacity department, Kimmo and two other managers have shared a few things about how the company develops its employees and Herman IT company culture. (Kimmo, 2015)

On developing employees, the first thing they shared is that Herman IT board of management asks its employees on what they want to learn and what is necessary for the next step of their career in Herman IT's annual staff meeting, face to face discussions while the mandatory training program happens quarterly. The training programs are offered by a third party: Solvelto – the biggest training organization in Finland. Herman IT also got helps from its strategic partner – IBM on training employees. After the training program, employees are given chances to do self-assessment or assessment tests with pass/fail results. Herman IT also offers its employees the company's own online library and Wikipedia for self-studying. (Kimmo, 2015)

On company culture, Kimmo shared that the company has a 2 hours/week policy that allows its employees to educate themselves on what they are interested in but it must be connected to the company or their work. Additionally, Herman IT organizes Friday "Happy hour" training for its employees when there is new products or new knowledge that need to be introduced to the employees. However, Happy Friday does not happen every Friday. In the presentation discussion recently between the author and Kimmo, Kimmo has opened up about his hope on raising self-study culture within the company and on encouraging social interaction among the employees, as he has remarked on his employees as "quite shy". (Kimmo, 2015)

5.2 DISCUSSION OF FINDINGS

This study aims at examining Herman IT employees' expectation on competency-based talent management and at examining Herman IT's current situation of competency-based talent management. The questions in the survey targeted on talent profiling using competencies, talent retaining and talent developing, thus helped understanding where Herman IT stands in the talent management challenge and what Herman IT can do to improve the situation, contributing to answer these three research questions:

RQ1: How does Herman IT profile its talents and how can it be improved?

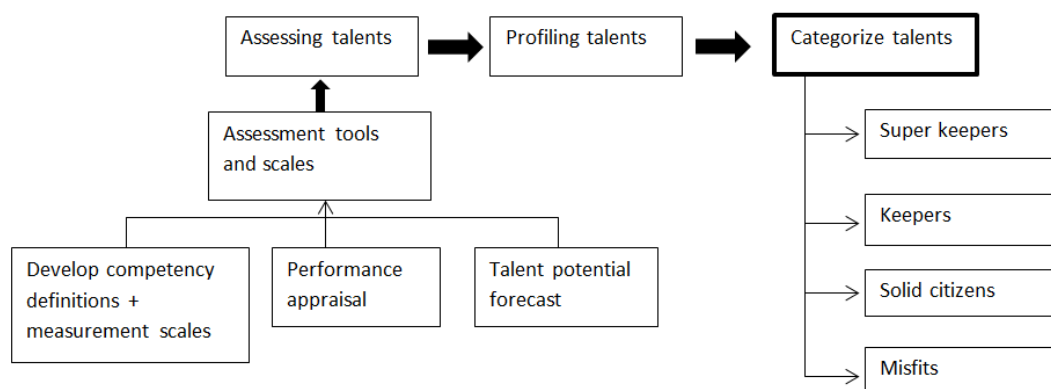
RQ2: How does Herman IT retain its talents and how can it be improved?

RQ3: How does Herman IT develop its talents and how can it be improved?

- RQ1: How does Herman IT profile its talents and how can it be improved?

The method of Herman IT profiling its talents is not known. However from the survey, it can be seen that Herman IT did a decent job on understanding its employees' competencies and lack of competencies, and on letting its employees work with jobs that enhance their competencies. Among those who responded to the survey, some individuals still feel that Herman IT is not doing well enough in those matters. Meanwhile, the expectation that Herman IT do a good job in this is significantly high, showing its employees' demand to be understood in terms of competencies and lack of competencies.

Understanding employees' competencies and lack of competencies is vital because it helps Herman IT to put to right people to the right tasks, letting them work in their sweet spots thus bringing out their best performance at work. To improve Herman IT's understanding of its employees' competencies and lack of competencies, it is advisable that the management board of Herman IT follow the steps suggested in Figure 11 in the section "How to categorize and profile talents" above. The steps include developing assessment tools and scales, applying those tools and scales to assess talents, profiling those talents and categorizing those talents into 4 groups: super keepers, keepers, solid citizens and misfits. (Figure 11 – Incorporated framework part 1)



After grouping the employees into these groups, Herman IT should continue to retain and develop the first three groups while try to fix the misfits group, or else the misfits in the company might be eliminated. HermanIT can perform these profiling talents steps by interviewing its employees, or observing its employees' performance during a project or a number of assigned tasks, then documenting all those findings, using them to categorize its employees. Since the company's employees would improve their competencies after a period of time working in certain areas, updating these information is very important, thus this process needs to be repeated once every few months so that the information about each individual's competencies is always up to date.

- RQ2: How does Herman IT retain its talents and how can it be improved?

There are numerous factors affecting how a company can retain its best people, ranging from salary, colleagues, boss and perks to stress level, company culture and career advancement opportunities. Herman IT's employee turnover rate remains unknown. Nonetheless, employee satisfaction with the company is indicated through the results of the survey. According to Question 19 of the survey, 71.43% of those who responded are happy with the

company while 28.57% did not feel the same way. It means that there are chances that these employees might leave the company and it would be a loss for Herman IT if these people are the top people in the company. When one or more employees are unhappy with their position, it is easy for Herman IT to fix by rotating them to a more fitting position. But when they are unhappy with the company, it is a more difficult problem that requires a bigger organizational scale change such as a change in policy, in salary rate, in sick leave or in company culture.

Also according to the survey, the top factors for employees to stay in an organization are: “freedom and autonomy in work”, “good salary”, “good colleagues” and “friendly working environment”. Herman IT matches 3 out of 4 factors, which are “freedom and autonomy in work”, “good colleagues” and “friendly working environment”. This is good for Herman IT as those 3 factors are very important in an IT company, especially “freedom and autonomy in work”. However, only 7.14% of the employees who responded think that they earn good salary. The rest 92.86% do not think that they receive good salary to would make them stay in Herman IT.

As discussed in the section “how to retain talents”, the 3 ways to retain talents as authors of the book “How Google Works” suggested are: give them autonomy and freedom, compensate generously and build a culture that they will be proud of. Herman IT has done an excellent job on providing autonomy and freedom based on the result of the survey. Now, in order to successfully retain its talents, first of all, it is clearly that Herman IT should solve the salary problem. However, it is not easy when it comes to money, especially in a small company with a tight budget. Either Herman IT should raise salary for its employees or the company can provide its employees non-money benefits, which might be longer parental leave, longer paid vacation or flexible working schedule allowing employees to maintain a work-life balance. Or Herman IT can offer a combination of small pay raise and non-money benefits. On building a company culture, according to the interview, Herman IT has its 2 hours per week rule that is similar to Google’s 20% rule. However, Herman IT’s 2 hours rule does not quite match with Google’s 20% rule if we do a little math. As a full time employee, one would have 40 hours of working per week, making it 8 hours per week to freely do what they want following Google’s rule. And 2 hours per week is merely a quarter of what Google offers its employees. Herman IT should reconsider if 2 hours a week would be sufficient for its employees to create something substantially or to learn something effectively. Furthermore, Herman IT also occasionally organizes Happy Friday for its employees introducing a new product or a new knowledge. Occasionally is not enough as in Google, a similar meeting - TGIF is held every Friday, providing employees with a weekly chance to socialize with their colleagues, sharing their ideas and interacting with leaders about work. There are a lot of examples of what Herman IT could do to build a culture for its employees to be proud of. In an article named “5 inexpensive ways to create a company culture like Google’s”, Will Housh suggested 5 ways that any company can do to create a fun office culture without spending a fortune (Housh). The first way is to create fun office challenges by taking a break from the workday and getting everyone joining a challenge that could be ranging from ping pong matches, video games championship, foosball tournaments to even Ice Bucket Challenge. The second way is to get moving, which means organizing free physical activities. These activities can include fitness activities like push-up or sit-up challenge, creating fun in the office while helping the employees gain some muscles or lose some weight. The third way is to celebrate special occasions like employees’ birthdays in unique ways. This way will make employees feel appreciated by the company and also help to create a positive company culture. The fourth way is to make time for fun once in a while, making office work less stressful and bonding employees together. It could be having a solitary day where every-

one in the office must wear a required item, for example an ugly sweater or a pink shirt, and take a photo together. The final way is to occasionally get out of the office. In Kajaani there can be plenty of outdoor activities that all employees are able to do together such as swimming in the lake, biking to Paltaniemi, picking mushroom and barbecuing in the summer or doing sauna and ice swimming, skiing and ice skating in the winter. Any manager can be creative and think of fun free of charge ways to create a great company culture that the employees will be proud of. These building company culture activities would also help solving Herman IT employees' shyness problem by encouraging them to interact and socialize more.

- RQ3: How does Herman IT develop its talents and how can it be improved?

The result of the survey demonstrates that Herman IT's employee development is somewhat not up to its employees' expectation. The company provides moderate chances for its employees to improve their missing competencies, but very little formal mentor or coaching program for the employees. Meanwhile the majority of the employees who responded to the survey think that employee development and training programs are undoubtedly crucial. When asked if Herman IT was good at employee development, only one third of the respondents agreed. Rest of the respondents either disagreed or chose to be neutral in this matter. On the other hand, in the interview with Herman IT, Kimmo stated that Herman IT is using a third party which was considered to be the biggest training organization to offer training program, at the same time Kimmo wanted his employees to promote self-learning within the company. The fact that Herman IT employees development did not satisfy its own employees despite the company's effort in offering training with a third party poses some problems, either in the quality of those training programs or in the learning process of the employees themselves.

Employee development is so important that it benefits a company in several aspects. Not only it helps the company to have a stronger and more skillful work force, thus bring more productivity to the company, but it also helps to retain talents within the company, cutting costs on training new recruits. So how can Herman IT get more approval from its own employees on employee development? First of all, the company needs to reexamine the training programs that being offered to the employees to see if they are really effective. Second, the company needs to examine the learning progress of the employees during those training to see if they have put their best into the training. Herman IT can also improve the training results and self-learning culture by identifying employees who need training, then identifying the employees who can be trainer for those specific fields or skills, finally make a match and let those two employees work together. Below is 2 lists, one is a list of 3 self-perceived strongest competencies and the other is a list of need-to-improve competencies. (Figure 36 – List of Herman IT employees' 3 strongest competencies, Figure 37 – List of 3 competencies that Herman IT employees want to improve)

Name 3 of your strongest competencies:

-

ASP, C#, JS

virtualization, windows server

C#, SQL, WCF

vmware, windows server, O365

leading of business and economy

-

-

omaksumiskyky, yleistuntemus, sosiaaliset taidot

determination, flexibility,

stress tolerance, team spirit, conscientious

c#, application architectures, Transact-SQL

Linux,Monitoring,Information Security

datacenter, service and security management

Figure 36 - 3 strongest competencies (Source: author)**Name 3 of the competencies you want to improve:**

-

JS, PhotoShop, C#

linux servers, networking, windows servers

C#, SQL, HTML5

powershell, windows server, IIS

strategy of business, leading of people

-

-

sosiaaliset taidot, talousluvut, teknologiat

ITIL, market knowledge, solution selling

product/service knowledge,

Server side, javascript/css,

Information Security,Virtualization, Networking

security, BMS, electricity

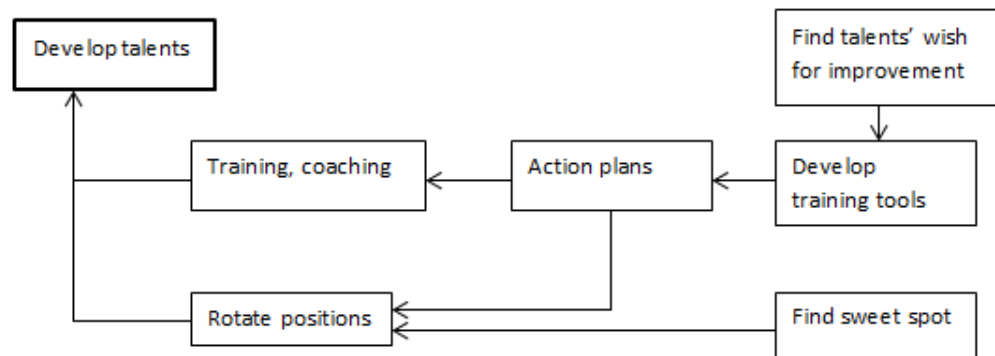
Figure 37 - 3 competencies to improve (Source: author)

It can be seen that some of the competencies appear in both lists several times such as hard skills like C#, window serves, JS, Linux, security and soft skills like social skills, networking. This means that one's strength can be the other's weakness, and it also means that employees within Herman IT can help each other through the matching program. This will help Herman IT cutting cost on third party and still reach its goal of developing employees.

Moreover, Herman IT can organize a specialized workshop on a certain subject every month, training all employees on a skill or a piece of knowledge that the company sees as essential. Herman IT can either invite a well-known person that is particularly excellent in

that subject or choose an employee that has a good knowledge on that subject to lead the workshop. In addition, Herman IT can do work rotation, forcing its employees to work in a new project, to use and learn new set of skills, thus improving their weak competencies and also gaining new competencies that they are lacking.

All of the suggestions above are developed based on the steps of the developing talents framework that was explained previously, starting with finding talents' wish for improvement and their sweet spots, continuing with developing training tools which are better training programs, matching programs, specialized workshops and jobs rotations, followed by putting those plans into actions. (Figure 16 – Incorporated framework part 2)



7 CONCLUSION

6.1 Outcome of the study

The main objective of the study is to create a competency-based talent management model for Herman IT, a Kajaani-based technology company that is going through an organizational restructure, in which requires its employees to emerge in a wave of changes, both in competencies and in their mindset. Not only that, Herman IT does not have any formal human resource department that can help the company to profile its employees in order to understand their strength and weaknesses, as well as to provide them the proper training that they might need. In this thesis, a hypothetic model of three steps: profiling, retaining and developing talents, has been built for Herman IT, however in order to apply that model to Herman IT, a research needs to be carried out to examine how well Herman IT is doing in every steps of the model, and what can be done for Herman IT to improve in those steps and lead to better talent management in general.

The chosen method for this research is quantitative research under a form of both close-ended and open-ended survey. However, a big part of the survey is close-ended while there are only a few open-ended questions designed to investigate more on the employees' competencies. The reason that this method was chosen is that it allows for analyzing numeric data and generalizing questionnaire's results. The purpose of this survey was to study Herman IT employees' expectation on several aspects of talent management and their perception on Herman IT's real performance in those aspects.

The results of the survey shed lights on Herman IT's real situation versus its employees' expectation regarding identifying talents, retaining talents and developing talents. In identifying talents, the prerequisite is that Herman IT knows its employees' competencies and lack of competencies. However, the company could not live up to its employees' expectation in this matter to somewhat extent and it still needs to get to know more about its employees' competency status. In retaining talents, on one hand, Herman IT did a good job on providing autonomy and freedom in work place, as well as a friendly working environment for its employees. On the other hand, Herman IT did not satisfy its employees in terms of salary and the company did not seem to have a distinct company culture that could make its employees stay with the company. In developing talents, the current training program that Herman IT is offering did not satisfy its employees while good training is highly demanded by the employees. Suggestions for solving each of Herman IT's problems in those steps were also presented in this thesis.

6.2 Limitations

The main limitation of this research is that there were only 14 employees who responded to the survey (among 40 employees in total), which accounted for only 35% of the total employees. That means the rest 65%'s opinions were not studied, therefore the conclusions conducted from the survey's results can only apply to those population of 14, not the whole company in general. The survey's results might vary greatly if the whole company's employees responded to the survey.

Also, 64.28% of respondents are in the concept department, 35.71% are in capacity department and only 7.01% are in colocation department. This disproportion surely has affected

the survey's results and made it difficult to say that the results generated fairly represent the whole company including all three departments.

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LIST OF APPENDICES

Appendix 1. Questionnaire survey and results

Appendix 2. Transcript of Bach's interview with Herman IT

Appendix 1. Questionnaire survey and results

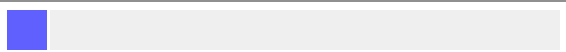
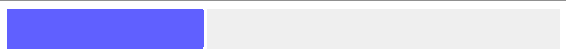

Talent management HermanIT survey - Hanh

Summary report






N=14

Published: 31.10.2015

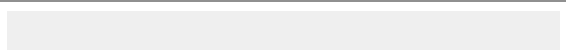
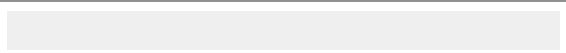
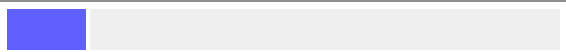

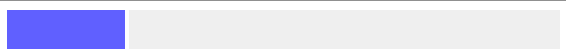
 Comparison group: All respondents
Q1: What department are you in?

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|----|--------------|-------|---------|--|-----|-----|-----|------|
| 1. | Colocation | 1 | 7,14% |  | | | | |
| 2. | Capacity | 5 | 35,71% |  | | | | |
| 3. | Concept | 9 | 64,29% |  | | | | |
| | Total | | | | | | | |

Q2: To what extend do you agree to this statement: My organization knows what competencies I possess and what competencies I do not possess.

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|----|-------------------|-----------|-------------|--|-----|-----|-----|------|
| 1. | Strongly disagree | 0 | 0,00% |  | | | | |
| 2. | Disagree | 1 | 7,14% |  | | | | |
| 3. | Neutral | 4 | 28,57% |  | | | | |
| 4. | Agree | 9 | 64,29% |  | | | | |
| 5. | Strongly agree | 0 | 0,00% |  | | | | |
| | Total | 14 | 100% | | | | | |

Q3: How important do you think the above statement is?

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|----|------------------|-----------|-------------|--|-----|-----|-----|------|
| 1. | Very unimportant | 0 | 0,00% |  | | | | |
| 2. | Unimportant | 0 | 0,00% |  | | | | |
| 3. | Neutral | 2 | 14,29% |  | | | | |
| 4. | Important | 9 | 64,29% |  | | | | |
| 5. | Very important | 3 | 21,43% |  | | | | |
| | Total | 14 | 100% | | | | | |

Q4: To what extend do you agree to this statement: My organization allows me to work with jobs that enhance my competencies.

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|-------------------|-----------|-------------|-----|-----|-----|-----|------|
| 1. | Strongly disagree | 0 | 0,00% | | | | | |
| 2. | Disagree | 2 | 14,29% | | | | | |
| 3. | Neutral | 1 | 7,14% | | | | | |
| 4. | Agree | 11 | 78,57% | | | | | |
| 5. | Strongly agree | 0 | 0,00% | | | | | |
| Total | | 14 | 100% | | | | | |

Q5: How important do you think the above statement is?

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|------------------|-----------|-------------|-----|-----|-----|-----|------|
| 1. | Very unimportant | 0 | 0,00% | | | | | |
| 2. | Unimportant | 0 | 0,00% | | | | | |
| 3. | Neutral | 0 | 0,00% | | | | | |
| 4. | Important | 10 | 71,43% | | | | | |
| 5. | Very important | 4 | 28,57% | | | | | |
| Total | | 14 | 100% | | | | | |

Q6: To what extend do you agree to this statement: My organization encourages me to work on the competencies that I'm lack of.

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|-------------------|-----------|-------------|-----|-----|-----|-----|------|
| 1. | Strongly disagree | 0 | 0,00% | | | | | |
| 2. | Disagree | 4 | 28,57% | | | | | |
| 3. | Neutral | 3 | 21,43% | | | | | |
| 4. | Agree | 7 | 50,00% | | | | | |
| 5. | Strongly agree | 0 | 0,00% | | | | | |
| Total | | 14 | 100% | | | | | |

Q7: How important do you think the above statement is?

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|------------------|-----------|-------------|-----|-----|-----|-----|------|
| 1. | Very unimportant | 0 | 0,00% | | | | | |
| 2. | Unimportant | 0 | 0,00% | | | | | |
| 3. | Neutral | 6 | 42,86% | | | | | |
| 4. | Important | 6 | 42,86% | | | | | |
| 5. | Very important | 2 | 14,29% | | | | | |
| Total | | 14 | 100% | | | | | |

Q8: To what extent do you agree to this statement: My organization provides me chances/ training programs to improve the missing competencies.

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|-------------------|-----------|-------------|-----|-----|-----|-----|------|
| 1. | Strongly disagree | 0 | 0,00% | | | | | |
| 2. | Disagree | 1 | 7,14% | | | | | |
| 3. | Neutral | 6 | 42,86% | | | | | |
| 4. | Agree | 7 | 50,00% | | | | | |
| 5. | Strongly agree | 0 | 0,00% | | | | | |
| Total | | 14 | 100% | | | | | |

Q9: How important do you think the above statement is?

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|------------------|-----------|-------------|-----|-----|-----|-----|------|
| 1. | Very unimportant | 0 | 0,00% | | | | | |
| 2. | Unimportant | 0 | 0,00% | | | | | |
| 3. | Neutral | 0 | 0,00% | | | | | |
| 4. | Important | 9 | 64,29% | | | | | |
| 5. | Very important | 5 | 35,71% | | | | | |
| Total | | 14 | 100% | | | | | |

Q10: To what extent do you agree to this statement: My organization has a strong formal mentor/coaching program.

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|-------------------|-----------|-------------|-----|-----|-----|-----|------|
| 1. | Strongly disagree | 1 | 7,14% | | | | | |
| 2. | Disagree | 5 | 35,71% | | | | | |
| 3. | Neutral | 7 | 50,00% | | | | | |
| 4. | Agree | 1 | 7,14% | | | | | |
| 5. | Strongly agree | 0 | 0,00% | | | | | |
| Total | | 14 | 100% | | | | | |

Q11: How important do you think the above statement is?

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|----|------------------|-------|---------|-----|-----|-----|-----|------|
| 1. | Very unimportant | 0 | 0,00% | | | | | |
| 2. | Unimportant | 0 | 0,00% | | | | | |
| 3. | Neutral | 5 | 35,71% | | | | | |
| 4. | Important | 7 | 50,00% | | | | | |

| | | | | |
|--------------|----------------|-----------|-------------|--|
| 5. | Very important | 2 | 14,29% | |
| Total | | 14 | 100% | |

Q12: To what extend do you agree to this statement: My organization is good at employee development.

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|-------------------|-----------|-------------|-----|-----|-----|-----|------|
| 1. | Strongly disagree | 0 | 0,00% | | | | | |
| 2. | Disagree | 2 | 14,29% | | | | | |
| 3. | Neutral | 7 | 50,00% | | | | | |
| 4. | Agree | 5 | 35,71% | | | | | |
| 5. | Strongly agree | 0 | 0,00% | | | | | |
| Total | | 14 | 100% | | | | | |

Q13: How important do you think the above statement is?

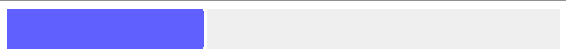
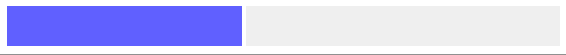

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|------------------|-----------|-------------|-----|-----|-----|-----|------|
| 1. | Very unimportant | 0 | 0,00% | | | | | |
| 2. | Unimportant | 0 | 0,00% | | | | | |
| 3. | Neutral | 3 | 21,43% | | | | | |
| 4. | Important | 9 | 64,29% | | | | | |
| 5. | Very important | 2 | 14,29% | | | | | |
| Total | | 14 | 100% | | | | | |

Q14: To what extend do you agree to this statement: My organization has exciting challenges.

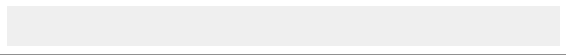


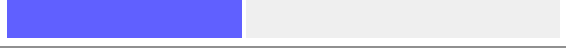
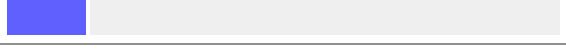
| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|-------------------|-----------|-------------|-----|-----|-----|-----|------|
| 1. | Strongly disagree | 0 | 0,00% | | | | | |
| 2. | Disagree | 3 | 21,43% | | | | | |
| 3. | Neutral | 6 | 42,86% | | | | | |
| 4. | Agree | 3 | 21,43% | | | | | |
| 5. | Strongly agree | 2 | 14,29% | | | | | |
| Total | | 14 | 100% | | | | | |

Q15: How important do you think the above statement is?

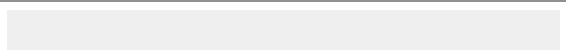



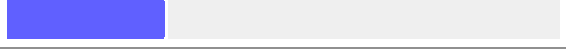
| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|----|------------------|-------|---------|-----|-----|-----|-----|------|
| 1. | Very unimportant | 0 | 0,00% | | | | | |
| 2. | Unimportant | 1 | 7,14% | | | | | |

| | | | | |
|--------------|----------------|-----------|-------------|--|
| 3. | Neutral | 5 | 35,71% |  |
| 4. | Important | 6 | 42,86% |  |
| 5. | Very important | 2 | 14,29% |  |
| Total | | 14 | 100% | |

Q16: To what extent do you agree to this statement: My current position allows me to showcase the best of my competencies.

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|-------------------|-----------|-------------|--|-----|-----|-----|------|
| 1. | Strongly disagree | 0 | 0,00% |  | | | | |
| 2. | Disagree | 2 | 14,29% |  | | | | |
| 3. | Neutral | 4 | 28,57% |  | | | | |
| 4. | Agree | 6 | 42,86% |  | | | | |
| 5. | Strongly agree | 2 | 14,29% |  | | | | |
| Total | | 14 | 100% | | | | | |

Q17: How important do you think the above statement is?

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|--------------|------------------|-----------|-------------|--|-----|-----|-----|------|
| 1. | Very unimportant | 0 | 0,00% |  | | | | |
| 2. | Unimportant | 0 | 0,00% |  | | | | |
| 3. | Neutral | 3 | 21,43% |  | | | | |
| 4. | Important | 7 | 50,00% |  | | | | |
| 5. | Very important | 4 | 28,57% |  | | | | |
| Total | | 14 | 100% | | | | | |

Q18: Name 3 of the competencies that you think are most important to your current job.

windows server, linux servers, virtualization

powershell, C#, IIS

strategy, leading of businessline,

-

-

Freedom and autonomy, interesting business-area, enough challenges

C#, javascript css html(5), sql server

Q19: Name 3 of your strongest competencies:

-

ASP, C#, JS

virtualization, windows server

C#, SQL, WCF

vmware, windows server, O365

leading of business and economy

-

-

omaksumiskyky, yleistuntemus, sosiaaliset taidot

determination, flexibility,

stress tolerance, team spirit, conscientious

c#, application architectures, Transact-SQL

Linux,Monitoring,Information Security

datacenter, service and security management

Q20: Name 3 of the competencies you want to improve:

-

JS, PhotoShop, C#

linux servers, networking, windows servers

C#, SQL, HTML5

powershell, windows server, IIS

strategy of business, leading of people

-

-

sosiaaliset taidot, talousluvut, teknologiat

ITIL, market knowledge, solution selling


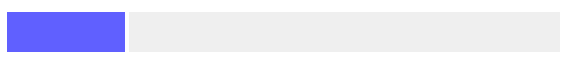






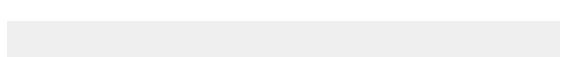



product/service knowledge,

Server side, javascript/css,

Information Security, Virtualization, Networking

security, BMS, electricity

Q21: What are the factors that make you stay in an organization?

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|-----|--|-------|---------|--|-----|-----|-----|------|
| 1. | Good salary. | 10 | 71,43% |  | | | | |
| 2. | Good other compensations. | 3 | 21,43% |  | | | | |
| 3. | Good boss. | 5 | 35,71% |  | | | | |
| 4. | Good colleagues. | 9 | 64,29% |  | | | | |
| 5. | Opportunities for career advancement and growth. | 7 | 50,00% |  | | | | |
| 6. | Opportunities for personal growth. | 6 | 42,86% |  | | | | |
| 7. | Freedom and autonomy in work. | 12 | 85,71% |  | | | | |
| 8. | Recognition from work. | 0 | 0,00% |  | | | | |
| 9. | Friendly working environment. | 9 | 64,29% |  | | | | |
| 10. | Challenging working environment. | 6 | 42,86% |  | | | | |
| 11. | Acceptable level of stress. | 4 | 28,57% |  | | | | |
| 12. | Jokin muu, mikä | 0 | 0,00% |  | | | | |

| | | |
|--------------|--|--|
| Total | | |
|--------------|--|--|

Q22: What are the factors that make you stay in your current organization?

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|-----|--|-------|---------|-----|-----|-----|-----|------|
| 1. | Good salary. | 1 | 7,14% | | | | | |
| 2. | Good other compensations. | 5 | 35,71% | | | | | |
| 3. | Good boss. | 2 | 14,29% | | | | | |
| 4. | Good colleagues. | 10 | 71,43% | | | | | |
| 5. | Opportunities for career advancement and growth. | 3 | 21,43% | | | | | |
| 6. | Opportunities for personal growth. | 6 | 42,86% | | | | | |
| 7. | Freedom and autonomy in work. | 11 | 78,57% | | | | | |
| 8. | Recognition from work. | 1 | 7,14% | | | | | |
| 9. | Friendly working environment. | 7 | 50,00% | | | | | |
| 10. | Challenging working environment. | 4 | 28,57% | | | | | |
| 11. | Acceptable level of stress. | 3 | 21,43% | | | | | |
| 12. | Jokin muu, mikä | 1 | 7,14% | | | | | |
| | Total | | | | | | | |

Q23: Are you happy with:

| | Answer | Count | Percent | 20% | 40% | 60% | 80% | 100% |
|----|--|-------|---------|-----|-----|-----|-----|------|
| 1. | Your current position and current organization. | 9 | 64,29% | | | | | |
| 2. | Your current position but not your current organization. | 4 | 28,57% | | | | | |
| 3. | Your current organization but not your current position. | 1 | 7,14% | | | | | |
| 4. | Neither your current position nor your current organization. | 0 | 0,00% | | | | | |

| | | |
|-------|----|------|
| Total | 14 | 100% |
|-------|----|------|

Appendix 2. Transcript of Bach's interview with Herman IT

B: Do you know what is competency?

K, T, L: Yes, sure.

B: Do you know what competency-based human resource management (HRM) is?

K: Well, taking those separately, I can understand the term competency and HRM, but when putting together, I think it's something more or less that we are doing at Herman IT and I have discussed with Teemu about this today. We are already a competency-based company and our strategy is focus on the data center services, therefore we are focusing on the data center competencies. We are quite well adapted to the competency based at the moment.

B: When you said that your company is adapted well to the competency-base, have you used competency as a basis for recruitment, selection, development, performance management of your employees?

T: If there are issues, we will look for the person who has the skills that we need, and our requirements are based on the industry and the customer's needs. We need to train and develop our employees based on what our customer's needs.

B: As I understand, your operating environment is dynamic and changing rapidly. How often do you review your corporate and business strategies?

K: We review our strategy annually, we also have another review every 6 months but the annual review is the basic.

B: When the organization strategies are updated, how will these changes affect your employees? For example: the functional activities, skills, ability and knowledge?

K: I think the change of the industry effect the employees comes more rapidly than annual review. Today we spend the morning with the whole staff going through the third quarter, to see what we have completed and what will happen in the next quarter. Beside the general needs of the organization, the competence of employees changes and develops due to the customers' needs and technologies we use. When we invested to the new technologies, the employees need to learn and train the new skills and abilities to adapt those technologies, and it happens faster than the annual review.

B: When there are changes of the industry or the needs of customers, do you review the training and development needs of your employees?

K: Yes, we have actually 3 years project of developing skills for employees. Especially in the data center environment, it's the natural process, when we invest to the new technology, we also have to train for the employees. It's not possible to train all the employees at once, there might be one or two people will do the training first and then later spreading the knowledge to the team. I can say at the moment we train our people well and quite often. We have the funding to develop the competencies for the employees. Because money issues and time are two factors that we considering when developing the skills for employees.

B: So the training and development is decided by the Executive Board. Do you ask your employees what they want to learn or what is necessary for the next step of their career?

L: We ask them, and we have the training for the team.

B: How often do you ask?

T: We have a one year period to speak to everyone, and now when we have the new Data Center business, we ask them more frequently, 2 or 3 months, it depends on the needs of the organization.

K: We have annual staff meeting, face to face discussions, and the training program happens quarterly, so we have the meeting quarterly to discuss about how is the training in the next quarter will be, of course it will be based on the big picture, in the organization context. In the annual discussion, we discussed with everyone about what their needs, passions are or where they think they are good at, so we will find the best place for our employees. Of course in the most cases, the needs of the employees still should fit with the needs of the organization and also the customers' needs. We also buy services from other companies, for example: KAISAnet.

L: In our organization, we also have what called the "2 hours rule", the employees can have 2 hours/week in the company to develop their own skills or what they are interested in or educating yourself.

K: Everyone has the right 2 hours/week to educate yourself develop what you are interested in but somehow it must be connect to the company or something connect to their work, for example: IT industry.

B: So it's like Google 80/20 policy?

K: Yes, but it should be connect to the company.

L: And we also have a library for employees in the organization. If you want to get new books or materials or new interesting topics, we have the website for library, where you can order your books or materials.

K: I think it's really good if the employees want to learn from the fields they are working on, because study like this does not cost a lot, for example: e-books are not very expensive, compared to the other kinds of studies.

B: EXPLAIN competency-based model, and how it can be used as an effective tool for human resource processes example recruitment, training development etc. Do you think this model can be used for hiring, training or HRM processes?

K: For the competency-based management, now, we are only using it as a tool for developing and managing competencies, not for the HRM purposes yet. Of course when we have filled this model, we can use it for HRM purposes, but at the moment, we are just taking the first step of using this model, later when we are more mature with this, and when we identify the future functional competencies or future core competencies, we can use it for training and developing, recruiting or head-hunting purposes. However, until now, we just use this model to put the competencies into layers, and we have to take it steps by steps.

B: Have you ever used scenario planning?

K: We are using the scenario planning in business of course, but we have not used it for competent development.

B: So when the strategies of the organization change, what technique do you use to close the competency gaps of the employees?

K: Because of the industry is changing so rapidly, and the needs of evolving and changing and it's hard for us at the moment to predict the future's needs.

B: When you know the skills, knowledge and competencies that employees need to improve or update...How do you think you could help them close the competency gaps?

K: The obvious answer is training and educating the employees. And another thing is we try to find the most motivated people who are interesting in the new technology and other needs to fill the gaps.

L: We don't have the knowledge in-house, so we have to see if our partners or our projects to see if they have available sources to fill our gaps.

Have you used any kind of training & development programs before for such purpose?

T: We have several courses for training and developing. The training & development programs is changing every quarter based on the industry. We also think about half year or one year ahead for what we are planning or training now.

K: With the training program, we do it on the quarter-based. When an employee takes a training course, he is not ready after that, he has to get hands on training, it depends on the technology or issues. It may be quick to adapt a new skills, but it can also takes a year to get used to it, if it's complicated.

After you identify the competency gaps, WHO do you think should design the training & development programs to close these gaps?

T: The course is designed based on the technology we are using. The other factor is the business environment. Currently we use ITIL courses to learn how to provide service management or LEAN management training for our employees.

B: So there are volunteering training and mandatory training?

K: Yes, the 2 hours/week, everyone can use if they one, but the training we provide now is mandatory for employees, it's a part of their work.

B: You said that you are using training programs from the third companies. Do you have any training program designing by yourself in the organization?

K: Of course we have our training. We have Friday "Happy hour" training for employees, if we have new products or something new that we learn from the others.

B: Is the Happy Friday happens frequently?

K: When we need to tell everybody something, we will organize the Happy Friday, but it does not happen every Friday.

L: We have different methods for training. We also have the internal Wikipedia ourselves and there are a lot of materials and document there, then the employees can assess to this internal Wikipedia and learn from it.

B: Who will design the training program?

K: During 3 years, we are using services from 3rd training provider: Solvelto, biggest training organization in Finland. We have agreement that we use subcontracting, if there not available course for our needs, we can have tailor courses from them. We also have IBM to help us training for our employees. IBM is our strategic partner, our data center is build based on the guidance of IBM.

B: Do you think training to increase the competency of the staff brings more benefits compare to the cost / resources spent?

K: One good thing of operating in Kajaani is the change of our employees is slow. People comes to us and they stay here, they don't change their work so often. And we can invest in our employees and we can realize that our people will stay here. Some courses are quite expensive, and if we can keep the people and we can invest in them, it will be our competitive advantages. We have many people here working with us over a decade, and it is a competi-

tive advantages. And it is good for the customer also, we can have a long relationship with the customers because our team won't change that much..

B: HOW do the managers support such training?

K: Actually we have a lot of students come from Kajaani University, and we usually ask them what their dreams are, or where will they be in the next 5 or 10 years. We ask those kind of questions in the annual meetings and also when we recruit new people. That is the valuable information for us. When we know exactly the goals of the employees, we can help them to develop their paths. Actually this is a small company, thus there are not a lot opportunities to go up to the hierarchy, but they can change their jobs or their specifications, then we can design the path for them, to shape them to what they want to be in the future.

B: So the questions you ask during the annual assessment is to define the competency rules?

K: Yes!

B: Do you have any policy to support the improvement of employees' competencies in the company?

K: There are strategy goals of the organization linked to the competencies. But until now we don't have such kind of policies. But in the next year, we will have the Human Resource Department, and up to that time we can decide whether it will be their duties.

B: When the training and development program is completed, HOW do you measure success?

L: We ask them first, and we let the employees do the self-assessment or some courses we have exams so the employees can achieve the certificate or pass/fail result.

B: However, an individual achieve new skills, competencies or knowledge from the training program does not mean that he can perform well in the real work environment. WHAT is your opinion about testing the Readiness of an individual after his training program?

T: We have our own test lab here and my team members are really interested in many things in the test lab.

K: What we usually do is the employees will take the training courses for the new technology, then they can train in our demo-environment, kind of similar work task environment, it will keep them safe. I would say no matter how experiences you are, but if you have the new technologies, you should try it first on the demo-environment before going to the production, it will be really stressful if you only have theoretical experience only. It also depends on the course that the employees take, some courses, there are some courses include practicing in the real cases but quite many theoretical course and you need time to for...

L: for example; if you take the course and achieve the certification, it's only theoretical.

There is no change for practicing. But there are courses that you need to practice in the lab and demo-environment. It's very different.

B: Who will assess the outcome of employees after they completed the training program?

K: I would say there are a light assessment, after training in the demo-environment, Teemu can ask them whether they are confidence to work in the real tasks.

T: We can also get help from KaisaNet or guidance from IBM, and we can practice under their guidance.

K: It's a kind of self-assessment. We give the employees an opportunity to train for some period, then we can get the help from KaisaNet or IBM to work with them in the next case, and the next one they will do in their own. It's really stressful if you know the theory only and you have to work by yourself, we may have to pay the penalties for the customers if we break something.

Do you review and give feedback to the model after competencies of employees are updated?

K: Of course we have to review the model as we review our strategy goals at the same time to see whether we are in the right point at the right time.

And as if it's necessary to review the model, WHO do you think will conduct the review and later give feedback to the model?

K: I think our business leaders and team leaders will work with the key people to conduct that. And I would say it will be done annual, not quarterly. Because if you change the model all the times, it's very complicated it will lose its benefit from using this kind of model.

Can employees get involve in reviewing the model?

K: It's a bit early to say until we adapt the model. However, we are a small company and this morning we have the quarter meeting and we have gone through many different things. I think those meetings and those annual face-to-face and discussions, I have to say we have quite a good open environment therefore the employees can comment on this model if they feel it's not good in some ways. It's very important because the hard thing is to decide where to invest or what technology to adapt and the employee's decisions are also crucial.

Are there any issues that we have not discussed which you think should be considered in developing a good and dynamic process to ensure the model is up-to-date to support the changing strategy of the organization?

K: Actually we are doing it already, without having the model. However, the model help us to think and manage things. And we have discussed a lot, how to manage our competences, and how to describe the current and future competencies. Of course we need these kind of tools, framework and model. Therefore, the short answer is yes, but the long answer is we only know after we tried it. I think we need time to digest this model.

Are there any challenges do you think Herman IT will be faced when adapting this model?

T: I don't think we have the answer now, we need time to think about it.

L: After we start to use then those challenges or development things will arrive. It's hard to say beforehand.

K: I think we should spend time to work with those competencies, combine with our infrastructure and take a look at what our current competencies and the gaps between those with the future competencies, then we could fills those gaps. I think the model could help us. It can help us to identify kind of competencies, which are general to all of us, or some competencies are only for specific teams. But at the moment, I can't say if the model has any challenge yet.