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26. Talent management: exclusive career management in inclusive Finland

Adam Smale

SETTING THE SCENE: THE CHOSEN ONE (PART 1)

Hanna is getting anxious. As a Finnish IT professional who has worked hard since joining FinnTech¹ three years ago, she has been invited for a ‘discussion’ with the Head of Human Resources (HR) at her Finnish subsidiary of the big, USA-based corporation. Hanna is not stupid. On her way to the meeting, she strongly suspects that she has been identified as a ‘high potential’ (corporate lingo for ‘talent’) as part of the organisation’s annual talent review process. She wants this badly but is nervously thinking through what others might think of her if they find out, and whether this might change the organisation’s expectations of her. Being part of the talent pool as a woman is not so special in Finland, but is she going to feel comfortable being part of this exclusive club, and with this label?

On the other side of the meeting room door, Virpi (Head of HR) is also anxious. She knows that Hanna has been identified as talent but as usual is struggling with what exactly to tell her and how. Virpi still struggles with how to tell fellow Finns that they are now part of the top 7 per cent of the organisation, but cannot go into detail about the review process or what Hanna can expect in terms of future career moves. Plus, Hanna must not tell anyone else. Virpi thinks back to the last few employees that received this news and sighs – how is Hanna going to react to this news and is she ready for all of Hanna’s questions?

CONTEXTUALISATION: THE FINNISH CONTEXT FOR TALENT MANAGEMENT

Exclusive talent management (TM) concerns ‘the differential management of employees according to their relative potential to contribute to an organisation’s competitive advantage’ (Gelens et al., 2013, p. 342). From an organisational career management perspective, exclusive TM builds on the concept

of workforce differentiation and involves focusing on a subgroup of ‘talents’ (quite often between 5 and 15 per cent of the workforce) who are most likely to contribute significantly to organisational performance and who demonstrate the greatest potential to develop into future leaders (Gallardo-Gallardo et al., 2013).

However, this exclusive approach to TM complicates career management practices, and communication about careers more generally, since most companies adopting this approach try to simultaneously manage both exclusive and inclusive career models: those in the talent pool need to feel valued and benefit from disproportionate investments in their career development (e.g. invitation-only leadership programmes, career mobility or salary increases), whilst the larger group of ‘B’ players (employees not in a talent pool) need encouragement to maintain or improve their performance (Malik and Singh, 2014), often accompanied with promises of open and equal opportunities to a certain level of career development. Broadly speaking, exclusive TM corresponds very closely with an organisational (top-down) career management model, whereas the inclusive component most closely corresponds to principles of career self-management (bottom-up).

The emphasis on merit-based workforce differentiation and the subsequent unequal investments in employee career development can make good business sense, especially when one has to decide how to use limited resources for personnel development. However, there are several aspects of Finnish culture and institutions that make exclusive TM a challenging proposition.

Finland, with its population of 5.5 million, celebrated its 100 years of independence in 2017. Having been a predominantly agrarian economy in the 1950s, it has rapidly developed into a prosperous knowledge economy. Finland is currently ranked seventh on the Global Talent Competitiveness Index (GTCI 2020) out of 132 countries, indicating the country’s high ability to attract, develop and retain the human capital that contributes to its productivity (Lanvin and Monteiro, 2020).

One of the hallmarks of modern-day Finnish society is its strong egalitarian values. This is reflected in many ways, not least in the focus on achieving social mobility and equal opportunity. Finland again performs well here, ranked number three in the Global Social Mobility Index (2020) and number two in the Global Gender Gap Index (2021) according to the World Economic Forum.

Institutionally, based on a ‘no child left behind’ principle, equity has been a cornerstone of Finnish education policy since the early 1970s and is reflected in the high degree of personalised teaching support for all students (particularly those who find it hard to keep up) and the fact that performance differences between schools in Finland are among the smallest in the world (Sahlberg, 2015). Culturally, the emphasis on egalitarian values and respect

for others, instilled from a young age, is evident in Finland's very low power distance scores and relatively high institutional collectivism scores, which are both good explanations for why modesty is a particularly strong virtue in Finnish culture (Lindell and Sigfrids, 2007).

Whilst individual performance-based compensation is fairly commonplace in Finland, the above features of Finnish society have meant that exclusive TM practices do not sit very comfortably in Finnish organisations. As indicated in empirical work on TM in Finland (e.g. Björkman et al., 2013), many Finnish organisations that have TM systems in place typically do not communicate openly about status and workforce differentiation practices. This is partly due to cultural misfit, but it is also due to fears of how to deal with raising employee expectations.

THE STORY: EXCLUSIVE TALENT MANAGEMENT AT FINNTECH FINLAND

Like many large Finnish multinationals, or Finnish subsidiaries of foreign multinationals, FinnTech Finland adopts a communication strategy that can be characterised as strategic ambiguity. This means that only employees identified as talents are formally notified about their status. Apart from this, FinnTech does not formally communicate to employees (talent or 'B' players) about the existence of talent pools, or about the implications of being labelled talent. Talents therefore know about their own status as talent but little more. The news of their status is communicated to them face to face by their supervisor in the annual development discussion. Following this, they meet with the Head of HR, who informs them of their acceptance into a talent pool and presents a list of talent development activities (e.g. workshops, training events) they will be expected to attend. Talent activities and benefits include joint workshops with leadership, increased networking opportunities with senior managers, eligibility for special training sessions and being prioritised in cases of new internal positions.

For the 'B' players, there is no formal corporate communication about their status. Their knowledge of corporate talent activities and their own and others' talent status, if any, is based on unofficial information from informal channels such as the organisational grapevine or talking to colleagues.

King (2016) describes talent identification in terms of employee responses to the 'talent deal', which is argued to be a significant 'career event' capable of altering the psychological contract. In short, how does this new information change the obligations an employee feels he/she has towards the employer, and the employer's obligations to an employee.

Research points towards a mix of psychological and behavioural reactions. On the one hand, studies identify positive outcomes among those identified

as talent, including a greater willingness to take on demanding assignments, building valuable competencies, supporting strategic priorities, organisational identification and lower turnover intentions (Björkman et al., 2013), as well as increased work motivation and commitment (Collings and Mellahi, 2009) and greater efforts to fulfil the psychological contract (Sonnenberg et al., 2014).

On the other hand, an exclusive approach to TM is associated with certain problems. Talent status awareness has been empirically shown to make talent more complacent as well as arrogant, increasing their expectations towards the organisation (Dries and De Gieter, 2014; Ehrnrooth et al., 2018) and their feeling of pressure and stress (Tansley and Tietze, 2013). Concerns have also been voiced regarding the potential negative reactions of those not identified as talent, including outcomes such as disengagement (Silzer and Church, 2009), decreasing motivation and performance (Gelens et al., 2013), and increasing jealousy and frustration (Malik and Singh, 2014).

From a career perspective, FinnTech's introduction of an exclusive TM system in its Finnish subsidiary places a specific organisational career management model into a specific country context. Whilst there are likely to be some universal psychological reactions to exclusive TM, as well as to the talent identification and communication process, these reactions are also going to be shaped by local societal values and institutions.

CLOSING THE SCENE: THE CHOSEN ONE (PART 2)

The door to the conference room opens and both Hanna and Virpi are full of smiles. As Hanna walks away having been informed that she is a 'high potential' (as she had rightly guessed) her head tries to process a million different thoughts and emotions all at once.

Yes! I knew it! Can't wait to tell my partner and my parents. But, why was *I* chosen? What were the *real* criteria? Will work colleagues just think that I am smart at office politics? I would hate it if they thought of me that way! But who else knows about my new status? What should I say if someone asks? Does this mean fast-track promotion and a pay rise? I've been working here for three years, which feels like ages, so hopefully things will start moving very soon.

Virpi watches on as Hanna strides down the corridor towards the elevator, convinced that she saw her punch the air when she thought no one was watching. Giving them the good news is the easy part, she thinks. But how long is that feeling of hers going to last, and then what happens? She knows her value, and others will work it out soon enough, maybe even our competitors. The clock is ticking and FinnTech needs to speed up her career development very soon. Virpi suddenly feels bad for the 93 per cent of FinnTech's personnel that don't get to hear this and don't receive this kind of attention, and

remembers with discomfort the CEO's recent video call to the Finnish unit last week where he proudly said that everyone at FinnTech is a unique talent and important to its future. Is this culture of secrecy around TM supportive of their company goals, in line with their corporate values or even sustainable? Virpi laughs sarcastically to herself – this would probably all be a lot easier if everyone was a little less Finnish about it.

REFLECTIONS

One meaningful way to reflect upon the above is to consider the career management issues that are raised from the perspective of the organisation/ employer and the individual.

The Organisation

Put yourself in the shoes of the FinnTech CEO, or the Head of HR, Virpi:

1. Should the Finnish organisation adopt an exclusive approach to TM and career development like they do in the US, that is, identify 'high potentials' and focus disproportionately on their career development, in a country that is built upon societal institutions, norms and policies that advocate egalitarianism and inclusion?
2. If it does adopt an exclusive approach, should the organisation inform its Finnish employees of their exclusive status? What might be their reactions and the implications for them career-wise? What would be the main messages you would want to get across?
3. Would you go the extra mile and communicate even more openly, for example making 'talent' status public information, and/or inform those who did not get into the talent pool? What would be the career messages you would wish to communicate to that group?
4. Assuming any organisation needs both 'A' players and 'B' players, how do you strike the right balance in organisational communication between a high-performance, exclusive career model on the one hand, and an inclusive 'opportunities for all' career model on the other?
5. Do you see any potential ethical or legal issues, or issues concerning the 'social contract', in FinnTech's approach to exclusive TM in Finland? Would there be any in your country?

The Individual

Put yourself in the shoes of Finnish professional Hanna, who is speculating about what being nominated as a ‘talent’ means for her, her relationships with her colleagues and her career:

1. What is your personal ‘talent philosophy’? Would you wish to be singled out as ‘talent’ and have your career development managed distinctively from others?
2. Do you think professionals in your country would share many, or any, of the same questions and concerns that Hanna does?
3. How would you and professionals in your country react to finding out that they have been identified (or not identified) as talent? How would this affect your career planning, motivation, identity and overall career proactivity?

USEFUL READING CONNECTED TO THESE QUESTIONS

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BOX 26.1 STOP AND THINK

1. When does it make sense for multinationals to transfer their home-country career management practices, such as exclusive TM, to different parts of their global organisation?
2. Under what kinds of circumstances is it advisable to adapt home-country career management practices to align with local cultures and institutions?
3. To what extent is exclusive TM as a career management model culturally or institutionally specific? Is there a time and a place for exclusive TM in every country?

SOURCE

Source of interview and background data for this chapter/case, adapted to suit teaching purposes:

Sumelius, J., Smale, A., and Yamao, S. 2020. Mixed signals: Employee reactions to talent status communication amidst strategic ambiguity. *International Journal of Human Resource Management*, 31(4): 511–538.

NOTE

1. This is a hypothetical case, based on empirical research by the author in several different Finnish organisational settings.

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