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CHASING THE STARS- CHALLENGES OF TALENT ACQUISITION IN SMES
Evidence from the IT sector

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ABSTRACT

This study examines the challenges of talent acquisition in small and medium-sized enterprises operating in the IT sector. The famous war for talent was officially launched in 1998 when McKinsey & Company’s report announced that better talent is worth fighting for. This well-known manifesto was made almost 20 years ago, but the title is still a reality and describes perfectly the situation in today’s talent market and the talent acquisition challenges companies are facing. The war is still being fought as more and more companies are focusing on the challenges of attracting and managing the star employees who create the biggest competitive advantage to firms. Also, it seems that the challenge is even bigger in the IT sector, where the scarcity of talent is on a critical level.

It seems that despite of being a differentiator between organizations that succeed and those that do not, talent acquisition includes a lot of uncertainties, unclarity, and misunderstandings. The aim of this study is to provide more insights to this phenomenon by exploring academic literature and combining it with the empirical research. The empirical data of the research is collected through semi-structured theme interviews with the representatives of six small and medium-sized enterprises operating in the IT field in Finland. The data is analyzed by utilizing content analysis.

The main findings of the study indicate that there are several factors affecting the challenges companies face while operating on the talent market. Based on the research data these challenges can be divided into four different themes; awareness, employer brand, organizational structure and changes in the labor market. All these factors were affecting the talent management processes of the representative companies.

In spite of the exponential growth of this field of research during the last few decades, there are still some unanswered questions and findings that need to be addressed. The contribution of this study is to illustrate the current state of talent acquisition and highlight the actual challenges on this field, focusing especially on companies operating on the IT field.

In terms of contributions to practice, companies should pay more attention to the real reasons behind the talent acquisition challenge. Only by understanding the actual problem companies can target their talent acquisition actions on right direction and problem. Also, identifying and understanding the processes in a wider context might provide a greater understanding for both practitioners and business leaders.

KEYWORDS: Talent acquisition, Recruitment, Talent Management, Employer branding, Information technology
1. INTRODUCTION

The “war for talent” was officially launched in 1998 when McKinsey & Co., published their well-known report which announced that “better talent is worth fighting for” (Chambers et al., 1998: 45, Beechler and Woodward 2009: 274) This happened 20 years ago, but the situation is still the same; Almost one-third of employers proclaim that the main reason they can’t fill their most critical positions is a lack of potential candidates. Employers proclaim that most of the potential applicants lack the necessary experience and competencies. At the same time, many companies are becoming more and more digital and automated, so they have troubles finding the right applicants with the right mix of technical skills and human factors. As a result, the competition is becoming harder and finding the best talents, the star employees, is becoming more important than ever. (Manpower survey 2018: 4)

In today’s competitive and modern business world, the most talented and experienced star candidates create the biggest competitive advantage to organizations. Survey after survey show that effective management of this resource, the organization’s talent, is one of the most critical challenges and opportunities for companies. (Charan 2010: 24) In the end, businesses are run by people.

It seems now, that companies are well aware of these challenges when it comes to talent shortages. “The people make the place” has been a mantra for organizations and talent acquisition professionals for more than 25 years now (Groysberg 2010: 445). Also, it seems that the challenge is even bigger in IT sector, where the scarcity of talent is on a critical level. The problem is real and might become even harder in the future. But despite of this awareness, there is still many challenges and bottlenecks on this talent acquisition field. Why is it that so many companies are failing to be successful in raising their talent game? And how can we identify and overcome these challenges? Who will win the war for talent?
This thesis investigates the complexity of talent acquisition in small and medium-sized enterprises operating in IT sector. The aim is to examine talent acquisition research in light of current economic climate where talent is a scarce resource. The purpose is to analyze the different challenges companies face in the field of recruitment and talent acquisition, especially on the IT field, where the applicants are especially hard to recruit.

This part of the thesis will present the background of the study, identify the research gap in the current research and introduce the research questions used in this study. In the end of this chapter there will also be the form of the research structure for this overall study.

1.1. Background of the study

The famous war for talent was declared open by McKinsey consulting company (Michaels, Handfield-Jones, & Axelrod 2001) and according to the professionals, there is two reasons and key drivers for this war: scarcity of talent and the assumption that talented star employees have a major impact on the company’s performance (Eriksen 2012: 6).

This well-known manifesto was made almost 20 years ago, but the title is still a reality and describes perfectly the situation in today’s talent market and the talent acquisition challenges companies are facing. The war is still being fought as more and more companies are focusing their resources on the challenges of attracting and managing their “star” employees. (Beechler & Woodward 2009, Eriksen 2012: 6)

Price Waterhouse Cooper’s 11th Annual Global Survey 2008 showed that 89 percent of the CEOs surveyed proclaimed that the “talent agenda is one of their top priorities” (PWC 2008: 35). Also, according to a 2015 survey by the ManpowerGroup, 32 percent of employers said, that they are expecting a talent shortage in the near future and this shortage is negatively affecting their business
performance (Cairns 2015: 29). In addition, Deloitte’s annual Global Human Capital Trends 2019 survey was evaluating a chronic talent challenge. According to the survey, organizations have focused on finding the right talent to drive business growth, but with low unemployment rates and skills shortages in many technical areas, recruiting has gotten extremely hard. Based on the results, the survey proclaims that in 2019 and 2020 a new approach to talent acquisition is needed. Rather than repeating the old ways of recruiting, organizations should start to think about how to get an access to the star employees in varying ways. (Deloitte Global Human Capital Trends 2019: 71)

At the same time, the digital age and technology are both affecting on how work gets done and these changes are creating new roles which require new competencies and skills. Automation is creating intense demand for technical skills that don’t widely exist in today’s talent market. (Deloitte Global Human Capital Trends 2019: 71) Thus, the challenge of talent shortage is well-known especially in the IT sector, where the fight of the best players is even more intense than in other industries. The demand for IT professionals is growing approximately 4 percent a year. This trend already caused an IT talent shortage of 509 000 jobs in 2015. In 2013, the number was 274 000. In addition, this figure will probably increase to almost one million by 2020. According to the professionals, the main reason for this shortage of talent is a lack of relevant IT-skills (Sherry, Carcary, McLaughlin, & O’Brien, 2013, Radant 2017: 18)

However, the talent acquisition challenge should not come as a surprise. The logic behind the process is pretty straightforward; Businesses are run by people. Processes and technology are both important factors, but it is people who make the decisions and the actual difference. It’s people who create the actual value by using these technologies. To summarize, this means that the better people the organization has, the better the organization will perform. This is the train of thought behind the talent acquisition process—companies should focus on attracting the best brains to their firm to ensure the best results and performance. (Uren 2007: 32) In the end, the main idea of talent acquisition is to ensure the organization is future-proofed, which means that an organization has the relevant competencies and all the needed skills in place to be able to grow and
succeed in the future which, unfortunately, is increasingly unpredictable (Oppong 2013: 66).

However, despite of the simplicity of this idea, the reality is usually much more complicated. Finding the star candidates is difficult—and the situation is not showing any signs of improvement. In addition, it seems that in some companies there is still surprisingly little responses to highlight this problem. Most organizations still continue to trust on traditional recruiting strategies and practices, expecting them somehow to create different results. (Cairns 2015: 29) In the Global Human Capital Trends 2019 survey, only 6 percent of the respondents believed they had best-in-class recruiting processes and technology, when rating their recruitment functions. Eighty-one percent of survey respondents believed their company’s recruitment processes were standard or below standard. (Deloitte Global Human Capital Trends 2019: 73) Also, it seems that despite of the fact, that an effective talent acquisition strategy can be a differentiator between organizations that succeed and those that do not, talent acquisition as a concept includes lot of uncertainties, lack of clarity, and misunderstandings (Oppong 2013: 63).

1.2. Research gap

Based on the recent surveys, there still seems to be a lot of obstacles on the way to efficient, clear and comprehensive model of talent acquisition. These barriers need to be overcome before companies can succeed in efficient talent acquisition actions.

One important factor in this process is that companies should avoid one common blueprint to all their talent practices and situations. Instead, they should develop different approaches to their talent challenges. Approaches, which suit individual company and talent requirements. (Oppong 2013: 63) And to be able to do this companies first need to recognize, identify and define the biggest challenges on their way.
Luckily, there seems to be a lot of theoretical discussion of the current competitive business climate, where organizations are struggling with the talent shortage. There is also a huge amount of information and research of different tools, methods and processes providing insights to more efficient talent acquisition. However, what seems to be missing is the bridge between these two research discussions. Why are not companies using this information to ensure their performance now and in the future? What are the main reasons behind the talent acquisition challenges? What is stopping us?

It seems that the traditional recruitment research has not provided enough results or insights into recruiting research in contexts where the candidates are especially difficult to recruit, like IT professionals. (Tihveräinen 2018: 1) There has been a huge growth in this field of research during the last decades, but still there seems to be many unanswered (Breauch 2008; Harold, Uggerslev & Kraichy 2014, Tihveräinen 2018: 1). Uggerslev (2012) is even proclaiming that most of the practical implications are outdated and have been known for more than a decade (Uggerslev 2012: 598).

In the ideal situation the recruiting and talent acquisition research would be able to develop new, fresh ideas and to adapt them into practice. This in turn would provide updated guidelines for organizations and then increase the amount of relevant and practical talent management knowledge. Thus, recruiting research should engage with both the world of theory and the world of practice. (Saunders et al. 2009: 6) According to Collings et al. (2018), an examination of wider context and factors within which talent acquisition takes place could help explaining all the influences in the system and this in turn could help identify the potential intervention points. (Collings, Scullion & Caligiuri 2018: 75)

Considering these arguments, this thesis provides specific research questions and objectives in order to clarify the research gap.
1.3. Research questions and objectives

Based on the recognized research gap in the field, the aim of this study is to examine the traditional recruiting and talent acquisition research in light of current economic climate where talent is a scarce resource. The purpose is to analyze the different challenges companies face in the field of recruitment and talent acquisition, especially on the IT field, where the applicants are especially hard to recruit.

The main research question of this study is following:

“What are the main challenges in talent acquisition in Finnish SMEs operating in the IT field?”

The research questions that try to help answer the question above are the following:

Q1: What kind of internal and external factors are affecting the talent acquisition processes of the companies operating in the IT field?
Q2: How the new talent mindset is affecting the talent acquisition actions?

The objective of this research is to find out the main reasons behind the talent acquisition challenges. Most of the companies are aware of the scarcity of the talent, but what exactly are the biggest barriers in the talent hunt? The aim is to try to find the common factors behind these challenges between companies and this way provide valuable information for companies operating in tech field.

The scope of this research aims to address these research gaps. The current literature of talent acquisition has focused a lot on addressing the fact that there exists a war for talent. The literature has also described the reasons for this current situation, for example demographic changes. However, the literature has not paid that much focus on the actual challenges which occur in the talent acquisition process. This research tries to illuminate the concrete barriers
companies face when trying to attract talents. Furthermore, the research focus on companies operating in IT field is still relatively limited. That is why this study is aiming to help to clarify the conceptual boundaries of talent acquisition in this field.

1.4. Structure of the study

This thesis paper is divided into 5 chapters. This first chapter includes an introduction to the study and the research area. The first chapter is followed by chapter 2 which provides the literature review for the research. It will lead the reader thought the main focus areas of talent acquisition, starting from the big picture and focusing then on challenges on more detailed level. The chapter 3 will take a look on the research design and methodology. The research strategy and data collection methodology has been described as clearly as possibly along with the background information of the representative companies.

Chapter 4 presents the findings of this research. The literature review provides a framework for the findings and the empirical findings have been compared to that framework. The findings have been analyzed and presented with the support of direct quotes from the interviews.

Finally, the fifth and the last chapter will focus on the conclusions of the research. The main findings of the study are summarized, and some contributions have been presented as well. Also, the last chapter shares discussion of the limitations of the research and future research possibilities will also be included in this chapter.


2. LITERATURE REVIEW

This chapter provides an overview of the key literature sources of the topics of this study and creates the literature review for the research. It will lead the reader thought the main focus areas of talent acquisition, starting from the big picture and focusing then on challenges on more detailed level.

2.1. Talent Acquisition - the new reality

Some people might say that the current economic climate makes it inappropriate to talk about the war for talent. For example, from global perspective, there is unemployment in many countries. However, as observed by Farndale, Scullion & Sparrow (2010), more and more people on the labor market do not provide employers the competencies and talent they need. So, although the war for talent may not be the best way to describe the situation or the most appropriate talent jargon, there is still a huge demand for talent in many companies and business areas and this fact is causing a pressure on most of the organizations. (Oppong 2013: 66) However, despite of the unemployment in some industries, the situation does not concern everyone. It is not like all professions attract large volumes of potential applicants. Even in this era of economic downturn, where unemployment and uncertainty are unfortunately very common, organizations still need to ensure they have the key talents in right business positions. (Horwitz et al. 2013: 23)

Originally this war for talent began in the 1980’s, at the same time as the Information Age was born. With that change, the hard assets, like machines and factories were replaced by immaterial assets like networks, brands, intellectual capital - and talent. (Michaels et al. 2001: 3) The following table illustrates the shift from the old reality of labor markets to the new reality of talent markets:
<table>
<thead>
<tr>
<th>The Old Reality</th>
<th>The New Reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>People need companies</td>
<td>Companies need people</td>
</tr>
<tr>
<td>Machines, capital, and geography are the competitive advantage</td>
<td>Talented people are the competitive advantage</td>
</tr>
<tr>
<td>Better talent makes some difference</td>
<td>Better talent makes a huge difference</td>
</tr>
<tr>
<td>Jobs are scarce</td>
<td>Talented people are scarce</td>
</tr>
<tr>
<td>Employees are loyal and jobs are secure</td>
<td>People are mobile and their commitment is short term</td>
</tr>
<tr>
<td>People accept the standard package they are offered</td>
<td>People demand much more</td>
</tr>
</tbody>
</table>

(Michaels et al. 2001: 3)

Nowadays, many trends, like urbanization and demographic changes, are all changing the skills global businesses and talent market need. The supply of talent is shrinking at the same time as the demand for these specific skills is increasing sharply. This evolution is creating a critical imbalance to talent market and that is why the availability of skills has long time been the main worry of business leaders and talent acquisition professionals around the world. Different surveys are all supporting the view that there exists a change of reality on the talent market. According to Manpower survey (2018) 45 percent of the companies proclaimed they can’t find the talents they need. In addition, the situation seems to be even harder for large organizations; 67 percent of companies reported talent shortages in 2018. (Manpower survey 2018: 4)

In addition, almost 63 percent of CEOs named the talent shortage as one of their biggest concerns this year, which is over 5 percent more compared to last year’s survey. The concern is real because companies need skilled, professional talents to drive the growth of their business, but these so-called star employees are becoming a rare resource. Moreover, half of these companies even have plans to
hire more employees in the near future. The big question is then, from where and how? (PwC 17th Annual Global CEO Survey: Transforming talent strategy 2013: 10)

Yet despite of the intense executive focus on talent challenges, there is still ongoing challenges on talent acquisition market. Thus, all these changes require intensive management attention and consideration. Skilled, high potential star employees are influenced by multiple factors and companies should be highly aware of these factors to be able to overcome the challenges. In addition, the factors usually exist outside the company’s internal talent systems but still influence the flows of talent and talent quality. (Collings, Scullion & Caligiuri 2018: 75) That is why companies should adopt a new, wider perspective and make sure they are aware of the root causes of the challenges.

According to Michaels et al. (2001), there is altogether 3 fundamental reasons which are causing this situation where companies are fighting for the best talents: the fundamental change from the Industrial Age to the Information Age, the increasing demand for high-potential talent and the growing tendency for employees to switch from one company to another (Michaels et al. 2001: 3). Also, the global forces such as globalization, demographical and technical changes and workforce behavioral dynamics are all creating a new reality for talent acquisition. It seems that these forces are not disappearing, so the competition between firms might even intensify in the future and it will probably last for many years to come. (Michaels et al. 2001: 3) As a result, employers are forced to strategically adapt to new ways to fill critical talent scarcity gaps. (Sahay 2014: 172)

2.1.1 A talent mindset

There seems to be now a consensus both in empirical and academic research that there exists a war for talent and that winning, or at least fighting in this war is critical for almost all businesses to reach competitive advantage (Chambers,
Foulon, Handfield-Jones, Hankin, & Michaels, 1998; Gatewood, Gowan, & Lautenschlager, 1993; Michaels, Handfield-Jones, & Axelrod, 2001; Rynes, 1991; Turban & Greening, 1997), Dutta 2014: 93) To be able to do this, organizations should not just manage talent in the context of the company but also examine, evaluate and understand the wider external context in which talent is created, developed and managed, beyond the immediate reach of the firm. (Collings, Scullion & Caligiuri 2018: 75)

This battle between companies together with the global changes in forces is causing different consequences in talent market. The first implication is that the power dynamics have changed between the employers and the candidates. Nowadays, in most industries, the job seeker has the negotiation power. More than ever, talented high-potential candidates have the negotiating power and they can raise their expectations for both their employers and their careers. (Michaels et al. 2001: 7) The tight talent market is providing high potential employees many choices. Especially in knowledge based, technical and service driven companies (Ewing et al., 2002, Srivastava & Bhatnagar 2010: 25) And this all is causing a new situation, where the job candidate is leading the talent game. (Michaels et al. 2001: 7)

The second implication is that excellent talent acquisition has become a vital source of competitive advantage. Companies that are better at attracting and retaining the high-potential talents will gain a stronger competitive position in the talent market. (Michaels et al. 2001: 7) Thus, talent acquisition and recruiting are undergoing fast transition pace at the moment. The competition of talents is challenging companies and their talent strategies, and every company should now focus on their talent strategies. To be successful in this new talent game, firms should constantly attract new potential candidates and at the same time “re-recruit” the talent that is already in place in the company. (Kumudha & Priyadarshini 2016: 168)

This new talent mindset has led to a situation where the traditional recruiting team is being replaced by a more strategic talent acquisition function, which is focusing on new talent acquisition areas like talent attraction, employer
branding, sourcing candidates in new places using social media tools and take advantage of the referral relationships networks of the company. (Kumudha & Priyadarshini 2016: 168)

Michaels et al. (2001) have examined a lot this so called “talent mindset”. It means that every organization that is struggling with talent acquisition challenges should recognize and have this new kind of view. The fundamental idea of this new talent mindset is that the better HR processes is not the reason which defines the winner of the talent game. Better processes are not the factor which separates the high-performing companies from average-performing companies. Instead, the new talent mindset requires a change in the overall perspective and attitude. The key is the fundamental belief in the importance of talent and the overall actions companies are taking to strengthen their talent acquisition strategy. Without this new talent mindset, the recruiting is just a separate activity, a process inside the company. This fundamental difference in this talent mindset makes a huge difference when it comes to competition between the companies (Michaels etc. 2001: 8)

The new talent mindset is critical and the door-opener for successful companies because businesses cannot grow without the right talent. Just as importantly, businesses cannot reach the right high potential candidates without making fundamental changes in their talent acquisition strategy. (Sahay 2014: 172) Based on the research, one of the primary differences between successful and unsuccessful organizations is that the most successful companies had a management who was ruthlessly focused on talent. These organizations found and hired top performers and believed that focus on talent acquisition was the key to outperforming competitors. (Burkus & Osula 2011: 1)

However, this all requires a profound change in the mindset of the company. Organizations need to have the ability to challenge their assumptions before they can implement the right, needed actions.

The following table illustrates the change in this new talent mindset.
In summary, this new talent mindset means that “having a better talent at all organizational levels is how a company can outperform the competitors”. It is the understanding that more talented employees are a vital source of competitive advantage to organization and this new mindset is the critical force which is affecting on all the other performance levels in the organization. (Michaels et al. 2001: 22) According to Burkus & Osula 2011, the most talented employees, these so-called star employees tend to outperform average performers by 127 percent (Hunter, Schimidt & Judiesch, 1990). (Burkus & Osula 2011: 1)

Thus, winning the war requires more than execution of traditional HR processes. The new talent mindset demands reinvention—not just of the talent acquisition process, but of the talent acquisition mindset. And to do this, organizations should rethink how to reset traditional expectations on where talent can be found.
and what it looks like, and then rewire the needed recruiting processes. (Deloitte Human Capital Trends 2019: 75)

2.1.2. A definition of talent

There seems to exist a consensus that talent matters, and companies need the brightest and most talented employees to survive. But how do we identify a talent? What do we actually mean when we are talking about talent? According to Oppong (2013) one of the challenges in talent acquisition field is that the indicators of talent are contradictory and sometimes even unclear. It is also unclear whether companies can identify the potential candidates and the potential, talented employees if they don’t know how to define it. In other words, can a company identify talented candidates or employees without a clear definition of exactly what it means to be talented? (Oppong 2013: 64)

It seems that quite often managers find it easier to say who their talented employees are than to explain what they mean by talent. When you ask managers why someone is on their talent list the most common answer was that employees were good performers. (Oppong 2013: 64) This difficulty of pinpointing what talent is should be solved before starting the talent acquisition process.

The dictionary definition of talent is that talent is an individual’s special expertise in a field. Also, words like skill, competence or ability are normal synonyms for talent (Eriksen 2012: 6). This, however, is still a very broad definition. According to Beechler & Woodward (2009), talent should be described as the combination of competence, contribution and commitment. (Beechler & Woodward 2009: 6). McKinsey & Company defined talent as “the sum of employee’s abilities, gifts, skills, knowledge, intelligence, judgment, attitude, experience, character and drive”. The definition also includes the ability of the employee to grow and learn. (Michaels, Handfield-Jones & Axelrod 2001: 22). Moreover, in some studies people have used the term talent to refer to key employees like managers or leaders. (Schiemann 2013: 2) Schiemann (2013) defines talent as “the collective
knowledge, skills, abilities, experiences, values, habits and behaviors of all labor that is brought to bear on the organization’s mission”. (Schiemann 2013: 2) Based on the definitions mentioned above it seems clear that talented employees make a difference when it comes to organizational performance.

However, despite of the fact that the actual definition of talent tends to vary from company to company, it seems that the key difference lies in the employee-employer dynamic. According to Cohen & Zaidi (1998) the talent acquisition process is different between the applicants in a general recruiting context and the talents, also called as hard-to-recruit professions. In a general recruitment context, a large number of job candidates apply for a job and then the recruiter has a challenge to select the one with the most potential out of many other potential applicants. However, with hard-to-recruit talents, the dynamic of the process is fundamentally opposite: a small number of qualified candidates are applying to a vacant job position after a long consideration. (Cohen & Zaidi 1998: 3)

This change of dynamics can lead to a situation where the qualified candidates can find themselves in a unique position in the job market; in some situations the candidates can have more power in the situation compared to the employer. In many cases the high potential candidates are almost equal decision makers to recruiters themselves during the talent acquisition process. In some situations, there might even be only one potential candidate. (Tihveräinen 2018: 3)

2.1.3. Defining the talent acquisition

In the past, human resources has been defined as administrative function. This has been the reality a long time but there has been so many changes on talent market that the traditional definitions and processes do not fit anymore (Su & Yang 2013: 1). New trends such as constantly changing technology and new models of work continue to challenge existing assumptions. (Collings, Scullion & Caligiuri 2018: 75) Thus, in the last decade human resources has increasingly
included the acquisition of talent. The focus has shifted from coordinating the applications to application of skills and talent acquisition strategies to maximize the return on investment from human capital. (Su & Yang 2013: 1)

According to Kumudha & Priyadarshini (2016), talent acquisition is “the process of finding and acquiring talented and skilled professionals for organizational needs”. The term is often used in the context of recruiting or human resources and talent acquisition is often used synonymously with the term recruiting. However, talent acquisition and recruiting can be seen as different processes, depending of the perspective; Recruiting is often seen as a part of talent acquisition, a smaller section which includes some critical parts but not everything. Thus, in many organizations talent acquisition is increasingly becoming a separate talent management department or team within the HR department. (Kumudha & Priyadarshini 2016: 169)

The person or team responsible of talent acquisition is usually responsible for all the activities included in the talent acquisition process: attracting, finding, acquiring, assessing and finally hiring potential job candidates. In addition, in some organizations the talent acquisition process includes the early stages of onboarding too. Thus, talent acquisition includes all the traditional recruiting activities, but it includes some more strategic elements as well. Strategic talent acquisition ensures that the business is aligned from talent perspective. It also requires a deep understanding of the talent markets, both locally and globally. Strategic talent acquisition requires a deep understanding of the different talent market segments and how the critical positions act within these segments. At the same time, the process has to take into account all the potential skills, experiences and competencies necessary for the organizational success. (Kumudha & Priyadarshini 2016: 169) In practice this all means that there is no one common or best approach on how the procedure of talent acquisition should work. Different employers and companies have different methods depending on their business needs. (Su & Yang 2013: 7)

The fundamental difference of talent acquisition compared to traditional recruiting is the sustainability and the more strategic touch to candidate
relationship building. A strategic talent acquisition requires a long-term view, when the traditional recruiting activities are normally focused on one job position at a time. Nowadays, finding the potential candidates is not just filling the positions one by one but looking for a bigger picture and constantly looking for candidates to fill positions in the future. Thus, in some cases of strategic talent acquisition, companies can even recruit today for positions that do not even exist today but are expected to become available in the future. (Kumudha & Priyadarshini 2016: 170)

Thus, by adopting a long-term strategic approach to talent acquisition, the company can have a huge impact on how an approach is made to a candidate. If the approach is more strategic in nature the conversation between the employer and the potential star employee becomes more like relationship building, which is not the case with the traditional recruiting. (Kumudha & Priyadarshini 2016: 170) It is especially important for organizations to influence candidates application intentions and decisions, because companies cannot select from or continue to recruit job seekers who don’t take the first step (Barber, 1998; Carlson, Connerley, & Mecham, 2002). (Collins 2006: 4)

Therefore, an employment branding is also in a key role when it comes to talent acquisition. It is the foundation for all the other talent acquisition activities as it includes all the activities that help companies to define their company image, communicate their organizational culture and then attract the potential job candidates. (Kumudha & Priyadarshini 2016: 169) All these aspects are critical in in field of talent acquisition, as job seekers’ employer knowledge affects their application behavior. Thus, it is critical for recruiters and talent acquisition professionals to understand how to communicate their employer brand and systematically influence the job candidates’ beliefs (Collins 2006: 6).

Sullivan (2004) has defined employer branding as “a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees, and related stakeholders with regards to a particular firm” (Chhabra and Sharma 2014: 49). According to Backhaus and Tikoo (2004) the term employer branding “suggests the differentiation of a firm’ characteristics as an employer from those
of its competitors”. To summarize, the company’s employer brand provides a potential candidate a picture of the different aspects of the company by highlighting the environment, culture and offerings. (Chhabra and Sharma 2014: 49)

All in all, the employer branding activities are an important part of a talent acquisition process because the more attractive employer image can help organizations to boost their market position. In addition, by sharpening their company image firms can attract more high potential star candidates by showing on what it would truly be like to work for that particular organization. (Kumudha & Priyadarshini 2016: 169) as previous research on talent acquisition has suggested that candidates develop and rely on a number of different beliefs when making application decisions (Barber, 1998; Rynes, 1991). (Collins 2006: 6)

An important part of talent acquisition is also the candidate relationship management. It means that people responsible of talent acquisition should focus their resources on building an extra positive candidate experience, managing candidate communities, and maintaining relationships for those candidates that were not selected. (Kumudha & Priyadarshini 2016: 169) As important as it is to have carefully planned employer brand and company image, it is equally important to communicate it to the potential employees. Channel selection for communicating should be strategically chosen, so that the company could reach the target audience. Digital era has opened new possibilities for the candidate communication as a part of talent acquisition process. (Chhabra and Sharma 2014: 50) Moreover, the specification of candidate audiences is also critical, as companies need to be able to define and understand the audiences in which an organization needs to source for specific roles. All the different sourcing strategies should be based on the understanding of the specific jobs and where the audiences will come from to fill them. (Kumudha & Priyadarshini 2016: 169)

Finally, strategic talent acquisition also includes continuous data analysis and tracking the metrics. Companies are well aware of the increased competition on the field of talent acquisition and are interested to understand how to focus their
recruitment efforts to separate themselves from labor market competitors (Taylor & Collins, 2000). The key metrics and data analysis of talent acquisition are helping companies to drive their continuous improvement and to make better recruitment decisions, to ultimately improve the quality of hire. (Kumudha & Priyadarshini 2016: 169)

However, within each of these core elements of talent acquisition there are many other sub-activities, best practices and there are also many different talent acquisition tools, outsourcing partners and technology which all play a part in the overall talent acquisition strategy. (Kumudha & Priyadarshini 2016: 169). The methods differ, but the most important practical question is, what should employers do to maximize the effects of their recruiting efforts with the fewest resources? (Chapman et al. 2005: 940)

In today’s fast changing talent market, talent acquisition is quickly becoming a unique profession. In some companies it is even separated from the practice of general recruitment. The talent acquisition professionals are usually skilled in all aspect of the process and the function is often closely aligned with marketing and PR as well as human resources. (Kumudha & Priyadarshini 2016: 169)

However, even though this all might seem natural, the idea of talent acquisition as a unique function and department is still a relatively new situation and development. In many companies, recruiting is still in a more traditional form, without the strategic angle. Too often it is a fuzzy function of an HR generalist. (Kumudha & Priyadarshini 2016: 169) Lewis and Heckman (2005) concluded that the majority of practitioner literature simply manages to reassert common HR practices or methods and then rebrand them as “talent acquisition.” (Burkus & Osula 2011: 1)

But the mindset of talent acquisition is heading to the right direction and little by little it is becoming the modern, strategic function of the organization, supporting the business goals and leading the talent activities, like organizational talent forecasting, talent pipelining, and strategic candidate assessment and development. (Kumudha & Priyadarshini 2016: 169)
2.1.4. Strategic talent acquisition

In today’s labor market, economics, competition, globalization, technology and other factors are all playing an important role when companies are designing their business strategies. However, winning organizations know that in today’s competitive talent market, a well-planned and implemented talent strategy is vital. A carefully planned talent management strategy enables employees to meet business goals and companies realize their visions. It is both important and necessary- and it is not even an option anymore. (Bergeron 2004: 134)

A well-designed talent strategy includes all the needed modern talent acquisition actions and it is executed in a strategic way. This means, that companies should adopt a new, more holistic and strategic approach to both human resources, recruiting and business planning to ensure the organizational effectiveness in the future. Also, when executed in an effective way, a strategic talent acquisition can improve the performance and the potential of candidates who can make a measurable difference to the success of the company. (Ashton & Morton 2005: 30)

Collings & Mellahi (2009) have defined the strategic talent acquisition as “actions and processes that involve the systematic identification of key positions which differentially contribute to the company’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization”. (Collings & Mellahi 2009: 1) Thus, the real purpose of a strategic talent strategy is to ensure that the company has the right talents with the right skills and knowledge available at the right time and place to gain different business goals. (Bergeron 2004: 134) It can be seen as the answer for the different human capital needs a company has for both the short and long term.

There has been almost a hype around the topic of talent hunt and the debate has been heated. However, despite of the growing popularity of the topic of strategic talent acquisition, the actual concept of it is still somewhat unclear. It has been
stated that there is a lack of clarity regarding the scope, definition, and overall goals of talent acquisition. (Lewis & Heckman 2006: 139) This view is also prevailing in the practitioner literature. Thus, it seems that the field of talent acquisition would need a more clear and comprehensive definition of the concept. In addition, the talent acquisition literature is suffering of the fact that there has been a lack of theoretical development in the area. (Collings & Mellahi 2009: 2)

It seems that the shortcomings in the literature on talent acquisition have limited both the theoretical work on the topic and the practical usefulness. (Collings & Mellahi 2009: 2) Both academic and business world would benefit from a common understanding of the term talent acquisition, its aims and scope. Furthermore, there is very little focus on how strategic talent acquisition could or needs to evolve in the future. (Ariss et al. 2014: 173) Without testable propositions or an empirical foundation, many companies are forced to trust on commonly held beliefs and assumptions. These become their de facto strategy in the war for talent. (Burkus & Osula 2011: 5) That is why the field of talent acquisition needs a deeper analysis of the actual challenges affecting the war for talent.

2.2. Challenges of Talent Acquisition

It important to address the talent acquisition challenges. That way companies can spot the pain points, focus their resources on these difficult areas and finally overcome the difficulties. Despite of the different approaches to talent acquisition, the common goal for every company is to improve the organization’s success by having the right people at the right place at the right time with the needed motivation and expertise. (Guthridge et al., 2008; Lane & Pollner 2008: 33). But what exactly are those challenges? What are the main barriers companies are struggling with?
Based on the responses of more than 1300 managers and executives worldwide, Guthridge et al. (2008) identified several barriers and challenges companies face when executing their talent acquisition practices. Many of these barriers exist in local context, but while companies grow and become more international, the challenges become more complex and difficult to overcome. (Pfeffer & Sutton 2006, Schuler 2010: 514) These barriers along with few other talent acquisition challenges are presented next.

2.2.1. Lack of commitment

The acquisition, allocation, development, retention and succession of talent, the most valuable resource of organization, is nowadays the most important competitive advantage for companies as these value-adding employees are crucial for business. No wonder that survey after survey show that strategic management of this scarce resource is ranked as one of business managers and talent acquisition professionals most critical challenge—or opportunity. However, these same surveys show that despite of the strategic importance of an efficient talent strategy, not all business leaders are taking this topic seriously enough and participating in leading the talent acquisition as they currently exist. (Ingham 2004: 1)

This lack of commitment seems to be especially common on an executive level; a recent survey of human resources professionals at Fortune 200 companies proclaimed that the most difficult aspect of the role of talent acquisition professionals was creating and ensuring a true sense of ownership and commitment among the senior managers regarding their roles during the talent acquisition process. According to Gunter et al. (2012), having the right people in critical, high potential roles is not only a responsibility of talent acquisition. There should be a true commitment at all levels, and it should be a natural and mandatory part of the manager roles. In the end, it is the managers team who eventually become responsible of these candidates. That is why creating this type
of talent mindset around leadership and talent is one of the biggest challenges and opportunity in the talent acquisition process. (Gunter et al 2012: 29)

The lack of commitment of top management can have fundamental consequences to the end-result of talent acquisition process as it can lead to a situation where senior managers do not spend enough time on talent strategy, perhaps thinking that there are other more pressing things to be concerned with. (Pfeffer & Sutton 2006, Schuler 2010: 514) However, as highlighted before, this should be one of the top priorities of managers as neglecting these responsibilities can have a huge effect on the competitive advantage of the company.

Another challenge which has been recognized is the lack of commitment of recruiting managers. In this case, middle and front-line managers are not sufficiently involved in the talent acquisition process, perhaps because they see these activities as less important than managing the business or because most of the talent acquisition activities require such a long-term perspective. (Pfeffer & Sutton 2006, Schuler 2010: 514)

2.2.2. Talent Acquisition as shared responsibility

According to Lawler et al. (2010), an effective and functional talent acquisition process requires both commitment and participation. Also, it should not be one person or role responsible of it; in an organization which has truly adopted a talent mindset, the strategic talent acquisition should be a shared responsibility. (Lawler et al. 2010: 13). In addition, it is very important to acknowledge, that building a better talent pool is not about building a better HR department. It’s not about better training or talent management either. It is about employees and managers at all levels of the company embracing a talent mindset. (Michaels et al. 2001: 22)

Many of the companies who argue that people are their most important asset also provide attractive ways to win the war on talent. Yet, quite often the talent
acquisition is on the priority of the list or the to-do list is not consistent with these statements. The unfortunate truth is that despite on the importance of talent acquisition, the business executives are the ones bring all other functions into play, and their role in creating a talent mindset around the organization is more than critical. (Joyce & Slocum 2012: 183) In fact, one of the most efficient tools companies can use to develop their talent acquisition process is to involve line managers and other employees of the company. This is both free and easy way to ensure the efficient talent acquisition process. Managers play a key role in the recruitment of talent and they should be accountable for developing the skills and knowledge of their employees. (Gunter et al 2012: 29) In addition, a company should engage the employees of organization too.

Some of the organizations have already realized that they their staff should participate in talent acquisition activities too. Employees at all levels should understand the business goals, value of the brand and feel personally committed to the talent acquisition goals. To flourish, companies should get their people to act as champions of their business and their brand, both internally and especially externally with potential job candidates. Many businesses have fortunately realized this and have started talking about employee ambassadors. (Thomson & Hecker 2001: 1)

Successful companies know that the talent management process needs to have shared ownership. It is not just the responsibility by human resources, recruiters or talent acquisition professionals, it should concern the managers and employees at all levels, including the CEO. This means that all managers and business leaders should be actively involved in the talent acquisition process and make recruitment and succession planning one of their top priorities. Talent acquisition should be seen as a shared responsibility of a company and employees at all levels should be willing to devote a significant amount of their time to these talent activities. (Gunter et al. 2012: 28)

Luckily, it seems that the issue of talent acquisition has raised the interest of different stakeholders beyond talent acquisition academics and professionals. According to the survey of Economist Intelligence Unit (2006), most CEOs have
explicitly argued that talent management and strategic talent acquisition is too critical to be left to human resources alone. In addition, Boston Consulting Group (2007) report has proclaimed that the theme talent acquisition is among the five biggest challenges for human resource function in both local and global context. (Collings & Mellahi 2009: 2) This all might indicate, that the challenge is concerning everyone and the responsibility of it should be shared.

2.2.3. A knowing–doing gap

Another challenge in the talent acquisition of the company can be the lack of knowledge. This so called knowing-doing gap can arise in situations where managers at all levels are not enough involved in the formulation of the organization’s talent strategy. (Pfeffer & Sutton 2006, Schuler 2010: 514) This knowledge-doing gap can prevent managers from implementing actions, even though they might know that investing in talent actions is crucial. (Pfeffer & Sutton 2006, Schuler 2010: 514) A recent global survey f that while 56 percent of respondents believe that lack of talent will affect their profitability, only 29 percent took active steps to take advantage of the trend. (McKinsey, 2008, Beechler and Woodward 2009: 278)

The challenge can lead to a situation where the management level has only limited sense of ownership and understanding of the actions planned to help to manage the talent processes and the company’s most critical resource - the talent. (Pfeffer & Sutton 2006, Schuler 2010: 514) The firm’s talent strategy should be clearly communicated and it should be linked with the overall strategy. Once the business objectives and goals are articulated and communicated, both the human resources function and management level of the company should be able to translate the company’s targets into the competencies that will drive the business. These objectives should then generate talent management strategies that attract the needed talent to achieve the business goals. (Farley 2015: 56)
However, the knowing-doing challenge does not concern only the management level. The same problem can also concern the human resources department if the HR professionals responsible of talent acquisition processes do not have the needed competencies to address the talent challenges effectively. The problem can also arise if the human resource function is lacking the respect of recruiting managers, because the cooperation with recruiting managers is extremely needed to execute appropriate talent acquisition practices and policies. (Pfeffer & Sutton 2006, Schuler 2010: 514)

Thus, the challenging business environment makes it critical for both managers and talent acquisition professional to gain enough understanding of how high potential can act as key drivers of profit success. It is critical for all departments participating in recruiting activities to have a professional ability to manage talent to attain business goals. (Farley 2015: 55) This all requires deep understanding of the talent acquisition processes and the strategic talent mindset. Not only on theoretical level, but in practice too. That is why the knowing-doing gap can sometimes prevent the talent acquisition professionals or managers from executing all the needed talent acquisition actions. (Saxena 2012: 50) In addition, these new demands are placing new emphasis on strategic requirements of the human resources function. It requires a shift in thinking, a talent mindset, and deeper level of participation at the management level. Both the human resources function and recruiting managers should focus on translating the corporate goals into talent needs by linking people to profit. (Farley 2015: 60) In many organizations, almost same technology is used, and same channels of recruiting marketing are used, but the fundamental differentiating factor can be people and that is where the company can reach the sustainable competitive edge compared to the competitors. (Saxena 2012: 50)

Based on their research, Pfeffer and Sutton (2000) have identified five reasons for this knowing–doing gap. The first reason is the excessive talk; organizations believe that discussion is the same thing as doing something and decisions are made without follow-up. The plans are not becoming a valuable talent actions until they have a concrete effect on what people actually do. The second reason
is the over-reliance on organizational memory to guide decisions and actions. The third reason is the fact that many organizational climates can be characterized by fear which causes people to be scared to express ideas. The fourth reason is linked to the lack of measures. Finally, internal competition inside the company can also create knowing-doing gaps. The competition can lead to a situation where part of an organization knows and implements good ideas, but the rest of the company may reject those ideas if the general climate is too competitive (Pfeffer and Sutton, 2000, Beechler and Woodward 2009: 278)

However, while some organizations are failing to address the knowing–doing gaps as a part of their talent acquisition processes, a number of companies are taking critical steps to overcome the old, traditional models of business. New talent mindset, approaches and talent solutions can support companies to narrow the knowing-doing gap and create new innovative and strategic responses to talent acquisition challenges. (Beechler and Woodward 2009: 278)

2.2.5 Talent attraction and employer brand

Today’s organizations have significantly different talent acquisition challenges compared to the previous generations. The global recession and the talent imbalances in the world are both affecting the way today’s organizations are attracting and engaging with talent. Thus, both the talent attraction and employer branding have become the top challenges and opportunities of companies. Companies are increasingly realizing that being more innovative in attracting, sourcing and recruiting high potential candidates can provide a fundamental competitive advantage for the company. (Sahay 2014: 171) Today, attracting talent requires extensive talent acquisition actions, like marketing the corporation to potential candidates as an attractive place to work. However, most of the companies are using these same methods for talent attraction and employer branding, so in order to attract the star employees with the right skills and motivation, organizations need to find more powerful ways to differentiate themselves from their competitors. (Gunter et al. 2012: 30)
Gone are the days when companies could simply post openings on job boards and expect responses from a large pool of qualified candidates. Today, high potential candidates, especially people with the most desired skills, is scarce. Potential employees with especially high-demand skills and expertise are in a unique situation in a talent market; the most qualified candidates have the power to choose and companies are highly aware of this fact. (Kumudha & Priyadarshini 2016: 168) Thus, as a response to this challenge, many companies are focusing on boosting their employer brand and overall attractiveness. In practice this means that companies are maintaining their visibility on job market and communicating the attractive employer brand image to current and prospective employees (Moroko and Uncles, 2008, Chhabra and Sharma 2014: 52)

Employer branding has been defined as “the sum of a company’s efforts to communicate to existing and prospective staff that it is a desirable place to work” (Edwards, 2010, Dutta 2014: 95) The basic idea of the employer branding is creating a desirable image of the organization, both inside and outside the company in two forms - first, as a distinct employer (Ambler and Barrow, 1996; Backhaus and Tikoo, 2004) and second, as a good place to work (Bergeron, 2001). In general, an employer branding means that a company communicates the organizational identity, image and distinctiveness in order to attract high potential job candidates and retain the current employees. (Srivastava & Bhatnagar 2010: 26) In addition, employer branding involves communicating, both within and outside the firm, a message of what makes a company different and desirable as an employer (Backhaus and Tikoo, 2004). (Chhabra and Sharma 2014: 49)

Companies that can attract the best minds will have a distinct competitive edge in the talent market. (Harari, 1998). Thus, employer branding has become more and more important and is today one of the biggest challenges for companies at the same time; employers should focus on their organizational strengths and integrate them into their desirable employment brand (Berthon et al., 2005, Chhabra and Sharma 2014: 52) Moreover, some studies have suggested that the components of employer knowledge such as employer familiarity and reputation
are crucial the effectiveness of employer branding. According to Collins (2007) an employer knowledge factors can significantly influence on applicant behavior and job choice decisions of the potential candidates (Cable and Turban 2001; Collins 2007). That is why many successful companies consider their corporate culture as a source of sustainable competitive advantage. In practice this means that organizations are focusing a lot of their resources to integrate their culture, principles and values into their talent acquisition processes such as hiring methods, leadership development activities, compensation and benefits programs and performance management systems. (Gunter et al 2012: 27) Also, by doing this, companies ensure that potential candidates gain more employer knowledge and get a better picture of the particular company as a potential employer. Thus, all these employer branding activities are part of the talent acquisition process where the ultimate goal is to overcome the challenges and to gain competitive advantage. The war for talent requires new ways of acting and a change in the mindset.

2.3. Troubles in IT paradise

Due to all the challenges in the talent market, companies have to solve a trade-off between the increased need of productivity on the one hand and fewer highly skilled employees on the other hand (Radant 2013: 1). However, the level of the scarcity of talent and skills is different depending of the industry. The fastest growing companies, in fields like software, are extremely dependent on people. In another words, success at these companies depends less on physical assets, and more on the talents of people. (Sahay 2017: 10) The growing employment rate in the technology sector thus raises implications for companies. (Kumudha & Priyadarshini 2016: 168)

At the moment, one of the sectors that is most influenced by this development in the talent market is the information technology (IT) industry (Radant 2013: 1). The information technology professionals constitute one of the greatest groups of knowledge workers in modern organizations today (McMurtrey, Downey,
Zeltmann and Friedman et al. 2008: 101) and that is why the challenges of talent acquisition are especially relevant on that field. The reality is that companies which manage to attract, recruit and retain the brightest IT talents of job market will gain a significant competitive advantage compared to the other competitors in the industry. In addition, loosing this IT talent battle can cost organizations a lot since the costs of turnover in terms of recruiting and lost project continuity are especially high in this sector. (Lockwood and Ansari 1999: 251).

The quality and productivity of IT workers is also extremely important as the industry is often both people-centric and knowledge-intensive. Therefore, the talent acquisition function has a huge pressure and responsibility to recruit the professionals of highest possible quality. (Su & Yang 2013: 2) However, the talent acquisition challenge of high-tech companies is not only the filling of vacant IT positions under fluctuating business demands. It is especially challenging as the needed high-quality talents are sought after by numerous other high-tech firms. (Su & Yang 2013: 2)

At the same time, the talent acquisition function often works under highly variable and unclear environment, where the requirements, needs and demand for the talent pipeline might change constantly as the future IT projects are usually especially hard to predict. Quite often the talent acquisition professionals are expected to do their job under strict goals such as shortest possible time-frames, lowest possible recruitment costs and and dealing with diverse domains and technical skills. Moreover, a variety of human and economic factors are also affecting on the end results of these IT recruitments. (Srivastava, Palshikar & Pawar 2015: 16) As the war for talent reaches new heights in the next decade, these variables and their timing may lead to a situation, where the competition between IT companies becomes even more challenging. (Uggerslev 2012: 641)

The troubles in the IT paradise are real and the reality, but the challenge does not exist only between the companies. Then dynamic of the employer and the candidate is also challenging in the IT field. In other words, the market for IT professionals has developed itself from a buyer’s to a seller’s market (Buscher, Dettmann, Sunder, & Trocka, 2009; McEwan & McConnell, 2013). This means,
that high potential applicants can choose the desirable employer based on their individual needs and expectations. The situation is a significant loss of competitiveness among companies that are not selected by the high potential candidates. (Radant 2017: 1) In addition, increasingly the IT professionals do not apply to a job until one is contacted or gets a referral (Tihveräinen 2018: 19), which makes the situation extremely difficult for talent acquisition professionals.

In the light of these factors, it seems that the IT and tech fields are in much greater need of a strong talent acquisition strategy than other fields. Also, it seems that the characteristics of talent acquisition are significantly different in this information technology field where the scarcity of talent is on the highest level.

Taken together, all of the factors discussed above form a rapidly changing, incredibly complex and diverse environment for employers of the IT companies. Assessing these trends, executives, consultants and talent acquisition professionals can see a global war for talent persisting into the foreseeable future. (Beechler and Woodward 2009: 273) Will IT companies be ready for the next economic upturn in terms of executive talent?
3. RESEARCH DESIGN AND METHODOLOGY

In this chapter, research methodology and strategy are presented carefully. Additionally, the data collection and analysis are described in detail to explain the overall process on how the research questions and objectives are achieved in the latter chapters. Finally, this chapter will analyze the validity and the reliability of this paper.

3.1 Research methodology

As the research knowledge and information is constantly growing, it becomes more and more important to evaluate the production process of knowledge and the knowledge itself (Eriksson 2016: 15). This is why the research methodology of the research is important. The term refers to the theory of how research should be undertaken (Saunders et al. 2014: 3). In this study, the research methodology is based on qualitative research as this approach is supporting the objectives of the research.

According to Hirsjärvi (2009) the baseline for qualitative research is to truly understand a “real life”. This view holds the idea that a real life, reality, is complex, diverse and unpredictable. And as a result, to all this diversity, qualitative research as methodology tries to understand this complex reality as holistically as possible. (Hirsjärvi 2009: 161) This study tries to create a deeper understanding of the challenges of talent acquisition in small and medium-sized enterprises in tech field. The challenges of the topic are diverse, complex and difficult to measure. That is why the qualitative research approach offers a relevant framework for the study.

However, despite of the connection to reality, the qualitative research needs theory for support and the relevance of theory can be seen even obvious in qualitative research. That is why the theoretical part of this study, the literature
review, is significant and critical. The literature review provides a framework for the qualitative research. (Tuomi & Sarajärvi 2018: 24) At this particular research topic, the research literature provides a lot of information of the concept and phenomenon of talent acquisition. Also, many studies are acknowledging the challenges in this field. However, despite of the large amount of research literature, the deeper focus on the challenges in this area is lacking. Therefore, this study aims to provide more insight of this phenomenon.

3.2. Research strategy

The strategy of the research was planned as the first steps of this research process. The term research strategy refers to the way through which a researcher makes sense of the research topic, framework and process. In other words, research strategy is the general plan of how the particular study will answer the research questions, together with the research methodology. (Saunders et al. 2009: 90) However, Saunders et al. (2009) highlight that the label attached to a particular research strategy is not the most relevant thing. The most important thing is whether the research strategy will enable the researcher to answer the particular research questions and meet the objectives. (Saunders et al. 2009: 141) In this particular study, a content analysis approach provided the best support for the research objectives as the goal was to gain a rich understanding of the context of the research.

3.3. Data collection

Qualitative business research often uses people as sources of information. It also identifies research participants and that part is usually very purposeful rather than random. Also, the appropriateness of data is very critical in qualitative research. The aim of every qualitative research is to ensure a rich and valid data,
which helps researcher to do reliable and in-depth analyses. A well-planned research and good quality data provide researcher an opportunity to learn from the phenomena under study. (Eriksson 2016: 53)

The data of this research was collected by semi-structured theme interviews. As Eskola & Suoranta (1999) are pointing out, “the idea of the interview as a research method is very simple; when you want to find out what a person thinks or why he is acting on a particular way, the easiest way is to ask him”. Thus, this method provided the best opportunity to gain enough information of the representative companies. In addition, the semi-structured theme interview did not limit or guide the responses too much. (Eskola & Suoranta 1999: 86) The aim of this method was to allow all interviewees to express themselves freely without forcing responses.

Thus, a semi-structured theme interview framework ensured that the conversation was following the wanted topics at all times. According to Tuomi & Sarajärvi (2018), the researcher determines all the themes of the interview in advance and then the interview is following these themes. Moreover, during the interview the interviewer has the opportunity to ask more specific questions if needed (Tuomi & Sarajärvi 2018: 87) Also, as Saunders (2009) highlights, allowing the interviewee to talk freely throughout an in-depth interview can cause problems for the research; an unstructured interview is unlikely leading to clearly focused discussion on issues relevant to the research topic. (Easterby-Smith et al. 2008; Robson 2002, Saunders 2009: 337) It was therefore critical to create relevant interview themes even though the interviews were conducted with a flexible approach.

A semi-structured interview template was designed based on the literature review and research objectives. The template included 3 larger theme sections which provided a guideline and a framework for the interview. The first theme was the current state of talent acquisition in the company, the second theme was the challenges of talent acquisition and the final theme was about the future plans and objectives of the company. (see appendix 1) As a support, the interviewees
were also provided a talent acquisition model, which worked as a model of the concept, supporting the conversation during the interview. (see appendix 2)

As the aim of the study was to research the talent acquisition challenges in small and medium-sized enterprises operating in IT sector. Thus, the companies were selected to support this research question. Altogether six different Finnish companies participated to the study. The representative companies were identified by exploring the small and medium-sized enterprises (SMEs) operating on IT field. Lists of contacted organizations were obtained from personal knowledge and contacts and the interviewees were contacted by phone or by Linkedin. The interviewees were all in a position where they had full or shared responsibility of the talent acquisition actions in the company. See the details of the companies in table 1.

The focus group consisted of companies operating on Information Technology (IT) field, where the talent acquisition challenges concerned the so called “hard-to-recruit professions”. The key characteristic of such professions is “a narrow applicant pool mostly due to a formal or de facto qualification”. Therefore, applicants to hard-to-recruit professions are usually in a very untypical position in the field of talent market and altogether in the job market (Cohen & Zaidi 1998: 2).

The interviews were conducted in person or by skype connection. Every interviewee contacted gave their permission for the interview. All interviews started with an explanation of what the research is about and on the anonymity of the participating organizations and individuals. Also, every participant was asked the permission to tape the interviews. All interviews were recorded to make the analysis of the data more detailed and accurate. Every interview lasted from 45 to 60 minutes. The language used in the interviews was Finnish.

The interview data was carefully transcribed into written format based on the recordings. The interviewees were described by using letters (Company A, Company B etc.) to ensure the anonymity of the companies and interviewees.
<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Size</th>
<th>Position of the respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
<td>IT</td>
<td>50 employees</td>
<td>HR Manager</td>
</tr>
<tr>
<td>Company B</td>
<td>IT</td>
<td>80 employees</td>
<td>HR Specialist</td>
</tr>
<tr>
<td>Company C</td>
<td>Digital/IT</td>
<td>1000 employees</td>
<td>Head of Talent Acquisition</td>
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<tr>
<td>Company D</td>
<td>IT</td>
<td>400 employees</td>
<td>Recruiting Lead</td>
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<td>IT</td>
<td>250 employees</td>
<td>HR Director</td>
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<tr>
<td>Company F</td>
<td>IT</td>
<td>800 employees</td>
<td>HR &amp; Talent Acquisition Manager</td>
</tr>
</tbody>
</table>

Table 1. Details of the interviews of the case companies

3.5. Data analysis

The qualitative research data needs to be analyzed and the meanings understood in order to be useful. Therefore, qualitative data analysis is a critical part of the research process. The data analysis is allowing researcher to develop theory or insights from the research data. (Saunders 2009: 480) The data analysis method used in this study was content analysis. According to Tuomi & Sarajärvi (2018) the content analysis can be seen as a single method or as a theoretical framework. (Tuomi & Sarajärvi 2018: 22)

The first stage of the analysis was to clarify the goals of the analysis and the research questions. According to Tuomi & Sarajärvi (2018) the interview data can contain a lot of interesting content but not all of it is necessarily relevant for the particular research. Therefore, it is highly important to define the approach beforehand. (Tuomi & Sarajärvi 2018: 104) The data analyses of this study started
by defining the needed approach which was based on the defined research questions.

On the second stage of the analysis the data was processed by filtering the relevant content based on the research questions. Everything else was left out of the research. After this, the interview data was categorized under different themes. According to Eskola (2007), the content analysis can be either data conducted, theory conducted or supported by theory (Tuomi & Sarajärvi 2018: 108) The aim of the study was to use the theoretical background as a support and as a framework for the analysis. However, the theory was not determining the analysis. As Tuomi & Sarajärvi (2018) highlight, the role of the theory is to play part in the background of the analysis. The point is not to test the particular theory but instead keep an open mind and create new train of thoughts. (Tuomi & Sarajärvi 2018: 109)

Finally, the summary of the findings was created. The aim of the analysis was to create a clear description of the research data in written format. The objective of content analysis was to organize the research data into a more structured form, without losing point of the information. In fact, the content analysis should provide even more information of the subject of the research by presenting it in a more structured way. Moreover, the end result of the content analysis should provide a useful ground for further conclusions. (Tuomi & Sarajärvi 2018: 122) The findings of the data are presented in the chapter four.

3.6. Reliability and validity of the study

The quality of the research is in a critical role in qualitative studies. The whole research process, both literature review, data collection and research data analysis should all be transparent and fair. (Saunders et al. 2016: 202.) Thus, in order to measure the quality of this qualitative research the reliability and validity of the study were evaluated.
The reliability of the study is measuring the repeatability of the research design. According to Eskola & Suoranta (1999) the research is reliable when it does not include any contradictions. (Eskola & Suoranta 1999: 214) Golafshani (2003) describes the reliability as “the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable”. (Golafshani 2003: 598)

In other words, this means if the study was replicated would the results be same for another researcher. The reliability of the study was strengthened by using several representative companies. Altogether six interviews ensured that the variant circumstances of the research had a minimal effect on the results. Also, the data collection process was following the same policy in every interview of the research. However, the model of the semi-structured interview leads to a situation where every interview is unique, despite of the structured approach of the interviewer.

The validity of the study is measuring the accuracy of the research conducted; if the findings of the study and the end results of the study are truly about what they appear to be. It measures weather the relationship between the different variables truly exists. A validity in qualitative research means appropriateness of both the tools, processes and data. (Mayor & Blackmoon 2005: 158; Saunders et al. 2016: 202). The validity of the different tools and processes were evaluated carefully during the research process and justifications are presented in detail in each chapter. However, some elements of the research design might benefit from future research. For example, the approach used in this study was mainly from HR perspective. A broader point of view could have provided a more enriched data analysis. Also, by raising the amount of the case companies the research data could have become more valid.
4. FINDINGS AND DISCUSSION

This chapter is focusing on the findings of the empirical data gathered through the interviews and the discussion around the results. The aim is to provide a structure which would help to understand the relationships of the topic in question. Also, as a result of analysis of the interview data, four different themes were formed; Awareness, Employer brand, Organizational structure and Changes in labor market. These four themes are representing the main challenges companies operating in the tech field are facing with talent acquisition. The results of data analyses are combined and discussed with the previous research which was presented in the literature review.

4.1. Awareness

The theme “Awareness” was a topic which was mentioned most often among the company representatives; every company representative mentioned the topic awareness during the interviews. It was seen as one of the main challenges in the field of talent acquisition. According to Schiemann (2013), the talent life cycle includes all of the stages of interaction between an organization and the candidates. The cycle includes all the critical parts which are needed for efficient talent acquisition; employer branding and talent attraction, onboarding, developing, managing and retaining. (Schiemann 2013: 2) The lack of awareness was seen as the first obstacle in the talent life cycle. As described by Company A, the lack of awareness was seen as a barrier which prevented companies for executing other talent acquisition tasks.

“[..]and then there is the scarcity of talent, there is a massive competition in the field. The fact that people do not know about us yet well enough, we have to work very hard with the boosting of the awareness. We would probably receive much more applications if our culture and X (the company) would be better-known. Because if we can reach the
phase where we get to meet the candidate, then we usually have pretty good track record and people get interested of us.” (Company A)

The lack of awareness was seen so important that some interviewees saw it as the most critical issue in their talent acquisition process. It was seen as an issue, which they would fix first if they would have a chance to change anything they want.

“If I would get a chance to change one thing, I would increase the awareness of our company.” (Company A)

The awareness can be seen especially critical as it has a major impact on applicant behavior in the beginning of the talent acquisition and job selection process. As Srivastava & Bhatnagar (2010) highlight, the information about the organization is very critical especially at the very beginning of the decision-making process because the amount of the information available at this point of the process can be very limited. Therefore, decisions of potential candidates are often heavily based on the general impression of the attractiveness of the company (Rynes, 1991). Any information a potential applicant views is building an impression of the company as an employer. This limited information is used to evaluate the company and it provides a candidate cues for what it would be like to work in a company (Turban et al., 1998). Therefore, companies should focus all their efforts to maintain an attractive company image before in the eyes of prospective applicants (Bergeron, 2001). By reaching a higher level of external recognition, it becomes much easier for a company to attract new talents (Bouchikhi and Kimberly, 2008, Srivastava & Bhatnagar 2010: 26)

However, before the company can have an influence on these things, they have to get themselves on the map. In other words, companies have to increase their visibility in order to get their message through to potential employees. As Company B emphasized, the visibility among the right target group is crucial for the recruiting. The awareness would make the candidate communication more effective and companies would have easier time contacting the potential candidates.
"[...] that how could we increase the visibility in the exact environment they (potential candidates) are operating. So, when the recruiting starts, then we would already have some contacts or at least they would be aware of us when we contact them." (Company B)

The awareness of the company was seen crucial, but also difficult due to the high competition in the IT field. Most of the interviewees pursued a place among the top companies, but the competition was seen intense as the competitors too were chasing the attention of the prospective candidates.

“Well this is the area, that this awareness needs to be increased and then that interest. Some candidates know us, some do not, but the competition in this field is so hard, I hope that someday our company would be among the top companies. I mean, when you think about different companies operating in the IT field, we would be one of them. At the moment, I think, we are not that well-known. But we should definitely increase the awareness.” (Company B)

In addition to the awareness, many of the respondents were underlining the importance of differentiation among competitors. Company representatives emphasized that awareness is critical part of talent acquisition but also noted that the message of the employer brand has to be strong and it has to provide more compared to the competitors in the market.

“[...] we have not done it systematically, increased the awareness. The biggest challenge is that there is lot of very good competitors in the market at the moment, I mean IT firms. So, the awareness is not enough itself, you have to be able to offer something else too.” (Company A)

As Uen et al. (2013) highlight, attracting high potential talents and professionals has become increasingly critical in highly competitive labor markets, like IT field, (Collings, Scullion and Vaiman 2011; Cooke 2011a; Uen, Ahlstrom, Chen and Tseng 2012) especially with respect to those hard-to-fill positions (Baum and Kabst 2012; Lawler 2005; Ployhart 2006; Wilden and Lings 2010). It has become a
crucial way to build sustainable competitive advantage. A well-planned talent strategy and focus on awareness thus plays a key role in bringing needed talent into the organization. (Pearson and Daff 2011; Scullion, Caligiuri and Collings 2008; Wilden and Lings 2010; Yu and Egri 2005). (Uen et al. 2013: 104)

“[...] I would probably explode us for just the right target audience, so that whatever content we produce or whatever recruitment we open, the target audience would see it instantly. And that candidates would contact us even before the recruitment begins. I believe that this would be something that would help with all the other parts of the process. I think, that this would be a thing that would flow to all the other parts for help.” (Company B)

In addition, one company was struggling in a situation where the company was well-known, but only from consumer perspective and not as an employer. They had noticed that most people knew them but did not consider them as a potential employer and it had caused problems from talent acquisition perspective.

“It (awareness) is not very good, but it is getting better. There are active people in some target groups. In general, people know the company well, but not as an employer. They do not know what kind of positions we could offer.” (Company C)

Applicants tend draw conclusions of the companies based on the organizational image and employer brand. These perceptions are formed during their early interactions with the organization. That is why it is crucial for the organization that the information is clearly provided and communicated. (Ryan & Tippins, 2004). The recruitment process in the future will be about providing potential candidates all the information they desire, as clearly as possibly. That way they can make decisions about their job choices. (Dineen, Ling, Ash, & DelVecchio, 2007, Uggerslev 2012: 598)

Moreover, the research of talent acquisition proclaims that candidates might even discount organizations if they are exposed to too neutral organizational information (Collins & Stevens, 2002). Thus, from the awareness perspective, this means that neutral news is not necessarily good news. (Dutta 2014: 94) That
indicates that while the awareness of the company is important, the content and the message, brand, also plays a critical role.

4.2. Employer brand

In addition to the theme “awareness”, all interviewees mentioned the theme “employer brand” as one of their biggest challenges in their talent acquisition process. It was seen as the next step of employee life cycle, which followed after the better company visibility and awareness. As Schuler (2010) summits, companies have realized that they are having a hard time finding the candidates with the right skills and expertise they need. As a consequence of this, companies have to make themselves more attractive to the right audience. However, as the competition is harder than ever, they first need to differentiate themselves among the pool of potential applicants and create a new, different approach in order to make themselves attractive. (Schuler 2010: 5011)

The company image as a part of the employer brand plays an important role in the minds of the potential candidates. (Aaker, 1997; Cable & Turban, 2003; Scott & Lane, 2000). Thus, by focusing the resources on creating a desirable image, the organization can attract a larger and more qualified talent pool to its door. (Dutta 2014: 95) All of the interviewees were addressing the importance of this topic and the importance of employer brand as a critical part of the talent acquisition process. As company D highlighted, the employer brand is strongly connected to all different talent acquisition actions, like the analysis of the needed talent and competencies and evaluation of different recruiting channels. According to the representative of company D, the employer branding has to be part of the process all the time, like on the background.

“[...] of course there has to be an analysis of the present state, that what kind of talent do we have at the moment and is there a need to increase resources. We have to evaluate whether we have enough the knowledge and competencies that we might need in the future. Then we compose an ideal candidate profile and begin to examine the relevant
channels. I would say that the employer brand is strongly connected to all this. We do it together with the marketing team, before and after the recruiting process. It (employer brand) has to be part of the process all the time, on the background”. (Company D)

Thus, early stages of applicant attraction are critical. The challenge is even bigger in today’s variant job market, where the potential candidates have a number of choices. (Aiman-Smith, Bauer, & Cable, 2001, Dutta 2014: 93) Thus, companies are increasingly trying to assess and enhance their attractiveness in the eyes of these high potential star employees (Highhouse et al., 1999). (Srivastava & Bhatnagar 2010: 25) Companies that manage to create an attract employer brand, can reach a larger candidate pool and more qualified candidates consider them as a potential employer (Boudreau and Rynes, 1985) (Srivastava & Bhatnagar 2010: 25)

As Company A stated, many candidates have a really clear vision of what they want, in what kind of company they want to work for and what the company needs to offer.

“It seems that many candidates have a really clear vision of what they want, in what kind of company they want to work for and what the company needs to offer. So, when you are doing recruiting you need to be highly aware of what are you looking for and what can you offer.” (Company A)

Moreover, the employer image of the company will influence beliefs regarding the company as a whole. The company image includes all the different attributes, both the job itself, the culture and people of the company, so that is why it is both a challenge and an opportunity for companies to differentiate themselves with unique organizational characteristics. (Rynes, Bretz and Gerhart 1991, Uen et al. 2013: 108) As Company B stated, often the biggest question is, who are the people a company actually want to reach and how a company can attract the right candidates—even before the recruiting process starts.

“We talk about talent attraction. It’s the way we attract those potential candidates. We try to think about it that way. Of course, the recruiting process is important, but we try
to examine different ways to find and attract the right people. At the moment the biggest question is, who are those people we actually want to reach and how do we reach them - even before the recruiting process starts.” (Company B)

According to Rynes (1991) the early application decisions are usually made in the very beginning of the process and those decisions are often heavily based on general impressions of organizational attractiveness or employer brand. In addition, as the amount of the organizational information available to potential candidates is often limited, especially in the early phase of the job choice process. (Dutta 2014: 95)

Thus, the attractive employer brand is heavily based on information the company can offer to prospective employees. Many interviewees were highlighting this fact and were highly aware that the differentiation and relevant content are crucial in the employer brand process. As Company D was pointing out, it is important that the company gets a chance to tell candidates, why they should apply for the open positions. According to Company D, the employer should tell potential employees on how they could make a difference by choosing their company as an employer. These employee promises are important for potential candidates who are looking for the best employer.

“You have to attract them with the just the right content. You tell them what they can come to do and how they could make a difference. You have to find the passive candidates which are not actively looking for jobs. So, you get a chance to tell them, why they should apply for our open positions. (Company D)

Chhabra and Sharma (2014) are also underlining the importance of the unique employee promises. According to them, one of the most important themes that describes employer branding is the importance of unique aspects the company can offer to potential candidates. These attributes of the company can be seen as a key factor in applicant attraction (Rynes, 1991). Also, the importance of these unique employee promises is especially relevant in the beginning of the talent acquisition process, when a potential candidate creates the first impression of an organization. (Turban and Greening, 1997) (Chhabra and Sharma 2014: 50).
However, despite of the fact that companies were focusing on the early steps of employer branding, most of the interviewees saw the long-term perspective important too. Among all the interviewees, there was some concerns about the level of engagement in the long-run. As Company D stated, companies have to ensure that potential candidates are also right talents in the long run.

“[...] finding the right talents, those who are also right talents in long run. So, we need to find the key talents, make sure we can retain them and everything else we need to support this process.” (Company D)

4.2. Organizational structure

The third theme which was raised by the interviewees was concerning the organizational structure. Compared to previous themes, awareness and employer branding, this theme was different as the challenge was caused only by the organization itself. These so called inhouse challenges we concerning the structures, policies and mindset of the organization.

One interviewee mentioned the bureaucracy as the biggest challenge in their talent acquisition function. According to the interviewee, the recruiting process is too time consuming as it takes too long to request a permission for the recruiting.

“I would start doing this more front-loaded. I would run the talent need from our strategy and I would provide a real mandate to start that. We still go with this requisition-based method where somewhere comes the recruiting permit and then we fill single positions... The problem is that even though someone at the management level would have a good vision, the allocation takes time and every manager wants to share their opinions. So it kind of ruins the whole idea.” (Company C)
Joyce & Slocum (2012) have identified the same challenge; The collaboration and the sharing of resources across different departments of an organization can be seen difficult (Pfeffer & Sutton 2006, Schuler 2010: 514). However, while managers spend time on thinking over on how to structure the organization, what really counts is whether the chosen structure minimizes bureaucracy and simplifies work tasks. (Joyce & Slocum 2012: 183)

The challenge of organizational structure should be taken seriously as it is firmly linked to the talent strategy; organizational structure has a strong impact on the different actions of talent acquisition process. Employees and managers should understand how their actions are connected and how the actions support and execute the company’s strategy. (Joyce & Slocum 2012: 183)

Another factor affecting on the talent acquisition process is the maturity of the organization. Corporate culture and processes provide a framework for talent actions and the overall organizational structure reflects the norms and ideals of the company and all these factors guide the behavior of employees. (Joyce & Slocum 2012: 183) Thus, some of the interviewees claimed, that the low level of maturity of the company was causing most of the challenges in the talent processes. The interviewees argued, the way of working was not on the level it should be, the maturity level was too low for all the needed talent acquisition actions. According to Company D, the old habits of the managers were the biggest challenge for the modern talent acquisition processes. However, most interviewees pointed, that the challenge was not the attitudes but the old habits which were sitting tight.

“The challenge is that we are not yet on that maturity level where we would want to be. We still have a lot of work to do. I would not blame the system, it is more about the way of working. When I talk with the managers, they come along with this, some easier than others. I would not use the word attitude, because that is not the problem, it is more like the old habits. When you have not even thought that you could do thing differently, from different perspective. We have made a lot of progress but there is still a lot to do.” (Company D)
Another challenge mentioned was concerning the responsibility of the talent acquisition inside the company. Many interviewees proclaimed that both recruiting, and talent acquisition are still seen as the responsibility of HR department. As Company B highlighted, most managers still see the talent acquisition process too recruiting-focused and as a responsibility of human resources department, even though the responsibility should be shared between managers, HR and even employees of the company.

“Managers see the talent acquisition process maybe too recruiting-focused. HR is responsible. So far we have not had the employee ambassadors.” (Company B)

“ [...] we try to ensure that everyone does their part, recruiting is a shared responsibility” (Company F)

One interviewee (Company C) described the situation where actions had been made but the result was not as wanted. The situation was seen difficult as the responsibility of the talent acquisition was mainly in the hands of HR.

“We have tried to do something, for instance, we have discussed of the usage of social media, that we would like to increase the awareness of our working culture, specifically though personal social media accounts. But we cannot force anyone. So yes, we have talked a lot about it, but we can’t see the actions in practice yet. It is still quite common for people to think, that it is the responsibility of HR or marketing.” (Company C)

Some of the interviewees were also addressing the importance of the role of current employees. Most interviewees had discovered, that there was a huge potential in the current employees of the company- as a reference group. As Dutta (2014) argues, job applicants are significantly influenced by their reference groups and this becomes especially important in the social media context, where the level of peer communication is very high. (Dutta 2014: 96) However, even though peer referrals are an efficient recruitment information source, it is also a difficult from employer branding perspective as the communication is not under the direct control of the organization. (Cable and Turban 2001)
In employee referral programs current employees contact qualified candidates they know and encourage them to apply for a job at their company (Lockwood and Ansaria 1999, Uen et al. 2013: 107) These word-of-mouth referrals provide companies an effective recruitment marketing channel and an efficient use of these tactics can enhance organizational attractiveness in the early stages of recruitment (Cable and Turban 2001; Collins and Stevens 2002; Van Hoye and Lievens 2005, 2007). (Uen et al. 2013: 107) Like Company B was describing, current employees have many potential future employees in their private networks and that is why all employees should get involved in the talent acquisition process.

“And one thing of course is this visibility which comes through our employees and what kind of role do they have in all this. I mean, they have a lot of potential future employees in their private networks. “(Company B)

Previous research has also demonstrated that employee referrals have a positive impact on pre-hire recruitment outcomes, such as as the quantity and quality of the applicant pool and post-hire outcomes, such as job satisfaction, job performance, and turnover. (Breaugh and Starke 2000; Collins and Han 2004; Saks 2005; Zottoli and Wanous 2000: 16)

Some of the interviewees also mentioned the importance of the role of the recruiter. There was a clear recognition of the need for professional knowledge. As one interviewee (Company D) noted, a professional recruiter has to know the dynamics of the talent market and the strategy of the company to be able to pursue the interest of the company.

“The knowledge of the talent market and the company strategy. These 2 things are something you just have to know to gain professional competence. The role of the recruiter is to think the interest of the whole company. The knowledge of the culture and strategy becomes even more important. The role of the recruiter is to think the interest of the company and not just follow the instructions of the managers.” (Company D)
Several studies have supported this view and pointed that recruiters and talent acquisition professional have a significant impact on applicant attraction, above and beyond job and organizational attributes. (Uggerslev 2012: 606) That is why companies should pay attention on enhancing recruiter behaviors at the early stages of recruiting and focus on ensuring that recruiters have all the needed skills and competencies. (Uggerslev 2012: 642)

4.3. Changes in labor market

The last theme recognized based on the interview data, was concerning the changes in labor market. Today’s work environment is changing faster than ever, and these changes were seen as a challenge in the talent acquisition field, especially among the companies operating in the tech field. As Beechler and Woodward (2009) highlight, the rapid, complex and overall changes are occurring in labor market and those changes will continue to impact both labor and talent markets — both in terms of quality and quantity. (Beechler and Woodward 2009: 282)

Moreover, the business environment is becoming more demanding and complex for both employees and employers. Due to these changes, professionals working on talent market should identify and recognize the potential challenges. The knowledge-driven industry changes as well as cultural changes are all affecting both the businesses and the individuals’ views on career life cycles. (Beechler and Woodward 2009: 282) As one of the interviewees addressed, the talent shortage is chronic, and it is affecting almost all companies. However, based on the interviews, the challenge seems to be extra difficult in tech companies where technical talents are rare.

“In Finland the challenge is the technical talents, but that is probably the problem in every company. There is a glaring lack of talents. I guess that is just the situation where good technical people simply do not exist.” (Company D)
Many organizations have to adapt their structures and processes to respond to the changes in the employee–employer relationship; The power dynamics have changed. (Beechler and Woodward 2009: 280) In addition, the change in employee-employer relationship has caused an imbalance in the talent market. The qualified applicants could be seen, in fact, as equal decision makers to recruiters during the recruitment processes. (Tihveräinen 2018: 1) As one of the interviewees noted, the overflowing demand has led to a situation where employers are contacting tech talents even though they would have only little experience.

“It is of course a bit strange how the talents will be contacted even though they would have only little experience. And yet every company wants you. (Company A)

The challenge is becoming even more complicated when the different preferences of different generations are entering the job market. According to Chhabra and Sharma (2014) there seems to exist a difference in the choice of preferred organizational attributes between current generation and baby boomers. (Chhabra and Sharma 2014: 55) Many interviewees predicted, that the talent market and job-choice behavior of candidates would experience an enormous change in the future. As Company A highlighted, the upcoming changes in labor market are unpredictable and companies should be flexibly in order to meet the requirements of the future candidates.

“It is going to be interesting what the millennials will bring to work life. They have had a different path when it comes to childhood and studies. So, it is going to be interesting, what kind of demands that generation will bring. Companies should be flexible in order to meet the requirements of the future candidates.” (Company A)

As Beechler & Woodward (2009) highlight, finding the right talent, at the right time, in the right place, remains an ongoing challenge for all organizations (Beechler and Woodward 2009: 280). In addition, the requirements of future candidates are forcing companies rethink their talent actions and enhance the flexibility. Work is becoming relational, rather than transactional, and the
organization’s preparing to build more efficient processes to maximize the relationships building with future candidates. All this is creating new kind of challenges for different stakeholders. Both employers and business professionals will need to restructure their processes in order to attract potential employees in the future’s complex working life. (Beechler and Woodward 2009: 280)

Among the interviewees, there were also many comments regarding the change in the forms of employments. According to Deloitte’s survey, future’s source of talent is the alternative workforce, which is referring on people who work in gig arrangements, as contractors or in other nontraditional arrangements. This form of talent can be seen especially useful in situations where both employees and employer need flexibility in response to changing business conditions. (Deloitte Global Human Capital Trends 2019: 6) As Company C noted, many of the senior talents of the market have changed to working as a freelancer, started their own company or ended up as a stakeholder in a tech company.

“[…] And many of the senior talents have changed to working as a freelancer, started their own company or ended up as a stakeholder in a tech company. If you think about the tech developer market. This kind of freelancer working is increasing all the time. It makes the employment and talent acquisition, well not difficult, but really different.” (Company C)

In addition, the work life cycle is changing. Rather than a linear pattern — education, work, and retirement — there is periods of work and education which are overlapping. (Potter, 2005). This trend and all the other changes in labor market are challenging the standardized career paths. Employee consumerism is rising, especially for professions with require high-tech skills and experience. The new generation of labor market is more aware about employment options and opportunities. Thus, the competition for finding and hiring top talent is becoming even more intense. (Potter, 2005, Beechler and Woodward 2009: 273)

Moreover, these intensified changes are also creating challenges for the forecasting of recruiting. Most of the interviewees were discussing of the
challenge of forecasting. It was seen difficult as the labor market was so unpredictable that resourcing of talent needs was almost impossible.

“Well of course the resourcing is a big question, because it is so difficult to forecast, the recruiting.” (Company F)

In general, employers are facing difficult challenges in the field of recruiting and talent acquisition as a result of the fundamental changes in the nature of the employer–employee relationship. Therefore, employers should focus on improving their talent acquisition processes and general talent mindset rather than worry about a non-existent shortage of candidates. (Beechler and Woodward 2009: 280)
5. CONCLUSIONS

Organizations cannot continue to discuss talent issues in a vacuum. The fact is that context matters. Different factors are all affecting on talent acquisition process; employer brand, attractiveness, the fit between individuals, organizational strategy, tasks, structure, processes etc. All these factors are playing an important role when companies are chasing the stars and winning the war for talent and sustaining the organizational competitiveness (e.g., Chatman and Eunyoung Cha, 2003; Groysberg et al., 2004, 2006, 2008; Stahl et al., 2007). However, organizations’ responses to these new trends has been relatively slow. There are many reasons, both inside and outside the organization, that are bringing challenges on their way. For example, existing business and mental models developed in a different age, resistance to change and the knowing–doing gap are all affecting to the way organizations operate. (Beechler and Woodward 2009: 281)

Due to this, organizations should pay more attentions to their pain points; what are the main talent issues? What are the main challenges in the talent acquisition field? What are the biggest barriers in the war for talent? Only by recognizing these challenges, organizations can have the opportunity to identify and plan the needed actions. Also, staying up-to-date with the latest changes and challenges helps organizations to understand what is going on and to predict how these changes might evolve and affect the talent competition.

Based on the recognized research gap in the field, the aim of this study was to examine the talent acquisition research in light of current economic climate where talent is a scarce resource. The purpose was to analyze the different challenges companies face in the field of recruitment and talent acquisition, especially on the information technology field, where the potential applicants are especially hard to recruit.

The research question of this study was aiming to clarify “What are the main challenges in talent acquisition in Finnish SMEs operating in the IT field?”
In addition, the study was trying to clarify the “What kind of internal and external factors are affecting the talent acquisition processes of the companies operating in the IT field?” Moreover, the interest was also on “How the new talent mindset is affecting the talent acquisition actions?”

5.1 Main findings of the study

Based on both the theoretical and empirical findings, four different themes were discovered; awareness, employer brand, organizational structure and changes in labor market. These themes were identified when examining the most critical challenges tech companies face on the field of talent acquisition. Naturally, all of themes include smaller sub-themes, but these four themes represent the main challenges companies face in the field of talent acquisition, based on the interview data.

The theme Awareness was seen as a challenge as most of the companies interviewed were struggling to get their voice heard. According to the interviews, most companies had relevant content and a strong brand, but they were having difficulties reaching the right audience and spread the awareness of the company. Most of the companies highlighted, that challenge of awareness was affecting on all the other parts of the talent acquisition process. Most companies even claimed that this problem would be the one they would solve first, if they could.

The lack of visibility and awareness was seen as one of the most difficult challenges because of the competition among the companies operating on IT field. Most interviewees claimed, that they would have to work very hard if they would aim to raise their awareness among the competitors. In addition, the quality and channels of the visibility was also seen as an important factor. Most interviewees highlighted, that the environment and context is crucial when it comes to attracting the right talent – targeting the recruiting message for the right target group was seen especially crucial for companies operating in IT field.
The theme Employer brand was referring to a challenge where companies were having difficulties attracting the high potential talents with their brand. Especially the differentiation among other tech companies was seen as a challenge. Most interviewees proclaimed that their employer brand is strongly connected to all their different talent acquisition actions, like the analysis of the needed talent and competencies and evaluation of different recruiting channels.

In addition, most of the interviewees were highly aware of the changed preferences of the high potential IT professionals. Most of the interviewees highlighted, that many potential candidates have a really clear vision of what they want, in what kind of company they want to work for and what the company should offer for potential employees. Thus, so called employee promises were seen significantly important. Due to this, all of companies interviewed were forced to find answers to the fundamental question; what the target group for their company is, and how they can reach them -even before the recruiting process even starts.

However, despite of the fact that companies were focusing on the early steps of employer branding, most of the interviewees saw the long-term perspective important too. Among all the interviewees, there were concerns about the level of engagement in the long-run. Most of the representative companies had to ensure that potential candidates are also right talents in the long run.

The theme organizational structure is referring to the challenges which were caused by organization itself. These challenges considered the organizational culture, processes, attitudes and views; all factors affecting the talent mindset of the organization. Among the interviewees, the challenge of organizational structure was seen important as most of the interviewees had acknowledged the fact that organizations which are able to manage their talent acquisition practices within the company and engage all employees to talent activities, can efficiently enhance their ability to recruit high potential employees.
One of the challenges mentioned as a part of the organizational structure, was the bureaucracy of the organization. According to the interviewees, in many situations the recruiting process was seen too time consuming as it took too long to request a permission for the recruiting. In addition, the old habits of the managers were also seen as a challenge for the modern talent acquisition processes. However, most interviewees pointed, that the challenge was not the attitudes but the old habits which were sitting tight.

In addition, another challenge mentioned was concerning the responsibility of the talent acquisition inside the company. Many interviewees claimed that both recruiting, and talent acquisition are still seen as the responsibility of HR department. As some of the interviewees highlighted, most managers still see the talent acquisition process recruiting-focused and as a responsibility of human resources department, even though the responsibility should be shared between managers, HR and even among the employees of the company.

Some of the interviewees were also addressing the importance of the role of current employees. Most interviewees had discovered, that there was a huge potential in the current employees of the company- as a reference group. Most of the interviewees had realized, that current employees have many potential future employees in their private networks and that is why all employees should get involved in the talent acquisition process. Moreover, some of the interviewees also mentioned the importance of the role of the recruiter. The role of the recruiter was seen critical and the lack of professional knowledge was seen as a potential challenge.

Finally, the theme, changes in labor market, was referring to the never-ending change in the talent market. The current situation in the labor market was seen challenging because of the unpredictability and variance. As a result, many representative companies had tried to enhance the flexibly in order to meet the requirements of the future candidates and management.

In general, the new employee-employer dynamic was seen as a challenge as it was liming employers’ possibilities to influence on talent acquisition actions.
Many of the representative companies had adapted their talent acquisition structures and processes as a response to the new nature of the employee–employer relationship.

5.2. Theoretical and managerial contribution of the research

Despite today’s financial circumstances, the capacity of organizations to attract, develop, motivate and retain talent will remain a critical strategic issue for most of the companies (Beechler and Woodward 2009: 283). Because of this, both the theoretical and empirical research should follow the trend and provide support, guidelines and frameworks for these challenges.

The aim of this study was to explore the challenges tech companies are facing in the field of talent acquisition. The previous research has provided various insights for the concrete actions on how to win the war for talent. The literature has also focused on the different, specific themes, such as employer branding. However, a consistent view of the challenges of talent acquisition seems to be missing.

The theoretical contribution of this study is to illustrate the current state of talent acquisition and highlight the actual challenges on this field, focusing especially on companies operating on information technology industry. This way, the study can provide fruitful insights for theoretical side of the topic by bringing together all the different theories connected to the challenges of talent acquisition. The aim was to provide useful, more structured information of the topic. The current war for talent should not be seen as a generic, vague problem. By focusing on the reasons behind the shared, global challenge, both the research and business world can better understand the phenomenon, in a more structured way.

In terms of contributions to practice, companies should pay more attention to the real reasons behind the talent acquisition challenge and accept the potential development areas within or outside the company. Only by understanding the
actual problems companies can target their talent acquisition actions on right direction and problem. Also, discovering and understanding the underlying processes in a wider context might provide a greater understanding for practitioners. This study also provides practical suggestions to organizations to manage effective and meaningful talent pipeline.

All in all, companies, practitioners and academics should move away from the competitive, winner or loser mentality. All stakeholders should adopt a more tactical perspective on how to look the war for talent and move towards a more cooperative, productive approach. Both academic and business world should focus on creating more creative talent solutions. This change of mindset might provide a more fruitful view to attract, develop, motivate and retain talent — globally and locally. (Beechler and Woodward 2009: 282)

Yet, best practices are only best when they are applied in a given context. Thus, what works for one company may not work in another. That is why every company struggling with talent challenges should adopt a talent strategy which works for their individual needs. Companies cannot simply adopt the best practices and mimic top performers. Every organization should adapt the needed talent practices to their own strategy and circumstances. In addition, all the talent acquisition practices should be aligned closely with the company’s leadership philosophy and values as these are all the internal factors which can help companies differentiate themselves from their competitors. (Gunter et al. 2012: 32)

5.3. Limitations of the study and suggestions for further research

Certain limitations of the research should be noted. For example, the scope of the study is limited only to companies operating in the information technology field. A broader view might have provided more insights of the phenomenon. Also, all the interviewees were representing the HR or talent acquisition function, which
also created a limited perspective for the study. By including the management level, the study could have gained a more comprehensive view on the topic.

This study has focused on the talent acquisition challenges in Finland. As stated on the literature review, the current talent challenge is a global issue, so a more international perspective could have provided an interesting comparison between the local and international context.

Talent Acquisition has emerged with lot many innovative changes and a result companies are creating new, more innovative talent strategies and solutions. (Kumudha & Priyadarshini 2016: 172) This is why the future research should focus more on exploring these new, potential and concrete talent solutions. For example, the future research projects should explore the ways in which various organizations do things differently. What is the secret of the companies which manage to attract the right talent?

Overall, there are a number of research opportunities that the challenge of talent acquisition can present for scholars. Potential research questions for this field could include, for example, why the organizations are adapting so slowly to the changes on the talent market? Why the knowledge-doing gap is still so extensive, despite of the enormous amount of information of the topic?

However, it is not just empirical research that is required. New models and mindsets are also needed because the current theories are mostly developed in the postwar era. Thus, in our complex, dynamic, interconnected and global world, new theoretical models of talent acquisition are also needed. Moreover, rather than relying on past experience and traditional wisdom, businesses, human resources practitioners and academics should learn of evidence-based management. This requires a readiness to put aside past beliefs and create more space on new facts, strategies and information (Pfeffer and Sutton, 2006; Beechler and Woodward 2009: 280)

All in all, practitioners and academics should enhance their own learning agility and local knowledge and mindsets. All this important so that companies could
effectively use the full potential they have, whether there is a war or not. Most of the theories taught in universities and business schools were developed in the 20th century and that is why both the theoretical and practical research requires re-examination in light of these latest changes in the field of talent acquisition. (Beechler and Woodward 2009: 282) The direction is right, but there is still many challenges that needs to be tackled. Thus, it is important for both academics and businesses to ask new questions, seek new information and look the problem from different perspectives. Only by applying this kind of a new, constantly learning talent mindset companies can overcome the challenges of talent acquisition. (Beechler and Woodward 2009: 282)
LIST OF REFERENCES


APPENDIX 1. Talent acquisition model
APPENDIX 2. The interview questions

1. Talent Acquisition nykytila yrityksessä
   • Mitä talent acquisition tarkoittaa sinulle?
     o Mitä siinä kuuluu? Mitä muuta kuuluu kuin rekrytointi?
   • Kenen vastuulla Talent Acquisition-tehtävät ovat yrityksessänne tällä hetkellä?
     o Onko johtoryhmänne kiinnostuneet TA-kysymyksistä muuten kuin budjettitasolla?
   • Miltä teidän Talent Acquisition-kokonaisuutteen näyttää tällä hetkellä?
   • Kuinka etupainotteisesti arvioit te rekrytointitarpeitanne?
   • Miten rekry/TA nähdään organisaatioissanne?

2. Talent Acquisition haasteet yrityksessä
   • Mikä on teidän isoin haasteen rekrytointiin tai Talent Acquisition-kentän liittyen?
     o Mikä on aikaavievin ja turhauttavin asia nykyisessä TA-prosessissanne?
     o Onko TA-prosessissanne pullonkauloja, jotka mahdollisesti hidastavat prosessia?
   • Mainitse yksi saavuttamattomalta tuntuva asia rekrytointiehineen liittyen? Mikä siinä on vaikein pullonkaua?
   • Jos saisit taikasauvan, mitä korjaisit Talent Acquisition-asioihin tai rekrytointiin liittyen ensimmäiseksi?

3. Talent Acquisition tavoitteet ja tulevaisuudensuunnitelmat yrityksessä
   • Seuraavina parina vuotena, mihin osa-alueisiin olette suunnitelleet panostavanne eniten?