Selection and retention of talent

Svala Guðmundsdóttir* and Jessica Helgudóttir
School of Business,
University of Iceland,
Sæmundargata 1, 101 Reykjavík, Iceland
Email: Svala@hi.is
Email: jessi3sol@gmail.com
*Corresponding author

Abstract: Selecting and retaining talented employees has become one of the key challenges for local and global companies and finding the right talent in a pool of interested applicants is an ongoing challenge. After a decision has been taken on who to hire, the next aim is to retain that talent within the organisation. With employees being considered as valuable resources that play a vital role in a company’s competitive advantage, human resource departments now play a key role in finding and keeping the best and the brightest. The purpose of this paper is to gain insight into recruitment and retention practices among Icelandic organisations. A qualitative study was carried out, with interviews conducted with ten individuals working in human resources in Iceland. The results indicate that among these individuals, emphasis was placed on developing employees from within and, as a result, on internal recruitment. In relation to retention, measuring job satisfaction and the role of managers were also found to be key variables. The results further emphasise the importance of having qualified managers who can conduct regular performance reviews and identify key talent.

Keywords: talent management; recruitment; retention; development.


Biographical notes: Svala Guðmundsdóttir is an Associate Professor at the University of Iceland. Her publications are related to human resources, national culture and expatriates and spouses.

Jessica Helgudóttir received her MSc in Human Resources in 2016 from the University of Iceland, School of Business. Her research interests are within talent management and she currently works within human resources in Iceland.

This paper is a revised and expanded version of a paper entitled ‘Selection and retention of talent’ presented at International Conference on Organization and Management, Abu Dhabi, 19–20 November 2017.
1 Introduction

After the economic crisis hit Iceland in 2008, many businesses were forced to close down (Johnsen, 2014) and, as a result, many talented employees were left without a job. The economic outlook has improved, however, and unemployment decreased from 14% in 2008 to 2.9% in the early months of 2017. With the high unemployment rate in 2008, companies and organisations had an abundance of applicants for each job. Retention of employees was not considered a problem at that time, as many individuals did not want to risk resigning from their jobs. As a result, retention of employees was not a priority for Icelandic human resource managers (Aðalsteinsson and Haraldsdóttir, 2013). However, the economic outlook and activity have now changed, and Iceland is considered to be doing much better, with more business activity and increased hiring after years of recession. Therefore, the aim of this paper is to gain insight into recruitment and retention practices among Icelandic organisations. The next chapter will discuss the literature on selection and retention of employees. This will then be followed by the methodology, limitations and results. To conclude, a discussion and conclusion of the study are provided.

2 Literature review

It is estimated that recruiting and hiring are some of the most difficult tasks that managers today need to handle in relation to corporate employees (Christensen Hughes and Rog, 2008). The recruitment process spans the time when a job is considered available until the job offer has been accepted, and includes attracting and selecting the right person for the job in question (Beardwell and Holden, 1997). This recruitment process can be divided into four stages: defining the job, recruiting, evaluating candidates, and making the final decision (Carroll et al., 1999). In the first stage, a systematic process is followed to collect information about the job; this is called job analysis. A decision has to be made with regard to the requirements that applicants need to fulfil, such as experience, skills, and education. A job description is then prepared based on the analysis of the job in question (Torrington et al., 2008). Following this procedure, the recruiting can begin. Nowadays, there are many different ways to attract applicants. Many companies advertise in selected journals or websites, while others lean towards so-called e-recruitment (Breaugh, 2008; Rothwell, 2008).

During the recruitment process, particularly in Iceland, an emphasis is placed on equality. This means that all applicants have the same chance of presenting themselves and of being offered the job (Aðalsteinsson and Halldórsdóttir, 2013). When considering where to find the right talent, companies look either within their own rankings, or beyond their own organisation and towards the labour market. Many methods can be used to determine which candidate is best qualified for the job. This is often based on the resume or the CV along with interviews and references. Moreover, for more reliability and further information about the candidate, some companies include auditions, tests (e.g.,
psychometric, cultural intelligence), or work samples (Stabile, 2002). Booth (2000) argues that companies are increasingly emphasising individual personality and leaning away from the more traditional focus on skills, the argument being that skills can be developed after the recruitment has taken place, while it is impossible to change personality.

Christensen Hughes and Rog (2008) have argued that when organisations place emphasis on talent management, they have an increased chance of recruiting the right person for the job, and the process is more often found to be professional and advanced. Professional recruitment can be understood as recruitment that has been prepared on professional grounds and with expertise. It is processed by predetermined strategies that aim to use the best objective method every time, and focuses on hiring the most qualified person, regardless of gender, race, or political opinion (Breaugh, 2008). After the challenge of finding the right employee has been overcome and the individual has accepted the job offer, the next challenge concerns retaining that talented employee.

The challenges of retention can vary but are often related to the supply and demand of employees on the market (Mitchell et al., 2001). In a period of prosperity in a given country, municipality, or industry, there can be a shortage of employees and, as a result, it can be difficult to allocate the right talent. Therefore, it becomes even more necessary for organisations to be able to retain their talent. In recent years, companies have increasingly started to prepare for market fluctuations systematically by placing greater emphasis on engagement, for example, as well as training and development (Phillips and Edwards, 2009). Furthermore, to retain talented employees, it has been argued that it is important to know and understand their needs. However, it is important to keep in mind individual as well as generational differences. For example, it has been documented that differences exist between generations in relation to how open employees are towards changing jobs or even careers. Members of the older generation, often referred to as the baby boomers, tend to stay in the same job for a longer period of time, and to have a high level of loyalty towards their organisation. In contrast, members of the younger generation, often referred to as generation X or Y, are known to be more open to changing jobs and careers, and they demand that their needs be met by their employers (Sujansky and Ferri-Reed, 2009). When employees experience low job satisfaction at work, they often start seeking another job and then resign when another opportunity presents itself. It has been documented that managers often tend to assume that employees change jobs and organisations because they are not satisfied with wages, when co-workers and managers are more often the reasons for the resignation (Rothwell, 2005b). In this vein, co-workers and managers have been argued to have a great influence on how employees feel at work. When managers show interest in an employee, it can influence that employee’s job satisfaction and commitment to the organisation (Vilhjálmsdóttir and Gústavasdóttir, 1999). It is also important that managers know what talent their employees have and that they try to bring out the best in every individual. When managers are able to create a culture where trust and knowledge sharing are the norm, they are more likely to influence job satisfaction and engagement (Kammhuber, 2008). Thus, managers are in an important position that can have an influence on the retention of employees. Authors such as Axelrod et al. (2011) have argued that although managers are in a critical position with regard to retention, it can be difficult to measure such managerial qualities. On the other hand, the effects are well documented in the literature.
3 Methodology

Qualitative research was conducted in this study, where the objective was to gain insight into the participants’ experiences. By conducting interviews, a deeper understanding of a subject is achieved (Creswell, 2007), and a certain theory can then be formed from the narration of the interviews and observations made by the investigator (Merriam, 2009). However, qualitative research methods have been criticised, for example, because two different individuals can conduct the same qualitative study with the same subject but obtain different results (Bryman and Bell, 2007). Consequently, it is difficult to generalise from the results (Chenail, 2011). Ten individuals agreed to participate in the present study. They all worked in human resources in their organisations, and all worked for companies that were relatively similar in size or categorised as SME’s. The focus was on the number of employees in these companies to increase the likelihood of there being a relatively similar maturity of human resource practices across the organisations. Table 1 presents the number of participants along with the industry in which they worked and their position within the organisation.

<table>
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<tr>
<th>Participant</th>
<th>Operation of company</th>
<th>Positions</th>
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<tbody>
<tr>
<td>Participant 1</td>
<td>Tourism services</td>
<td>HR</td>
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<td>Participant 2</td>
<td>Financial services</td>
<td>Staff manager</td>
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<td>Participant 3</td>
<td>Production and design</td>
<td>Corporate director and HR</td>
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<td>Participant 4</td>
<td>Computer and software</td>
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<td>Participant 5</td>
<td>Production and distribution</td>
<td>Talent manager</td>
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<td>Participant 6</td>
<td>Financial and software services</td>
<td>HR and communications</td>
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<td>Participant 7</td>
<td>Production and exportation</td>
<td>Executive director of HR</td>
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<td>Participant 8</td>
<td>Insurance company</td>
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<td>Participant 9</td>
<td>Insurance company</td>
<td>Executive director of HR</td>
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<td>Participant 10</td>
<td>Telecommunications</td>
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The interviews were conducted on the companies’ premises in the period of October 2014 to January 2015. Each interview lasted around 45 minutes and the interviews were conducted in the Icelandic language, the native language of the participants and researchers. All participants received an informed consent form ahead of the interview and all names have been changed into numbers to ensure anonymity. Phenomenological method was employed in analysing the interview transcripts. Which were recorded and transcribed word for word, converted into formulated meanings and were coded thematically to compare emerging themes.

4 Limitations

While the findings of this study provide implications for further research and practice, their interpretation is subject to a number of limitations. The number of interviews can be considered limited, and, furthermore, the results can only be considered as a first step in a
longer process. Also, the results might be influenced by industrial and geographical location of participating organisations. As a result, it is recommended to include participants from other geographical areas to increase the understanding of talent management in Iceland. Consequently, it would be interesting to examine the similarities or differences of other talent management practices within SME in the Nordic region.

5 Results

5.1 Attracting candidates

Most of the participants indicated that they managed to attract a sufficient number of applicants. All agreed that advertising worked well to encourage qualified individuals to apply for job openings. Some noted that they had not had to resort to any special actions to attract candidates, and many agreed that “the name and reputation of the company are attractive enough to acquire applications (9).” On the other hand, one participant noted that although his company was well regarded in the market and desirable, “it’s still not so that people are waiting in lines to apply for open positions (3).” He pointed out that it can be difficult to recruit people for certain jobs as the nature of the work requires it to be performed under poor conditions. Therefore, it can depend on the nature of the work whether and how difficult it is to attract candidates, and how much emphasis is placed on advertising or other methods. The participants believed that the jobs that they sometimes had difficulty with in terms of recruiting were jobs for which significant expertise was necessary. In those cases, it could be difficult to find the right candidate, especially in a small country like Iceland, as one interviewee points out:

“Sometimes we are hiring for jobs when we know that maybe five people in the country have the necessary knowledge and education (4).”

One participant mentioned that the company had to compete for qualified staff in the recruitment stage. Most of the participants reported that they first looked internally for in-house talent before considering advertising or headhunting. As one interviewee noted, “we are not really looking for outsiders unless we really need to (10).” Most of the participants considered that it was easier to develop current employees who knew the company culture than to take a risk with a new employee. Two participants reported having a special program in place to try to reach a specific group of people in the labour market. Both were trying to reach women with vocational training/education: “we emphasise the equality of genders in our company, but some jobs are just very difficult to get women to apply for or to find women who have that education (5).” Only one participant spoke about difficulties in recruiting employees in the years before the crisis, stating: “it was very difficult to recruit and we were forced to some extent to employ older people that we would not have hired under other circumstances in the relevant work (1).” The participant experienced this period as a great challenge, and believed that the company for which he worked could have better prepared for such market volatility.

5.2 Selection methods

Regarding selection methods, most of the participants reported following the traditional pattern of selection: beginning with the evaluation of the CV, inviting candidates to an
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interview, and then asking for references. Two participants reported using more advanced methods, such as work samples or specific projects. Two other participants indicated that they always used personality tests when recruiting, and that they found it important to measure personality traits determine whether a person fit in with the organisational culture. One other participant reported that he sometimes had no choice but to hire based on networking because he thought that was the best way to reach the right people: “our employees have a good network in their line of business and they let us know if any of the competitors are thinking about a move, and then we'll try to catch him (6).” In the interviews, most participants saw a reason to point out the changes that recruitment had seen over the years. They reported that increased emphasis was now placed on the creativity, communication skills, and adaptability of employees. However, one exception was found with a participant placing greater emphasis on education and grades:

“When we hire people, we have factors such as grades in mind. Good grades show us whether the person can put in a lot of effort in order to succeed.”

However, it should be noted that this did also depend on the job in question, since most companies also had very specialised jobs that required specific skills or education that would have to be taken into account. The most important aim was to hire the right people for the job.

5.3 Retention

Most participants felt that, “we are always trying our best to keep people (4).” Many of the participants indicated that the employee turnover at their company was normal and that they were satisfied with the course of events. They stressed that turnover was important for the company and that it was important to hire young and new employees in the company to revamp the company culture.

Most participants felt that they were doing their best to keep their key employees. However, they did agree that they were not always able to avoid resignations, and one participant (8) said: “there is always the potential of losing a key employee but it is up to the company to hold on to the knowledge.” In order to retain employees, many reported that it is important to know what motivates employees and what expectations they have. Respondent 1 noted that there can be great differences in what employee’s value: some long for higher wages, others for flexible work, and still others for increased job enrichment.

Most interviewees stated that job satisfaction is a large factor in keeping people within the company. For instance, respondent 10 stated: “job satisfaction – it is the key to retaining our employees. If the employees are satisfied, they do not want to go anywhere else.” When asked what they the participants considered to be the most important factor in retaining employees, the participants most often referred to the role of the manager. It was clear that most of the participants placed a great emphasis on the role of the managers, both to communicate between human resources and employees, and to document expectations and talents. They discussed the importance of managers being qualified to conduct performance reviews in a professional manner as well as to assess whether the right employee is in the right place at the right time. As participant 4 said, “it is the most important to have competent managers.” In that same verb, participant 5 commented:
“The manager is supposed to support employees as needed. He is there to make sure that the employees have all the tools and equipment they need for their work in order to develop and reach their full potential. Their support, feedback and praise just make all the difference.”

The interviews revealed that many of the participants experienced one of their roles within the company as supporting managers. They further emphasised that managers know their employees better than the human resources manager do, as participant 8 said:

“There is a need to know where the talent lies in each and every individual, and the manager knows his people best of all. We also put a big weight on managers to determine the employment process, who belongs with us and who does not.”

Participant 7 agreed, stating: “it is important for managers to see where there is, for example, lack of training, and to raise awareness.” Participant 5 discussed how he had created a spreadsheet with the identified skills of each department within the company. The manager’s role was then to ensure that these skills were present within his or her department. This spreadsheet assisted in further identifying what skills were needed in relation to the recruitment and selection of new employees.

6 Discussion and conclusions

The aim of this paper was to gain insight into recruitment and retention practices among Icelandic organisations. The data analysis revealed that the ten respondents were satisfied with their yields in terms of attracting applicants for the jobs they needed to fill. Only one participant mentioned having to compete for employees, and none indicated having difficulty filling in vacancies except for certain professions. The results further indicate that the participants preferred to hire from within the company than from outside as reported to one of the approached of talent management (Rothwell, 2008). Different instruments were reported to be used in the recruitment process, and many participants were in favour of personality tests, as they believed that these tests increased the likelihood of employees fitting in with the corporate culture; this is in line with the literature (Stabile, 2002). Booth (2002) argues that companies nowadays are increasingly hiring employees for their personality and not their skills, since they believe that they can teach new hires the skills needed, whereas it can be difficult to change attitudes. This is consistent with the results of the present study: respondents placed great importance on personality traits. The results further indicate that human resource managers are aware of the importance of holding on to talented individuals. At the same time, they emphasised the role of the managers in the process, and how important it is to have qualified managers who are able to assess and evaluate employees’ skills and abilities and give appropriate feedback both to the employee and to human resources. Wright and Davis (2003) argue that employees are the key component in every organisation, and that job satisfaction plays a key role in retaining them. In a similar vein, most interviewees in the present study emphasised that job satisfaction is one of the key components in retaining employees: it serves as a good gauge of how employees and managers within dependents, units, and the organisation experience their job satisfaction. However, as mentioned before, a great emphasis was also placed on the role of the managers on a more micro level. Their role in conducting the performance interviews and evaluating training and
developmental needs is important so that human resources can take strategic decisions. Collings and Mellah (2009) and Luthans (2002) emphasise the importance of training and development in relation to the retention of employees. Training and job development have been found to be an important factor within the field of talent management, and in the interviews the ten respondents emphasised the importance of identifying where training and development are needed today as well as in the future. The interviewees also reported that training and development had gained increased attention from the executive level and, as a result, they were able to provide them on a timelier basis and when needed. Greater responsibility has been placed on managers to identify employees’ skills in recent years. The participants felt that this is not an easy job, and scholars also believe that it can be a challenging task for managers (Chambers et al., 1998). The literature also suggests that good talent management begins with a good manager who can bring out the best in people and develop their strengths (Rothwell, 2008). Preparing managers for their role in the organisation is therefore highly important. The documenting of data on employee talents differed greatly across the interviewees’ organisations, and there was an indication that the registration and collection of information about employees could be improved. Although there was no sign of a formal retention policy, some used the human resources management system to document data, while others relied only on excel and spreadsheets. Most participants nevertheless noted that they wanted to improve in this area, and some were even already taking measures in this regard. The findings of this study implicate on the need for further research in relation to the influence managers can have on employees in relation to talent management and retention of employees within the Icelandic labour market. Further research is encouraged as well as other research methods to investigate the influence of managers. Beyond these academic considerations, the findings of this study have also some relevant implications for management. Primarily, they should serve to emphasise the importance of the role of managers as well as considering the relevant training and development for managers in order to be able to carry out their tasks effectively so talent within the company or organisation is retained.

References


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