

Chapter 28

Introducing a First Step towards a Holistic Talent Management System Architecture

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ABSTRACT

As one of the top issues for executives nowadays the recruiting, retaining, and skilling of scarce talent has received a lot of attention both in research and practice. While companies are in dire need of new strategies and integrated approaches in human resources, research has predominately observed the skill profile and general attitude of professionals to their work, their individual incentives, and consequentially, their turnover intention. We aim to relieve these needs in practice by introducing a first step towards a holistic system architecture of recruiting, retention, and development processes. For this purpose we use a design science approach to develop a talent management system architecture containing all respective processes and their related subsystems based on the next-generation holistic e-recruiting system invented by Lee (2007). This architecture could increase knowledge transfer and thereby improve the adjustment and performance of the entire HR process. Furthermore the increased amount of data gained through new implemented performance measurement subsystems offers management a variety of new strategic options for continuing to battle in a global “War for Talent.”

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INTRODUCTION

Threat pinpointed, threat averted – end of story? Not really. Already since the late seventies the potential threat of a *talent shortage* for specific profiles as IT was recognized by corporations as well as research (LaBelle et al., 1980). Today, more than three decades later, the threat not only still exists but gets even worse. In terms of IT talent in the early stages Igarria and Siegel (1992) advised organizations to keep an eye on the growing shortages of IT personnel and the increasing demand on the labor market. But they also identified that there might be multiple forces within these organizations which delay this process and distract from its importance (Igarria & Siegel, 1992). A study of the career anchors of IT personnel predicted that due to labor shortages staff turnover will become an even more critical issue in the near future (Crepeau et al., 1992). Despite being recognized by several researchers and a few corporations, public institutions in the States like the General Accounting Office (GAO) still raised questions about the validity of the shortage estimates and the methodologies applied in the market surveys that were conducted (Garner & Weldon 1998; Ferratt et al., 1999). Further organizations, labor market analysts and external experts showed similar concerns about the various estimates of the talent shortages as well, but after a while they started to identify the problem and deduce that a talent shortage really exists (Cappelli, 2000b; Brock, 2003; Sadin, 2003; Frank et al., 2004; Farrell & Grant, 2005; Acharya & Mahanty, 2008).

Given this situation, top management is compelled to develop new effective strategies to remain within this “War for Talent” (Chambers et al., 1998; Keim & Weitzel, 2006). The talent shortage demands that the companies compete effectively against competitors on the job market (Patel, 2002). One way is to use information technology to gain a competitive advantage regarding the recruiting of employees. A study with Germany’s Top-1000 companies indicates

that there is an increasing usage of IT to manage job postings (mainly on the Internet) and applications (mainly received by Internet channels such as e-mail or websites). At a level of 85.9 per cent, the majority of vacancies in 2006 were communicated to potential candidates by means of the company’s website and 59.0 per cent were published on internet job boards such as monster.com. At a level of 26.6 per cent job postings, printed newspapers or magazines are far behind. Therefore it is not surprising that 64.1 per cent of the hires generated are due to job postings on the internet. Furthermore the increasing usage of IT can be shown in the use of application methods as well. At a level of 51.3 per cent, more than half of the incoming applications are received by electronic channels by the Top-1000 companies in Germany (Eckhardt et al., 2007b). Concerning the value of this increasing IT use, *e-recruiting* is known to lead to significant reductions of time and cost per hire as well as improvements concerning applicant data and applicants’ overall quality (Eckhardt et al., 2009). These findings enable the thinking that these companies using e-recruiting perform better in the search for talent.

However, as several researchers have stated, managers who do not pay attention to all issues regarding scarce talent will face serious challenges in engaging and maintaining their workforce (Agarwal & Ferratt, 2002). The open contest for competitors’ employees is no longer a rarity but is an accepted business method. Cappelli (2000a) described the central point in the following way: ‘To poach is fine, to be poached is not’ (Cappelli, 2000a). Not all recruiting is the same; *retention* and *personnel development* should be shifted from broad programs to highly targeted efforts aimed at individuals and groups of key employees (Cappelli, 2000a). However, it is not always the best way for organizations to recruit new staff and offer them important positions, because they do not know the peculiarities of the company and its culture. Organizations could also use other methods to find skilled employees. If they regard the

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