



# EXECUTIVE SUMMARY

IO1 – Investigation Research Report



**Project Name:** Bridging the gap between VET and business: Modern talent management and analytics 4.0 for SMEs in Europe

**Project Acronym:** Talent 4.0

**Project Number:** 2018-1-AT01-KA202-039242

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## Introduction

“Trust in Talent”, a recent study conducted by Kienbaum, revealed that only every second European company seems to have their own talent strategy and over 80% of HR responsables see a strong need for effective talent management (Kienbaum Institut@ISM 2018). These numbers give a first hint that there might be a variety of needs for further training and consultancy offers for SMEs.

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The investigation research of the Talent 4.0 project had the goal to find out about the needs and requirements of SMEs in the field of †Talent ‡Management and analytics and through the results find-out-how identify ways how †Talent ‡Management can function as a bridge between business and vocational education and training VET system realities.

Talent Management in the context of the project is defined as an organization’s strategic approach in attracting, hiring, managing and retaining employees that possess talents<sup>1</sup> that are needed to achieve and sustain success. When talking about †Talent ‡Management, what is meant is in the context of the Talent 4.0 project is meant as “the process of attracting skilled employees to a company, and developing the skills of existing employees, giving them attractive pay, working conditions, etc.” as defined by the Cambridge Dictionary.

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The research has been conducted in seven different countries countries and it was the defined goal of each project member to reach at least 30 responses from SMEs from their respective country with at least 30 responses from each country. To compile this summary the national reports, based on the conducted questionnaires, from following project partners were taken into account.

- Future in Perspective Limited – Ireland
- IHK-Projektgesellschaft MBH – Germany
- Tiber Umbria Comett Education Programme – Italy
- SMEBOX AB – Sweden
- Centre for advancement of research and development in educational technology LTD – Cyprus
- Federacion Vizcaina de Empresas del Metal – Spain
- Wirtschaftskammer Steiermark – Talentcenter – Austria

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The survey was conducted by approaching business owners, CEOs, HR managers, accountants, educators, but also employees in different positions who were responsible for recruiting and talent management in SMEs and micro enterprises in respective countries.

The following executive summary provides an overview of the requirements and needs of SMEs in terms of talent management and analytics.

<sup>1</sup> Understood as potentials, skills and competences that can be of actual or future use for success of an organisation.



## **Current state of discussion**

### ***Responsibility***

When asked who is responsible for Talent Management in the companies that took part in the survey, respondents almost always picked manager, CEO, HR manager, accountant, educator, or other. More than one third of the respondents stated that the responsibility of Talent Management lies with the HR-Manager while more than one quarter stated that it is the responsibility of the CEO. When the answer "other" was chosen, it was stated often that it was the owner of the company. As the companies that took part in the survey are small to medium sized, it can be assumed that manager, CEO and owner are the same sort of function. Usually, in a small company, the owner is also responsible for tasks related to HR, including that of Talent Management. Therefore, the survey and its answers to the questions mirror to a certain extent the opinion of people in charge or with decision-making power about Talent Management.

At the same time, many answers said that they do not know or that nobody is responsible. It may indicate that the term "Talent Management" is not yet familiar.

When analysing the answers, it became clear that the need for developing relevant resources for Talent Management is necessary. Some companies have a responsible person in place, while some do not. Overall, the main issue relating to responsibility is that the term 'Talent Management' is yet unknown to some SMEs.

### ***Willingness and Time***

In the questionnaire it was asked whether SMEs are willing to spend time on Talent Management, and if they do, how much time would suit them the most.

The results showed that more than 75 % of participating SMEs are interested in investing time and effort in Talent Management. Moreover, according to the investigation research results, SMEs are willing to invest between 2 and 5 hours per



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[month of their time in Talent Management. While some SMEs did not want to invest any time, others showed willingness to spend more than the 2 to 5 hours a month. However, it was highlighted that the learning units need to be relatively short and independent. Overall, the responses show a willingness to spend time resources on Talent Management, but also clearly state that time-efficiency is very important.](#)

### ***HR and Talent Management***

Another question investigated whether talent management was already part of HR strategies or not. The responses show that talent management is already integrated in Human Resources strategies in bigger [\(i.e. medium sized\)](#) companies, but not yet in micro and small sized enterprises. [Close to 50 % of the participating SMEs stated that it was already part of their HR strategy.](#) Numerous respondents stated that they do not know. The reason for this is that the term 'Talent Management' has not yet made its way into the world of business. The overall effectiveness of HR strategies, according to the results, is rated effective to neutral, some participants did not answer to this question, which might be because they simply do not know the term.

### ***Pillars of Talent Management***

Participants of the survey were asked which of the four pillars (attract, develop, motivate, retain) of Talent Management need to be improved the most by their company. Throughout all respective countries, the pillar [develop reached the highest percentages, followed by motivate. These two pillars refer to HR processes that address employees already employed in the company. According to the results attract and retain were the least important pillars to SMEs. The two pillars attract and retain are more connected with the notion of in-flow and out-flow of staff. However, it has to be said that if employees are motivated and have good development option, the retaining of staff would also be affected. The same applies for the attraction of new employees, if a company is known to have good employee development.](#)

### ***Challenges***

The results above show some of the HR challenges faced by SMEs and micro-enterprises. They struggle to find and integrate strategies to motivate, retain and attract staff. [Further analysis of the responses show that the greatest challenges, which businesses who participated in the research study, face relate to the Talent Management pillars of attracting the right staff, motivating and retaining staff once they have been trained. The points mentioned lead to the next issue, which is the 'right staff' and their skillset.](#)



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Furthermore, the location of the business (e.g. rural area) and the participation of employees was seen as challenges. Many participants also stated that a lack of resources, especially time and money, presented a barrier and challenge for Talent Management.

### **Skills**

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In order to provide useful tools and training it was essential to find out which skills are relevant to SMEs. Therefore, the participants of the survey were asked to rate following skills according to a scale ranging from “Very Unimportant” to “Very Important”:

- Social Skills
- Motivation
- Leadership
- Technical skills
- Adaptability
- Specialization
- Professional Skills
- Business Domain Knowledge

They were also asked to provide any skills that they see as important, but were not mentioned in the survey.

According to the criteria “very important” and “important” combined to one critery called “paramount” following ranking emerged:

<u>Rank</u>	<u>Competency</u>	<u>Percentage</u>
<u>1</u>	<u>Motivation</u>	<u>93.33 %</u>
<u>2</u>	<u>Professional Skills</u>	<u>89.33 %</u>
<u>3</u>	<u>Adaptability</u>	<u>88.45 %</u>
<u>4</u>	<u>Social Skills</u>	<u>88.00 %</u>
<u>5</u>	<u>Leadership</u>	<u>74.67 %</u>
<u>6</u>	<u>Technical Skills</u>	<u>71.55 %</u>
<u>7</u>	<u>Business Domain Knowledge</u>	<u>69.78 %</u>
<u>8</u>	<u>Specialisation</u>	<u>68.00 %</u>

Through the responses of the questionnaire, it became evident that the skills, which are required, and therefore, should be developed, are adaptability, social skills, IT skills, leadership and specialization. Social skills refer to working in teams, speaking and presentation skills but also conflict solving. By IT skills, it is referred to social media and digital tools overall including the usage of smartphones, tablets and laptops and with that apps to be used on these devices. The training material needs to consider these things in order to be relevant to the target group.

Through further responses of the questionnaire, it became evident that the skills, which are required, and therefore, should be developed are motivation, professional skills, adaptability, social skills, IT skills, leadership. Social skills refer to working in teams, speaking and presentation skills, but also conflict solving. By IT skills, it is referred to



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social media and digital tools overall, including the usage of smartphones, tablets and laptops/PCs as well as apps to be used on these devices. Any training material needs to consider these answers relevant to the target group. Therefore, since IT skills are not only required but also desired for, any training material should considerably include material that is IT related.

### **Settings**

Another key aspect for developing a toolbox and training program is to know in which settings the target group wants to use the tools and trainings or rather feel confident to be in while learning about Talent Management. According to the outcomes, the offered tools will mainly be used in team and face-to-face settings.

They will also include options to be undergone while being alone in the office. All of the options will be tailored to be undergone within an office setting, as this was chosen nearly three times more often by the participants, than outside of the office.

Furthermore, it was investigated which personnel development measures should be implemented according to the survey participants. By far the biggest popularity had "Onboarding Coaching", which was followed by "Trainee Programs".

### **Tools**

As the investigation research serves as basis for the toolbox and training program, it asked the participants about their needs and requirements concerning the tools. In the responses, the following tools reached the highest points: online guides and training sessions, videos and podcasts, educational material, apps and practice cases.

Therefore, a large variety of different tools can be used for the training material. The individual project partner identified various tools as seen below.

### **Summary of the research findings**

From this summary of research findings, we can deduce that among businesses surveyed in Austria, Germany, Spain, Italy, Ireland, Sweden and Cyprus the greatest challenges and barriers they face regarding talent management include that they find it difficult to attract the right staff in the first place; they then find it challenging to motivate staff and they have issues in retaining talent, especially after staff have been trained within the business.

From the analysis of the questionnaires, it clearly emerges that there often is a lack of talent management strategy in both, the development of skills for existing staff but also recruiting new staff. Additionally, it became clear that most SMEs find it difficult to understand and define 'talent', which highlights the importance to work on it even more.

It is this Talent Management Philosophy, which should be guiding principle dictating how organizations strategically hire, manage and retain their talent and how all



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important 'talent-related' decisions are made (Fessas: 2016). This is especially important in the case of SMEs which are more reliant-dependent, compared to bigger corporations, on their staff and personnel and may find it harder to replace productive and experienced personnel. Thus, studies in the field highlight that for SMEs to increase their chances for success, they need to work towards enhancing their capabilities in the fields of human resources and skills development.

### **Relevant Tools**

The Talent 4.0 project has to consider the time its target group can or is willing to allocate to enhance its knowledge in the field, as well as the type of tools and training it finds most suiting. The partnership has identified several tools that might be useful for the target group and are available in English or even more of the languages represented in the Talent 4.0 project.

Following are some of the tools that were discussed and found relevant.

#### **(1) Cornerstone on Demand**

It is a unified cloud platform to recruit, train, and manage people in the company. It gives to the companies the whole talent picture, find the right talent with social tools, customer career sites and a fun candidate experience. It let managers inspire greatness, motivate employees and deliver results. It provides goal and competency management, development plans and reviews. It aligns employees with organizational strategy and provide meaningful feedback. This platform helps leaders make better business decisions using real-time data and insights; it centralizes employee data, improves agility and meets employees' needs with self-service tools and a great user experience.

The platform is available in English, German, Spanish and Italian language.

<https://www.cornerstoneondemand.co.uk/>

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#### **(2) VISMA - Commenius**

This software from VISMA, or rather a set of modules of Software covers the entire Talent Management Process in an enterprise. It's difficult to tell if it fits even the smallest businesses but the combination of cost and complexity use (both technical but also in a HR-process) is always a barrier to manage for small businesses.

This tool however looks easy to use and implement in the daily work.

It meets the need of understanding and supporting the entire process of Talent Management. The organization that developed the tool is providing training and consultancy if needed and is specialized in SMEs as customers.

<https://www.visma.se/talent-management/>

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#### **(3) HR Portal**



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HR portal is an online platform that features a wide range of HR resources to support HR operations. The platform is user-friendly and its resources are available for free and are accessible either via PC or mobile devices. The tools and learning resources are categorized into 'Enterprise Stages' and 'HR Functions' while visitors can browse and/or search for tools as per their 'Self Diagnosis'. Finally, the platform allows users to ask HR related questions.

<https://hrportal.sg>

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#### (4) LinkedIn E-Courses: Talent Management

An e-Course that is available through LinkedIn that helps participants to attain an understanding of what Talent Management is and comprehend its importance for a company. Moreover, it guides them on how to build a top-notch talent management strategy, use that strategy to create a talent management plan, and bring it all together using best practices. As part of this process, participants will learn how to identify talent needs, assess existing talent, recruit the right people, and develop employees to meet talent needs.

<https://www.linkedin.com/learning/talent-management>

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#### (5) Sparkling Grey project

SPARKLING GREY aims to providing SMEs with adjusted and innovative human resources management strategies that address age and multi-generational issues while supporting career management skills specifically targeted to senior workers. Material for the support of SMEs:

<http://sparkling-grey.eu/>

#### (6) Hoopla

Hoopla is a new way to win for high-velocity teams. Hoopla's Data Broadcasting Platform combines TV quality video and graphics, breaking newsflashes, live metrics, and game mechanics that turns any large screen display into an engaging communication system that aligns, motivates, and engages employees.

<https://www.hoopla.net/>