

Sixth Draft June 2011 – Post-examination

MANUFACTURING ENGINEERING TRIPOS PART I

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Thursday 05 May 2011 9 to 12

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PAPER 4

Module 3P6: ORGANISATIONAL BEHAVIOUR  
(Section A)

Module 3P7: MANAGING BUSINESS AND PEOPLE  
(Sections B and C)

*Answer not more than **four** questions, of which not more than **two** must be taken from section **A** and **one** from each of sections **B** and **C**.*

*Answers to section **A**, and to sections **B** and **C** must appear in two separate booklets.*

*All questions carry the same number of marks.*

*The **approximate** percentage of marks allocated to each part of a question is indicated in the right margin.*

*There are no attachments.*

STATIONERY REQUIREMENTS

20 page answer booklet x 2

Rough work pad

SPECIAL REQUIREMENTS

Engineering Data Book

CUED approved calculator allowed

**You may not start to read the questions printed on the subsequent pages of this question paper until instructed that you may do so by the Invigilator**

SECTION A

Answer **two** questions from this section.

1 Why might a large established company struggle to adopt the principles of post-bureaucratic work organization? [100%]

2 (a) What is the core principle of the ACAS Code of Conduct on Disciplinary and Grievance Procedures and what does it mean in practice? What are the code's main recommendations and how are they usually implemented? [50%]

(b) Employment Tribunals exist to hear cases involving employment disputes. What is included in this category? What are the alternatives to Tribunals, and under what circumstances are they appropriate? [50%]

3 Critics argue that contemporary management theories lack a scientific base. Does this diminish their value? [100%]

4 Is control of the labour process an inevitable and irreconcilable source of conflict between employees and their employer? [100%]

SECTION B

Answer **one** question from this section.

- 5 (a) In what ways does a relationship view of marketing differ from a transactional one? Why has the relationship view become the dominant paradigm? [70%]
- (b) How has this dominant paradigm affected the role of salespeople? [30%]
- 6 What are the problems typically faced by those managing innovation in an established business? How might these problems be addressed? [100%]

## SECTION C

Answer **one** question from this section.

7 (a) John Storey has described Human Resource Management (HRM) as “... *a distinctive approach to employment management* ...”. What are its main features, and in what ways does it differ from conventional approaches to “Personnel Management”? [60%]

(b) Describe and explain the main “levers” through which managers applying HRM seek to influence the behaviour of the workforce. Under what conditions are they most likely to be effective? [40%]

8 (a) What is Talent Management and what are its objectives? [40%]

(b) Explain the factors to be considered in defining and implementing a Talent Management programme. What are the potential drawbacks? [60%]

**END OF PAPER**

## SECTION A

### Question 1

Question: *Why might a large established company struggle to adopt the principles of post-bureaucratic work organization?*

Crib: : Many literatures suggests that organizational complexity arising from scale, path dependence and spatial and vertical differentiation inhibit the ability of management to initiate organizational change. This is particularly the case when attempting to engage in enterprise change of a fundamental nature, notably the transformation of organizations to embrace post-bureaucratic principles of work organization. Satisfactory answers will compare and contrast the principles of bureaucratic and post-bureaucratic work organization and make reference to dimensions of organizational complexity. Excellent answers will further address the managerial challenges and implications of managing complexity and change in organizational transformation. (Themes: Bureaucratic organization, co-ordination and control, post-bureaucracy, complexity)

Post-exam comments: Answers demonstrated solid basic knowledge of the literature on bureaucratic and post-bureaucratic organization. Answers tended to be quite descriptive and repetitive – the same illustrative examples came up repeatedly (generally from the same sources), which made fresh examples stand out. Some candidates engaged in exploring blind alleys or focused on trivial issues. The best answers developed a discussion around analysis of the differences between bureaucratic and post-bureaucratic organization in terms of complexity, structures and change, and highlighted implications for theory and practice.

### Question 2

#### Question

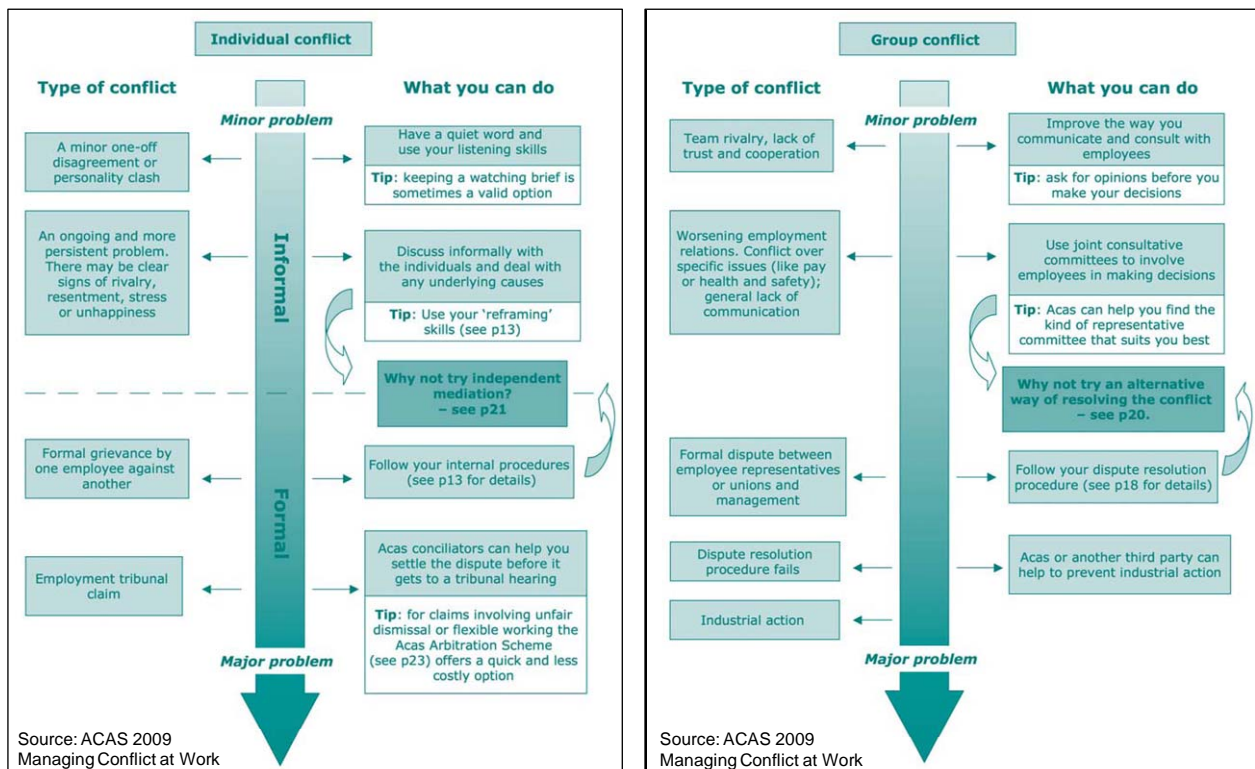
(a) What is the core principle of the ACAS Code of Conduct on Disciplinary and Grievance Procedures and what does it mean in practice? What are the code's main recommendations and how are they usually implemented? [50%]

(b) Employment Tribunals exist to hear cases involving employment disputes. What is included in this category? What are the alternatives to Tribunals, and under what circumstances are they appropriate? [50%]

## Crib

(a) The core principle of the ACAS code of conduct is that disputes should be resolved at the lowest level of formality. In practice, this means that every attempt should be made to deal with problems at a local level without resort to formal procedures. Where formal procedures are deemed necessary, all available internal organisational measures should be implemented prior to the involvement of external parties. Where external parties are called in, once again, conciliation and arbitration should precede any referral to a tribunal.

The following charts, taken from the ACAS code, were presented in lectures.



The code's main recommendations are that employers should:

- Establish the facts of the case
- Inform the Employer/Employee of the problem
- Hold a meeting to discuss the problem
- Allow the employee to be accompanied
- Decide on appropriate action

- Provide employees with an opportunity to appeal
- Where disciplinary and grievance procedures overlap suspend disciplinary or, if related, hold concurrently

These recommendations can be applied at various levels of formality. In the case of a minor disagreement or clash of personalities, a quiet informal discussion may be all that is required, though even in this case, there should be every opportunity to allow the facts of the case to be established, and employers should allow employees to escalate the problem if they deem it necessary. Where disputes arise between co-workers, it may be appropriate to allow time for them to be resolved without intervention. For more serious or persistent problems, an informal meeting might be held with the relevant parties. Attempts may be made to reconcile different interpretations of the dispute, and action to address underlying causes may be appropriate.

In some cases the initiator of the process may be the employee's representative (e.g. a trade union official), but the need for clarity with respect to the problem and the facts of the case remain.

(b) The first part of the question is straightforward. Employment tribunals exist to hear cases involving the following:

- unfair dismissal (including 'constructive dismissal' which happens when an employee resigns because they believe the employer has breached the contract of employment)
- discrimination on the grounds of disability, race, sex, age, sexual orientation, religion or belief
- not being allowed to have someone accompany you to a disciplinary or grievance hearing
- not being consulted in a redundancy situation
- breach of contract
- equal pay

In the second part of the question, students should demonstrate that they understand the nature of the various types of dispute resolution before explaining the situations in which they might apply.

Alternative forms of dispute resolution include mediation, conciliation and arbitration. Mediation and conciliation involve an independent and impartial outsider discussing issues underlying disputes between parties. This may be done with the parties together,

or separately, but the objective is to find a solution acceptable to both parties. Conciliation is the term used when the disputes have been submitted to an employment tribunal. The outcome of conciliation is legally binding on the parties, but the outcome of mediation is not.

Mediation involves the lowest level of formality, allowing conflict to be tackled early. It can help parties to develop problem-solving skills, and can help to maintain ongoing working relationships (because the solution has not been imposed on either party). Conciliation is more formal, and is instigated when a case is submitted to a tribunal. Here too, the solution is not imposed on the parties, and it is a more simple procedure than a tribunal. In practice, around 70% of cases referred to ACAS for conciliation are settled or withdrawn before they reach the tribunal hearing.

In cases of arbitration, the parties allow an independent and impartial outsider to determine the outcome of a dispute. The arbitrator (arbiter in Scotland), acts like a judge in determining the outcome, which is legally binding. Arbitration is only available in cases involving unfair dismissal or flexible working.

Mediation is, therefore, the preferred approach where the relationship between parties remains sufficiently good to allow a mutually agreed solution. Conciliation is required before a case is heard by a tribunal, but is also likely to be effective only where the relationship between the parties has not deteriorated too far. Both conciliation and arbitration provide the security of a legally binding outcome, which may be important where trust between parties is a problem, but arbitration requires only that parties agree to the procedure, not the outcome.

Post-exam comments: This was not a popular question, despite being very straightforward, and was answered by only four students. In part a), all but one student was able to describe the core principles of the code, and two did a good job of providing an interpretation. Unfortunately, one of those then wrote a very poor answer to part b). In part b) all but one student was able to name the means of alternative dispute resolution, but only one student was able to describe correctly how and when they were applied. Some students, particularly, the one who achieved the lowest mark, appeared to be attempting the question on the basis of general knowledge.



### Question 3

Question: *Critics argue that contemporary management theories lack a scientific base. Does this diminish their value?*

Crib: A number of contemporary theories of management, the excellence movement for example, are derived from studies conducted by consultants and do not observe the orthodox of scientific method. Satisfactory answers will review key contemporary management theories, their relevance, and the robustness of theory and any potential methodological weaknesses. Excellent answers will draw upon philosophy of science literature and discuss the scientific status of management / organizational theory and the implications of their conclusion for organizational theory and practice. (Themes: Contemporary management theory, philosophy of science)

Post-exam comments: The question on the status of management and issues of philosophy of science produced a range of quality of answer. Candidates in a number of cases struggled with the nature of the question resulting in speculative opinion and not analytical essays. Nevertheless, the question also produced many original answers, which is reflected in the grades awarded. Poor answers resorted to description of contemporary management theories, such as culture management, and (purely) their practical value. Good answers addressed issues around the epistemological and ontological nature and status of various management theories, contrasting (most typically) ‘hard’ scientific management and ‘soft’ humanistic and contemporary management theories.

### Question 4

Question: *Is control of the labour process an inevitable and irreconcilable source of conflict between employees and their employer?*

Crib: Labour process analysis suggests that pluralism of interest between employers and employees is an intrinsic feature of the employment relationship. Such a view has characterised much of the history of industrial relations in the post-war period. The most recent development in employment theory and practice, human resource management, suggests that unitarism of interest is possible when secured through management processes, including incentives, and should be the basis for work organization. Satisfactory answers will review critical theory relating to labour process theory and the employment relationship, including conflict. Excellent answers will

further address the implications for employment theory and practice. (Themes: Labour process analysis, post-structuralist theory, critical theory)

Post-exam comments: Answers mostly ranged around low to mid 2:1 awards. Good answers provided rich descriptions of the labour process and post-structural theories of work organization, with reference conflict and conflict management (i.e. industrial relations in this case) from examples in the literature, media and personal experience.

## SECTION B

### Question 5

#### Question

5 (a) *In what ways does a relationship view of marketing differ from a transactional one? Why has it become the dominant paradigm?* [70%]

(b) *How has the change in marketing philosophy affected the role of salespeople?* [30%]

#### Crib

(a) The main differences between relations and transactional views of marketing were summarised in the following slide presented in lectures:

## Transactions and Relationships

### • Transactional View

**Purpose** of Marketing is to make a sale

**Sale** is the result of success

**Business** defined by products and factories

**Price** determined by market forces – it is an input

**Communications** aimed at aggregates of customers

**Marketer** valued for products and prices

**Objective: make the next sale; find the next customer**

### • Relationship View

**Purpose** to create a customer

**Sale** is beginning of relationship; profit is measure of success

**Business** defined by customer relationships

**Price** determined by negotiation – it is an outcome

**Communications** targeted and tailored to individuals

**Marketer** valued for problem-solving ability

**Objective: satisfy the customer by delivering superior value**

Students should refer to the purposes and objectives as a minimum, but should also be able to discuss the implications for the nature of business, price, communications and the role of the marketer. Students should also refer to the resultant differences in the way in which marketers deal with potential customers. Adopting a transactional view leads to a focus on relatively short-term issues such as specific product features and

price, while a relationship view leads to a more holistic approach and factors that influence the development and maintenance of customer loyalty.

The change from a predominantly transactional view to one based on relationships has been described as a “paradigm shift”. This shift has been associated with a similar shift in the assumptions that businesses make about their customers and potential customers. At the beginning of the 20<sup>th</sup> century, production orientation was dominant. The assumption was that customers would buy products if they were of reasonable quality, sufficient availability and suitably low price. During the 1930s, in response to strong supply and suppressed demand, sales orientation became more dominant. The assumption here was that left to their own devices customers would be slow or reluctant to buy and that even those willing to buy would have a wide range of alternative suppliers. This resulted in an emphasis on “hard selling”. During the 1950s, particularly in the USA, dissatisfaction with production and sales orientation contributed to the emergence of a marketing orientation. A marketing orientation assumes that the key to successful and profitable business is identifying the needs and wants of customers and providing products and services that satisfy them. By the 1980s, the marketing orientation was dominant, and reflected changes in other disciplines from mechanistic to more organic models of system behaviour.

Students may challenge the assertion that the marketing orientation is dominant because in some areas, such as pure commodity products, a sales approach may be equally effective, indeed, it may be difficult to establish a “relationship” with customers which extends beyond a simple transaction. In these cases “brand” can become the core of a customer-supplier relationship, particularly in consumer goods.

(b) The relationship between sales and marketing was addressed at some length in lectures. The functions were said to be distinct, insofar as the role of marketing is to create demand, while that of sales is to locate that demand and to distribute the supply. However, sales objectives and strategies should be consistent with marketing objectives and strategies, as suggested in the table below.

Marketing Objective	Sales Objective	Sales Strategy
Build	Build Sales Volume	High call rate on existing accounts High focus during call Call on new accounts
	Increase Distribution Provide high service levels	
Hold	Maintain Sales Volume	Continue present call rates on current accounts Medium focus during calls Call on new outlets when they appear
	Maintain Distribution Maintain Service Levels	
Harvest	Reduce Selling Costs Target profitable accounts	Call only on profitable accounts Consider telemarketing or dropping the rest No prospecting
	Reduce service costs and inventories	
Divest	Clear inventory quickly	Quantity discounts to targeted accounts

In general, the most significant effect of a marketing view on salespeople is the increased emphasis on customer relationship management, and the items identified as “secondary” functions in the table below:

## Sales Functions

### Primary

- Identification of customer needs
- Presentation and demonstration
- Negotiation
- Handling Objections
- Closing the Sale

### Secondary

- Prospecting
- Database and Knowledge Management
- Self management
- Handling Complaints
- Providing Service
- Relationship Management

Because salespeople are typically the main contacts with customers, they are able to interact with customers and to gain a good understanding of their needs, wants and businesses, the very information required for effective marketing. Frequently, opportunities for new products or services can emerge from sales interactions based on existing offerings.

The extended role of salespeople is reflected in the activities associated with Customer Relationships Management, below:

- Aid interaction between customer and company (enabling coordinated communication)
- Provides “Single customer view” of each client (consolidating data from many databases; links sales and other business activities)
- Can allow analysis of customer activity and profitability
- Effective implementation requires:
  - Customer orientation
  - Full integration
  - Scope for adaptation to business needs

Students may add that the impact of a marketing view could vary depending upon the products or services in question. For example, fast moving consumer goods may be affected differently, with respect to end-customers, than, say, major capital equipment in a business to business environment.

Post-exam comments: This question was answered by 8 students (22%), and was the least popular in section B, possibly because it required more specific knowledge than did Question 6. Answers to part a) were generally better than those to part b). The concept and meaning of relationship versus transactional marketing seemed to be understood, though some of the cited reasons for the dominance of the former were unusual. Part b) required students to connect material from separate domains, though the connections were addressed in lectures. Most students were able to identify customer relationship building and intelligence gathering as the most significant items, though it was not always expressed clearly.

## Question 6

### Question

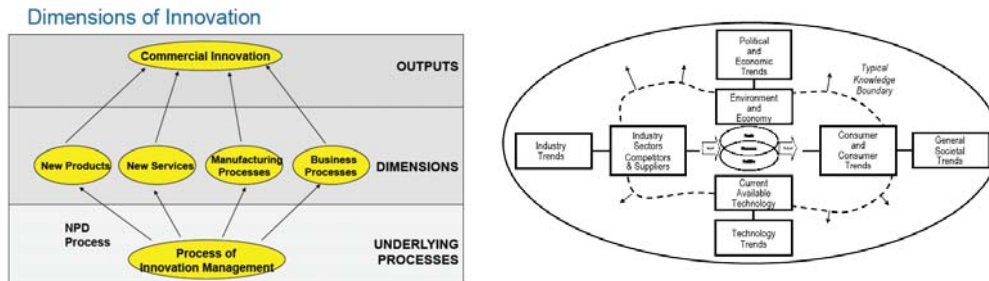
6 (a) *What are the problems typically faced by those managing innovation in an established business? How might these problems be addressed?* [100%]

### Crib

First, useful (though not essential) to position and define the dimensions of innovation to show awareness of:

- (1) Innovation is one of a number of possible growth strategies for a firm (Ansoff matrix)
- (2) Innovation is not just about new products (also services, production processes, business processes, etc) (Goffin and Mitchell)
- (3) Many innovations fail
- (4) Though a very complex issue (drawing in issues from lecture 1 on firm context – technological/societal/industrial/economic), innovation can be supported through the application of standard tools and techniques.

Reference to these two diagrams could be useful:



Typical problems can be grouped into the following areas:

### 1. Market and customer issues

– Failure to understand and satisfy market need. With a new product or service, it is extremely difficult to predict whether it will sell and in what quantities. Asking customer directly for a product or service that they have not seen or experienced typically results in very unreliable information. GE/Sony and the portable TV, and 3M and the Post-It are good examples of this.

### 2. Technology issues

– “How innovative do I want to be?” Introducing any new product or service to the market carries with it a level of market/customer-related risk (as shown above), but if the technology itself is new then this adds additional risks. New technologies may not work as expected, be unreliable, and therefore add an additional area of uncertainty for

the firm. This issue underpins the fact that most innovations are based on small improvements to existing technologies (incremental innovations) rather than big leaps forward (radical innovations) (Booz, Allen, Hamilton report 1982). Microsoft Windows and Lucozade are examples of this.

### 3. Capturing the value

– Weak appropriability (IP). You may have a great idea, but if you cannot stop others from doing something similar, you may not be able to capture the value. You might then choose to be a ‘fast follower’ (i.e. let someone else take on the initial market and technological risk, and then be ready to follow-up quickly with a similar offering before someone else does).

– Poor access to complementary / (co)specialised assets. Your technology may, on its own, be of little value to a customer. It may need to be combined with specific production know-how or skills, or distribution channels, which you might not own. If you don’t have, or can’t access these easily, you may only be able to capture a small percentage of the possible value.

### 4. Product strategy and planning

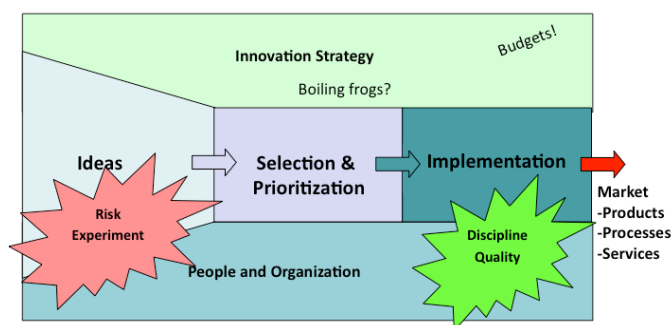
– Incoherent product range. A large established business may have a very large number and diverse range of products and services. Introducing something new and uncertain into this complex portfolio could result in confusion for existing or recent customers, the ‘cannibalising’ existing offerings (if the product is successful), and damage to customers’ perception of the firm’s other offerings (if the product fails).

– Too many projects at any one time. With all the uncertainties associated with innovation, doing many new things all at once is likely to amplify the chance of failure. But, in some industries, numerous, frequent innovations are the norm (Apple Apps, confectionary/snacks, etc).

### 5. Failure to have a coherent approach to managing innovation

- Firms that don’t have processes for managing innovation, and that fail to link the strategic and operational, are very likely to struggle to consistently deliver new products and services to market.

To address these challenges, large established firms typically put in place processes for helping to manage innovation. An integrated view of this was provided in class in the form of Goffin and Mitchell’s ‘Pentathlon Framework’ (shown below).





This model highlights five key features of an integrated approach to managing innovation:

- (1) **Strategy:** Innovation needs to be considered as an integral part of the company's overall strategy, not just as 'something that R&D do'. There must be a clear reason – coherent with the overall strategy of the business – as to why a particular new product or service is being delivered. To support this, Technology Roadmapping (TRM) may be used.
- (2) **People and organizations:** Innovation relies upon particular skills that need to be acquired and developed within the organisation. Innovation also relies on different skills at different stages of the process (i.e. creativity at the wide-end of the funnel, focus on implementation closer to market). Innovation also requires particular organisational structures to allow these skilled individuals and groups to operate most effectively.
- (3) **Idea generation:** The early stage of innovation is when there is maximum creativity and opportunity for divergent thinking. An environment needs to be created, and processes put in place, whereby the generation and capture of ideas from inside and outside the business can be maximised.
- (4) **Selection:** Even large firms are resource constrained and cannot take forward every promising project from the idea generation stage. Firms need to have an efficient, transparent process for selecting which ideas to focus efforts onto. Tools to support this could include stage-gate models (to provide clear decision points), risk/reward charts (to examine the relative merits of different projects), linking grids and TRM.
- (5) **Implementation:** There needs to be clear focus on getting the product or service to market, balancing time, quality and cost. Changes made at this stage of the process can be extremely costly, so strong management is needed to ensure that this does not happen. However, the firm's competitive environment may change and so there needs to be the flexibility to respond to these changes.

Post-exam comments: Question 6 was a very popular question – selected by 28 students (78%). A wide range of material was used in the answers, with some students apparently relying on general knowledge rather than close acquaintance with the material covered in lectures. These answers were usually weak because they tended to lack structure, and addressed innovation in general, rather than with reference to established businesses in particular, or assumed that established businesses would have more or less unlimited resources at their disposal. Good answers made use of models such as the Ansoff matrix and the “Pentathlon Framework”, and the categories of innovation issues presented in lectures, and were illustrated with appropriate examples.

## SECTION C

### Question 7

#### Question

7 (a) John Storey has described Human Resource Management (HRM) as “... a distinctive approach to employment management...”. What are its main features, and in what ways does it differ from conventional approaches to “Personnel Management”? [60%]

(b) What are the main “levers” through which managers applying HRM seek to influence the behaviour of the workforce? Under what conditions are these more likely to be effective? [40%]

#### Crib

(a) Two outline definitions of HRM were presented in lectures students would be expected to include at least one of them:

*“...a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an array of cultural, structural and personnel techniques”*

(John Storey, 1995)

*“...a managerial perspective which argues the need to establish an integrated series of personnel policies to support organisational strategy”*

(David Buchanan and Andrzej Huczynski, 2004)

Students referring to the quote from Snell et al (1996), probably haven't quite understood the new paradigm.

According to Pfeffer (1998), typical practices associated with HRM include:

- Employment security
- Sophisticated/Selective hiring
- Extensive training
- Sharing information/Employee Involvement
- Self-managed teams/team working/decentralisation
- Reduction of status differentials
- High pay contingent on organisational performance

In practice, organisations are frequently found to have implemented only a selection of these practices, depending upon factors such as existing corporate culture, the nature of the work, and industry norms.

Legge (1995) characterises HRM as "proactive, nurturing and organic" in contrast with personnel management which is said to be "reactive, monitoring and bureaucratic". Guest (1991) suggests that while HRM is based on encouraging employee "*commitment*", personnel management is based on employee "*compliance*".

HRM places more importance on the management of managers who are tasked with creating an environment for the development and performance of staff. Managers are expected to take a lead in devising HR strategy rather than policing the application of "personnel" procedures, and are tasked with the creation and management of an effective organisational culture.

Storey (1992) suggests that the two approaches differ on a number of dimensions. Beliefs and assumptions associated with HRM include flexibility and a "can do" attitude which tends to de-emphasise conflict between employer and employee through their commitment to a common mission and set of values. HRM also tends to emphasise an individual relationship between employer and employee, rather than the collectivist approach common under earlier approaches.

From a strategic perspective HR initiatives should be integrated and be at the core of the organisational strategy, but should facilitate rapid decision-making. Line management should be characterised by "*transformational leadership*" rather than "*transactional management*", and traditional confrontational negotiation should give way to facilitation. Communications will tend to be more often directly between employer and employee rather than mediated through employee representatives (typically Trades Unions).

(b) As noted by Storey (1992), the key levers available to managers also differ under HRM. The selection of people who are a "good fit" with the organisation is crucial given the emphasis on development (the "learning company"), commitment, and the creation of organisational "culture". Despite the focus on individual communication, teamwork is promoted, and performance-related remuneration may well be based on team rather than individual achievements. The approach may be said to involve changing culture and wide-ranging strategies rather than procedures and sanctions.

McDuffie (1995) identifies particular conditions which create a good environment for the implementation of HRM:

- Employees possess knowledge and skills that managers lack
- Employees are motivated to apply skill and knowledge through discretionary effort
- Business strategy can only be achieved through employees' discretionary effort

Marchington and Wilkinson (2005) suggest that HRM is less attractive to employers in industries where the time taken to train new staff is relatively short, work performance can be assessed simply and speedily, and there is a supply of substitutable labour readily available.

Post-exam comments: Equal numbers of students (18) chose to answer each of the two questions in section C. In part a) poor answers did not specify the main features, and some confused “hard” HRM with personnel management. Good papers provided a clear definition of HRM, often citing sources, and were able to identify most of the important differences between this and traditional approaches to personnel management. A number made the distinction between hard and soft variants of HRM, though this was not necessary (and appeared to be a point of confusion for some). In part b) poor answers were based on general ideas of motivation rather than specific HRM practices, and did not address the conditions that suit HRM. Better answers demonstrated an understanding of the importance of employee “fit”, and culture, and the move away from traditional sanctions. These answers also identified most of the features associated in the literature with effective implementation of HRM.

**Question 8**Question

8 (a) *What is Talent Management and what are its objectives?* [40%]

(b) *Explain the factors to be considered in defining and implementing a talent management programme. What are the potential drawbacks?.* [60%]

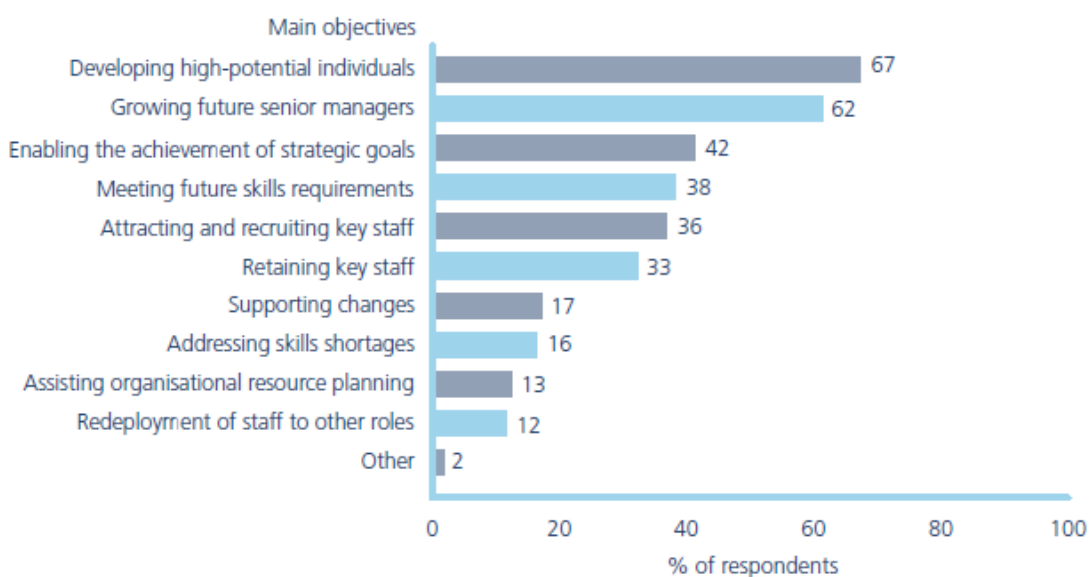
Crib

(a) According to the CIPD (2009), Talent Management is “...*the systematic attraction, identification, development, engagement, retention and deployment of those individuals with high potential who are of particular value to an organisation.*”

Talent management has come to prominence in recent years as part of the solution to changes in employment patterns and the nature of work. Such changes include:

- Growth in knowledge workers
  - Impact of technology
  - At all levels (includes shop floor operatives operating complex systems)
- “War for Talent”
  - Intensifying demand for high-calibre managerial/professional talent
- Growing propensity to switch company
  - Demographics
  - Increased mobility
  - Low job security/loyalty

Organisations report a wide range of specific objectives for talent management within their own businesses. The following chart (from CIPD, 2006) was presented in lectures:



Students would not be expected to reproduce the chart, but the broad topics should be referenced. For example, the top two items refer to the development of staff to meet the future demands of the business, while the next two link recruitment to business strategy, and other items refer to both recruitment and retention.

In summary, the objective is to ensure that human resources within the business are used to good effect, and that key skills and capabilities are developed and maintained. This frequently involves segmenting staff to identify those who are critical to the business, a topic to be considered in response to part (b) of the question.

(b) The first factors to be considered in implementing a talent management programme concern the staff to be included. For example, segmentation of staff might result in a breakdown such as the following:

- Core knowledge workers
  - Add high value, unique/firm-specific talents
    - Adopt relational contracts, “career” focus
- Traditional human capital
  - Can add value, but not unique (e.g. admin)
    - Adopt transactional contracts
- Idiosyncratic human capital
  - Highly unique skills
    - Adopt externalised approach (outsourced, portfolio careers etc)
- Ancillary human capital

- Engaged in standardised work
  - Adopt contract for services

Typically, investment would be concentrated on the first group (Martin, 2006). This would be considered to be an exclusive approach, although this may go further to involve the selection of particular key individuals within, most likely, the first group. Some organisations, such as RBS and UBS, adopt an inclusive approach, seeking to develop all staff to their maximum potential. This approach is recommended by most HR professionals (CIPD, 2006), but exclusive models are more common.

Whatever the approach, it is important not to focus exclusively on management staff. Professional, technical, front-line and other roles may be critical within a particular business. Some technology-based organisations have introduced parallel track development routes to ensure that technical staff can progress without leaving the domain in which they excel.

The activities to be included are another important factor in defining a talent management programme. Again, a wide range of practices are in use. The following table was presented in lectures:

Activity	% of respondents			
	Frequently used	Occasionally used	Rarely used	Not used
In-house development programmes	63	28	4	4
Coaching	43	38	13	6
Succession planning	34	40	18	8
Mentoring and buddying	32	36	19	13
Cross-functional project assignments	26	38	15	22
High-potential development schemes	26	37	14	24
Graduate development programmes	25	21	9	45
Courses at external institutions	25	51	20	5
Internal secondments	23	50	15	12
Assessment centres	20	26	14	41
360-degree feedback	20	33	16	30
Job rotation and shadowing	18	32	26	23
Development centres	15	26	16	44
MBAs	12	44	29	14
Action learning sets	11	24	21	44
External secondments	6	23	29	43

The practices adopted should reflect the particular needs of the business and of the individuals involved, though frequently programmes adopt a standard configuration in order to ease the administrative burden.

A number of issues arise from the implementation of talent management. The adoption of the more common exclusive models raises the problem of how to motivate those who are not included in the programme, that is, those not deemed to be critical to the future performance of the business. Individual performance may also be context sensitive, both due to personal attributes, and due to the configuration of the team within which they work. Hence, there is no guarantee that someone who performs well in one situation will do so in another.

The skills and competences required within the organisation are likely to change over time, and it can be difficult to identify those who will be critical to the business in the future. The programme, and those with which it engages, must, therefore, be kept under review, and should be adjusted to align with corporate objectives. For similar reasons, programmes should involve development, not simply identification.

Overall, talent management should be adopted alongside other HRM practices and the organisation should avoid relying too much on “spotting talent”.

Post-exam comments: 18 students answered this question. In part a) poor answers demonstrated no familiarity with the practice of Talent Management and tended to discuss “talent” as an idea, and the selection and recruitment of people in general. Good answers demonstrated an understanding of TM as a specific practice, and understood the link with the organisation’s objectives, at the strategic and operational level. In part b) again, poor answers dealt with generalities rather than the practice of TM itself. Better papers recognised the need to explore internal development and external recruitment, and usually the distinction between inclusive and exclusive schemes. Few students discussed the actual practices implemented as part of a TM programme.