

Talent Management and Resourcing at Porsche

Word Count: 1572 words (excludes title page, executive summary, table of contents and references list)

Executive Summary

Talent management and resourcing are key challenges facing human resource managers in many organisations. Talent management is a key theme, as it can contribute to employee productivity and leadership development. The purpose of this report was to address potential global and market challenges facing recruiters like Porsche and the existing talent management and resourcing strategies at the organisation. In the automotive industry, there are many challenges to talent management and recruitment, including loss of employees and high attrition, skills gap and loss of talent. An assessment of existing evidences shows that a basic talent management framework is adopted to keep talent engaged and to identify talent through internal and external recruitment. However, more stringent talent management and sourcing strategies are needed for talent optimisation, succession planning and employee selection. This would require the use of a talent optimisation approach though a lifecycle strategy to maintain a constant pool of recruits. Another recommendation is a stringent approach to employer branding to improve the overall perception of the Porsche culture and value knowledge and the creation of employee ambassadors of the brand.

Keywords: talent management, talent engagement, talent optimisation, holistic fit, selection

Table of Contents

1.0. Introduction..... 1

2.0. Global Need for Talent Management and Resourcing: Applicability to Porsche.... 1

3.0. Talent Management and Resourcing at Porsche: Proposed Theoretical Framework 2

 3.1. Talent Identification at Porsche 3

 3.2. Talent Development at Porsche 4

 3.3. Talent Engagement at Porsche..... 4

4.0. Recommendations 5

 4.1. Recommendation I: Holistic Fit Selection 5

 4.2. Recommendation II: Better Succession Management Strategies 6

 4.3. Recommendation III: Focus on Talent Optimisation..... 7

 4.4. Recommendation IV: Employer Branding 8

References..... 9

1.0. Introduction

The purpose of this report is address the importance of resourcing and talent management in the case of Porsche. This report is addressed to the HR Manager to provide information on how recruitment of employees can be improved, the type of selection methods, management of talent and succession planning.

2.0. Global Need for Talent Management and Resourcing: Applicability to Porsche

According to Rousseau (2001), a key element influencing this process is psychological contracts that exist between the employer and the employees. Tucker et al. (2005) argue that organisations are falling short on promising stability and long-term employment, as a result of which employees are drifting away from their organisations. Inkson (2008) argues that, at the same time, a shift in the power relationship between employees and employers is occurring because of talent scarcities, which has resulted in a decrease in the total number of applications. However, in the case of Porsche, there is no scarcity in the total number of applicants for a given position. The Annual Report (2015) identifies that Porsche is one of the top three employers of engineers and business professionals, with over 140,000 applicants in 2015, an increase of around 40 per cent when compared to the previous year. Despite the continued interest amongst young employers in Germany, Porsche operates worldwide and global trends need to be considered.

As the Annual Report (2015) identified, the primary human resource tasks within Porsche are to recruit and foster young talent and to ensure that the employees have the conditions that they need for continued development. The report shows that the number of employees increased by 9.1 per cent in 2015–16. Despite the rise in number, it is important that Porsche addresses two types of risk that it may face.

Demographic risk: According to Calo (2008), there are two types of demographic risk that an organisation may face. The first is capacity risk, which refers to the imminent

retirement of huge numbers of baby boomers as well as the loss of their gathered expertise and knowledge. In Western Europe and the US, the core issue is the imminent retirement of large number of employees, along with the fact that there are very few joiners of the workforce. This is particularly important in the automotive industry. As Deloitte (2011) reported, there is a skills gap in the manufacturing sector, and amongst people in the 18–24 age group, manufacturing ranks last amongst the industries in which they would choose to start their careers.

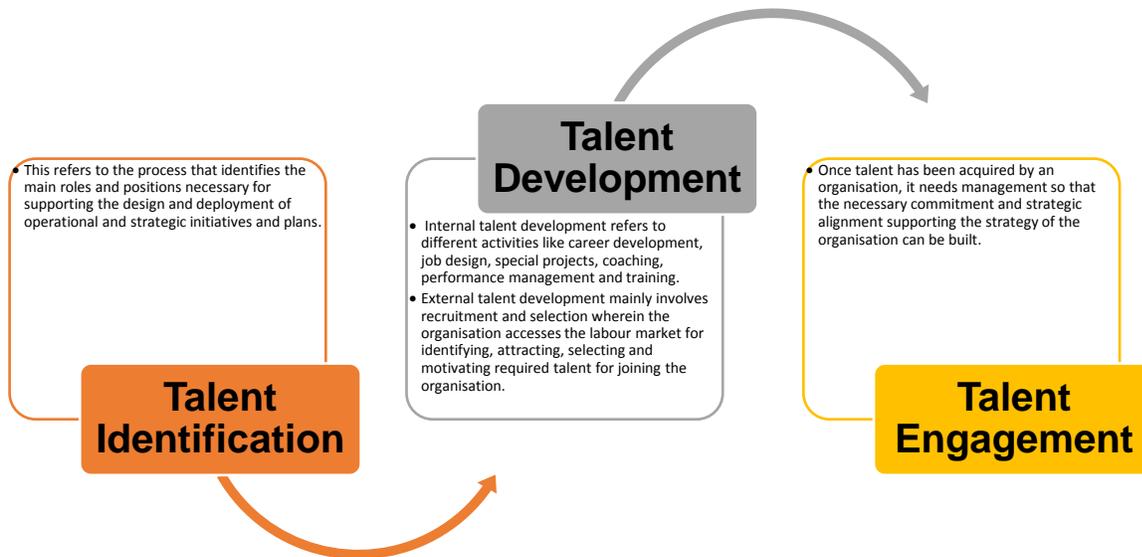
Skills gap risk: According to Calo (2008), productivity risk is the second risk, as a result of motivation issues, skill obsolescence and labour cost. Deloitte (2011) identified that there is an 84 per cent talent shortage in US manufacturing and that six out of ten production positions can face talent shortage. This, accompanied by unionisation within the automotive industry, can result in collectively bargained wages and benefits packages (Kranz, 2011).

Loss of talent: The growth in the skills gap within the automotive sector can also lead to competitor poaching of talent. Robbins (2013) revealed that most organisations look to hire managers from competitors and that recruitment of skilled labour from the competition is encouraged. This can further complicate Porsche's talent management strategy.

3.0. Talent Management and Resourcing at Porsche: Proposed Theoretical Framework

Cappelli (2008) defines talent management and resourcing as a central subsystem of the strategic management system of an organisation. This is aimed at the development of a human resource asset base which has the capacity to support current and future growth objectives and directions of an organisation. There are three key components to talent management (see Figure 1): the first is talent identification, the second talent development, and the third talent engagement, motivation and retention (Fernando, 2008).

Figure 1: Talent Development Framework



Source: Adapted from Fernando (2008)

3.1. Talent Identification at Porsche

The talent identification process involves the development of specific roles and job design. Existing literature on talent management argues that there is a link between consistent growth in specialisation in different disciplines and the burst of knowledge (Guthridge et al., 2006; Guthridge et al., 2008). As a result, every field has a smaller pool of experts, presenting a need to find, develop and retain the skills required. However, the pressure of broader and sophisticated levels of skill is greater, especially given the rise in cross-job applications (Boxall and Purcell 2011). Porsche (2016) identifies that the size and organisational structure supports short communication routes and decision making, and employees are expected to work on different requirements with areas of responsibility being individually tailored. This report argues that such an approach to job design and organisational hierarchy shows positive trends in the management of employee needs.

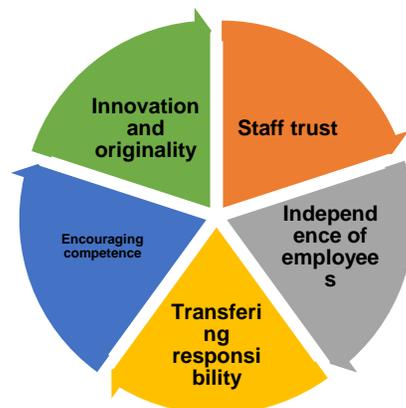
3.2. Talent Development at Porsche

According to Thunnissen et al. (2013), when there is an open position, the HR manager and the line manager need to recruit an employee who can meet the present and future needs of the organisation. To enhance the number of employees who can move to other positions and improve their competencies, external recruitment is driven by performance in education and professional development programmes. For instance, through its Porsche Trainee Programme, the organisation has opened doors to graduates since 2015. This provides Porsche with the unique opportunity to see the skills of new graduates before they are employed (Annual Report, 2015). Internal talent development, on the other hand, involves various facets including the International Porsche Advanced Management Programme for senior executives, providing them with an option to improve their managerial skills (Annual Report, 2015).

3.3. Talent Engagement at Porsche

Extant literature strongly identifies the links between talent development strategies and employee motivation and employee engagement (Bhatnagar, 2007). Employee engagement involves providing job autonomy and independence, which can create intrinsic motivation (Schiemann, 2014). In the case of Porsche, as seen from the figure below, Porsche created a framework to keep employees engaged.

Figure 2: Employee Engagement at Porsche



Source: Porsche (2016)

Secondly, as Deery and Jago (2015) argue, employee engagement and continued support can be encouraged through work-life balance and workplace diversity. In the case of Porsche, work-life balance is stressed by flexible working hours and support for day-care and other facilities. The organisation also supports long-term talent development strategies to increase recruitment from marginalised communities and increase the number of men who are part of its workforce (Annual Report, 2015).

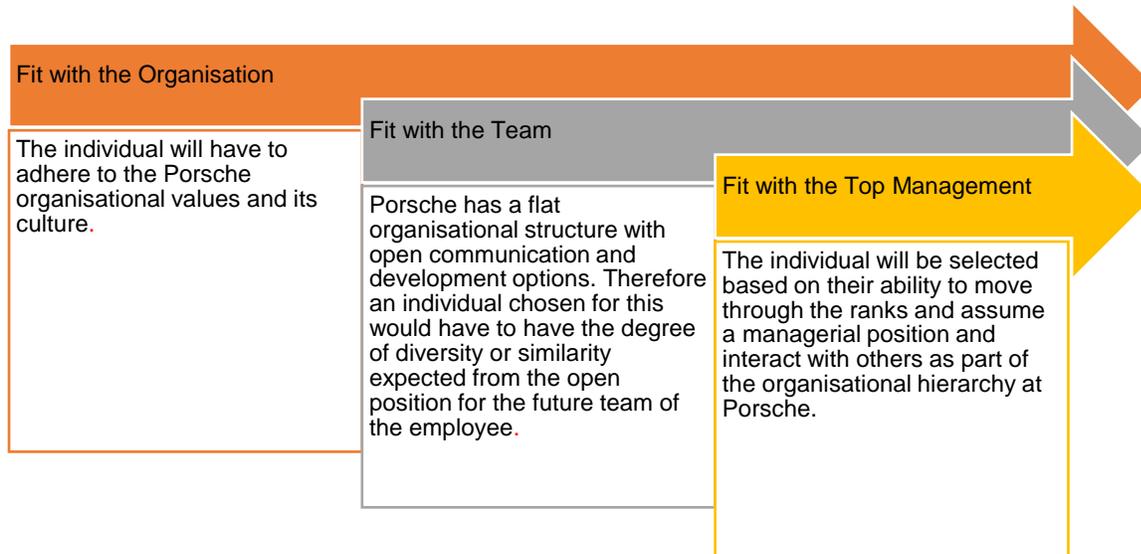
Though the above analysis shows all the steps adopted as part of the talent development and management process and part of people resourcing, there is a need for some recommendations on how improve this process.

4.0. Recommendations

4.1. Recommendation I: Holistic Fit Selection

This report suggests the adoption of a holistic fit selection approach. As seen in literature, person-organisation fit is key to human resourcing and talent management drivers (e.g. Aksakal et al. 2013). Therefore, selection of the right candidate can be a key recruitment challenge. The ideal situation would be to identify candidates with the desired attitude, behaviour, experience, skills and knowledge. Finding candidates achieving a 'holistic fit' would be a more suitable objective. The holistic fit approach is different from the ideal candidate approach as it focuses on finding a candidate with the ability to fit into an organisation, with the potential of developing into the ideal candidate by the means of structured internal talent development efforts. The following structure is recommended for Porsche.

Figure 3: Holistic Fit



Source: Self Created

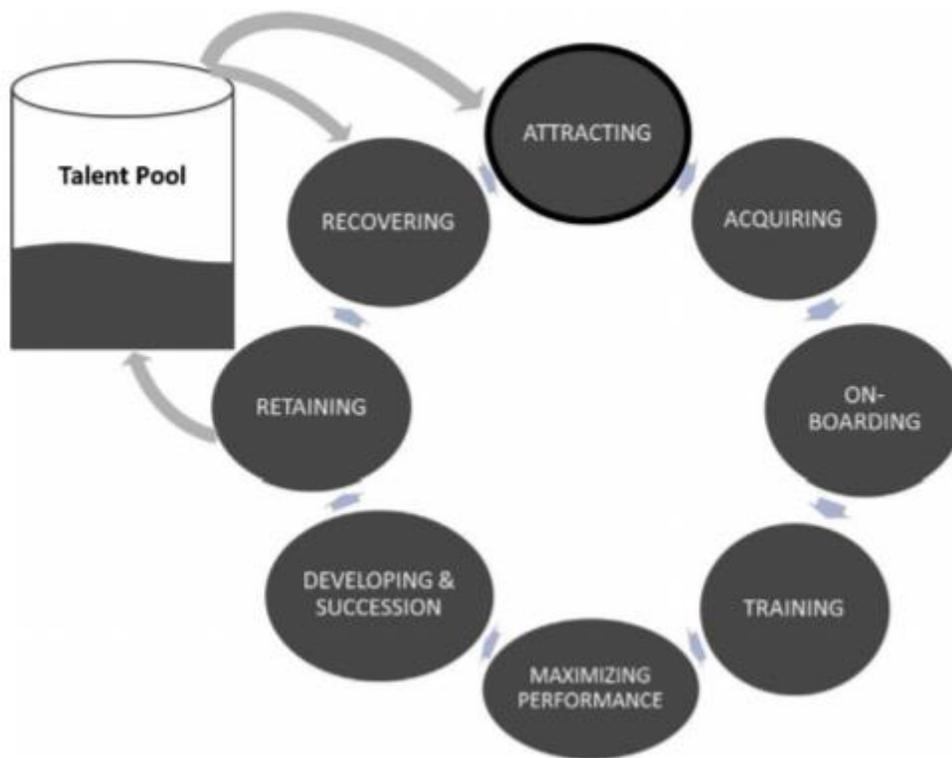
4.2. Recommendation II: Better Succession Management Strategies

As seen from section 3.0, Porsche has effective internal and external recruitment strategies. However, there is limited clarity on succession management principles and HR policies. Although performance management should naturally extend to succession planning, several organisations are not prepared for the exit of key talent and fall into a reactive mode, overlooking internal opportunities. This report recommends that formal talent reviews along with accurate data need to be maintained to make sure that bench strength can be harnessed for critical roles and an internal talent pipeline can be built (Ahmadi et al., 2012). The alignment of individuals with business strategy requires a talent review process at Porsche, which can facilitate in understanding the link between business performance and people management.

4.3. Recommendation III: Focus on Talent Optimisation

Porsche should think of talent optimisation rather than talent management, as it will help fill potential roles that may arise in the future. Since Porsche operates in different countries, there can be a challenge in balancing local and system-wide objectives. It is suggested that a talent lifecycle approach is adopted with a constant eye on the talent pool to retain, recover and attract relevant employees. This report suggests that Porsche should adopt the following talent management lifecycle to enhance its succession planning and employee engagement strategies.

Figure 4: Talent Development Cycle



Source: Schiemann (2014, pg. 282))

In order to simplify talent discussions, specific matrices can be developed by Porsche to evaluate talent, understand leadership readiness and identify potential for bigger roles in employees (Shanbhag et al. 2016).).

4.4. Recommendation IV: Employer Branding

Porsche, though an independent wing of Volkswagen, is still part of the VW group. The recent emission scandal can influence employee engagement with the organisation due to potential loss of corporate reputation. Therefore it is important that Porsche adopts employer branding strategies to increase internal branding and employee engagement in the organisation (Lievens and Slaughter, 2016). This can be achieved through communication of employee needs and establishing metrics to improve internal support for the organisation.

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