

SEPTEMBER 2021 • NUMBER 2021/08



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FACT SHEET

DEVELOPMENTS IN TALENT MANAGEMENT: THE INTERNAL TALENT MARKETPLACE

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INTRODUCTION

The previous Fact Sheet discussed the debate regarding the return to the office, in particular, the employer and employee views on continued remote working and the suggestion of the 'great resignation'. This brings to the fore the question of talent and the management thereof. Recent advisories suggest that the new model or future of talent management is an internal talent marketplace (Bersin, 2019a; Maurer, 2021; Meager, 2021). These advisories seem to be undergirded by the growth in the market of platforms for talent marketplaces that aim to facilitate work and workforce agility to meet the many disruptions faced by organisations. These include the disruptions related to the new world of work, the COVID pandemic, and the 'new normal'.

The present Fact Sheet first explores what is an internal talent marketplace. It outlines the three main components thereof, that is, an organisation's *internal talent* and creating a *market* for its mobility and deployment through a *technology platform*. It raises questions in relation to these three components and

then expands on what the advisories suggest the market addresses. Thereafter, the Fact Sheet looks at the suggested differentiation of *talent* and *opportunity* marketplaces in relation to some of the questions raised. This is followed by a discussion on approaches to, or phases of, implementing an internal talent marketplace. The Fact Sheet then considers some of the human resource management (HRM) implications.

WHAT IS AN INTERNAL TALENT MARKETPLACE?

WHAT IS THE MARKETPLACE ADDRESSING?

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WHAT IS AN INTERNAL TALENT MARKETPLACE?

The advisories describe it as an *internal market* for the *talent* within the organisation using a *technology platform*. There are three main components: a market, talent, and a technology platform. The platform enables the creation or rather simulation of a market. It brings together 'buyers' and 'sellers' of talent within the organisation to match demand for, and supply of, talent. That is, it brings together on one side the line managers seeking talent to contract for work and projects to be done and on the other side the available internal talent willing to contract for the work and projects on offer respectively.

The platforms enable this market of buyers and sellers by making visible these role players to each other and what they can exchange. That is, making them visible from behind the organisational structure, hierarchy, reporting lines, and silos as depicted in figure 1 below and as discussed in the next section. This transparency helps the role-players to discover what is available for an exchange. The advisories argue that the platform provides an efficient medium for this exchange, with some platform providers suggesting the use of artificial intelligence (AI) to automate the exchange to make it more efficient and effective.

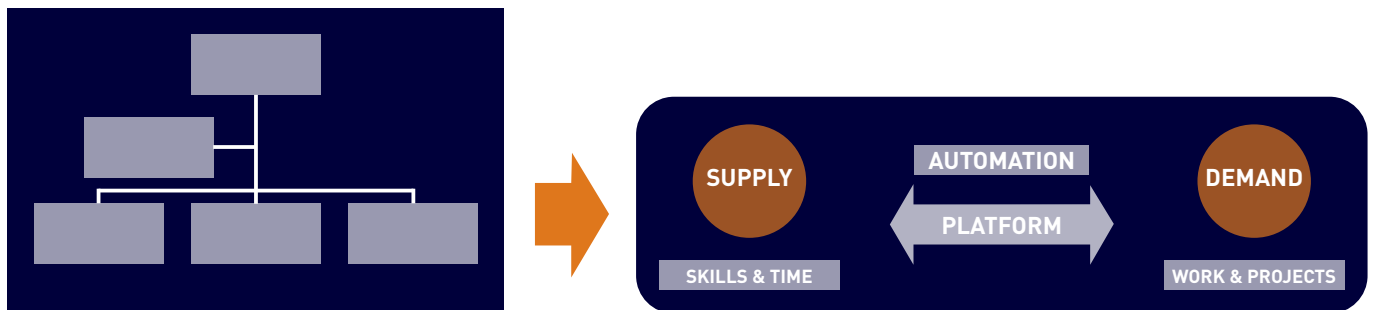


Figure 1: Making role-players visible for discovery and enabling exchange



The above assertion of visibility, efficiency, and effectiveness needs to be interrogated though. These are questions on how the marketplace is actually defined and implemented by an organisation, which will inform how the platform is really used within the organisation.

- The first question to address is how talent is defined by an organisation and what is its talent strategy and segmentation. Is talent delimited to a specific talent pool and pipeline or does it refer to all employees? Is talent segmented given the external and internal contexts of the organisation and its strategy? How is it segmented? The National HRM Standard on Talent Management provides a guide on these critical questions.
- The second question is whether all work within the organisation will be contracted, organised, and completed using the marketplace. In this regard the advisories draw on discussions of the future forms of the organisation such as flat, project-based, and networked organisations as well as future forms of employability that are skills-based rather than traditional jobs, occupations, and hierarchies¹. This brings us full circle to the question of talent. With the future forms of organisation and employability how does one define talent and talent segments. Or, keeping to the spirit of the market analogy, the exchange does not depend on *who* the buyers and sellers are. It is rather the *number* of buyers and sellers for a market of perfect competition (as defined in economics) and the *exchange* or completion of work at *competitive price* that this competition allows for that are the critical factors.
- This raises a third question on whether the marketplace will lead to an internal gig economy and, consequently, internal gig workers with no fixed roles, jobs, or occupations². Or a hybrid of assigned roles and gig or project work? (See the section on approaches to, or phases of, talent marketplace)
- A fourth question is related to the implications of automation through AI. Will this make parts of the line management and HRM redundant as their tasks are automated? Or will these roles be reimagined with automation as a means of augmentation?

These questions may be clarified by looking at the different approaches to, or phases of, implementing an internal talent marketplace. Before this, the next section examines what does the proposed marketplace address and then explores the argument for differentiating talent and opportunity marketplaces.



1. See the Fact Sheet on the **future forms of organisations** and on **evolving definition of employees and employment**.

2. See the Fact Sheet on **workforce transitions**, in particular, the section on the role of HR.

Counterpoint

The analogy of developing an internal market for the talent within an organisation is not new, as can be seen in the 2006 McKinsey paper, *'Making a market in talent'*. And one could suggest that the notion of a market has always been present, albeit informally, in the 'bidding' for and 'poaching' of internal talent by line managers. These are typically targeted at willing individuals who become visible due to their noticeable performance, presence at critical or serendipitous meetings, or networks and political saviness for example. Thus, one could say that there has always been the possibility of an informal market of willing 'buyers' (or line managers) and visible 'sellers' (or talent with access) within an organisation.

One could suggest, inverting the relation, that this informal market also meant that talented employees seek out and 'bid' or lobby to work with A-level rather than C-level managers (to use the phrases from Jack Welch's forced ranking form of performance management which differentiated the 'top' and 'bottom' managers respectively).

One could also suggest that the creation of talent pools and pipelines through formal talent processes inevitably did create some sort of a market. That is, a market of high potentials or potential successors which meant a closed market. And this may relate to the questions raised above on the definition of talent. Is the talent marketplace open or closed? Relatedly, one finds the advisories and the cited companies using talent marketplace platforms do suggest that the marketplace and platform enable the 'democratisation' of access to opportunities. This means an open market with access by all employees. However, the HR practitioner needs to interrogate the market and platform, especially with the use of automation through artificial intelligence (AI). One issue is the potential bias in AI and the opaqueness of its inferential and decision-making process. The other is the culture of diversity and inclusion within the organisation as well as the culture on talent and career management.



WHAT IS THE MARKETPLACE ADDRESSING?

The advisories argue that the marketplace helps to address organisational silos, friction, and lack of sight which impede talent mobility and thus the effective utilisation of internal talent. These organisational issues are not new. The below extract from a 2006 McKinsey paper, *'Making a market in talent'*, gives a sense of this:

"The trouble is that too many companies pay too little attention to allocating their internal talent resources *effectively*. Few companies use talented people in a *competitively advantageous way*—by *maximizing their visibility and mobility and creating work experiences* that help them feed and *develop* their expertise. Many a frustrated manager has searched in vain for the right person for a particular job, knowing that he or she works somewhere in the company. And many talented people have had the experience of *getting stuck* in a dead-end corner of a company, never finding the *right experiences and challenges* to grow, and, finally, bailing out" (italics added, Bryan, Joyce, & Weiss, 2016).

One of the reasons for organisational friction is the hoarding of talent by line managers and ensuring their lack of sight. This is the opposite side of the coin to the poaching of talent as the line managers attempt to ringfence and make invisible their talent. Bersin (2019a), for example, provides a description of this phenomenon by a Chief HR Officer:

"We have all the skills and capabilities we need inside the company. However, they're locked up in managers' closets. Managers are hoarding these people for themselves."

Other reasons for organisational friction include the functional structure and the silos and hurdles it creates for internal talent mobility and the inability to provide the agility required for current business markets and needs. The advisories cite the example of Unilever that previously would have experienced challenges with the deployment of employees from one function to another. However, with the implementation of the marketplace it is claimed that the company could *efficiently* redeploy employees from functional areas that were idle to other areas where there was demand. This was critical during the pandemic and how it impact on its various businesses. And, as stated in the below quotation, it helped protect current jobs³.

"The use of a digital talent marketplace helped global consumer goods giant Unilever reallocate 4,000 employees during the early months of the pandemic to areas with high demand, unlocking 300,000 hours of productivity, said Jeroen Wels, executive vice president for talent for the company. "The talent marketplace is a key tool that helped us move people that had less work to do to areas where business was still growing, keeping our business afloat, protecting jobs and delivering results" (Maurer, 2021).

"Unilever calls it a talent marketplace because it lets any manager or team "shop for skills" inside the company" (Bersin, 2019b)

³ In the sections that follow, however, there are questions regarding the future of jobs and occupations.

TALENT OR OPPORTUNITY MARKETPLACE?

A question that was posed earlier was the definition of talent and whether the marketplace is open to all employees. A related question is what form will career pathing and management take in a marketplace. In this regard one notes the emerging differentiation of talent and opportunity marketplaces. Meager (2021) uses the analogies of a bus and car to differentiate two:

Talent marketplaces are like **buses**. They're optimized for HR admins and talent acquisition and management teams looking to find, place, or reallocate *large populations of workers*. Those workers likely have little to no knowledge of HR actions taking place behind the scenes and even less autonomy.

Opportunity marketplaces are like **cars**. They're designed to help *individual workers* chart their own career paths and reach their destinations faster. Instead of relying on talent professionals to control and drive career growth, an opportunity marketplace helps your people drive themselves so they can find all types of opportunities on their own and more efficiently (bold and italics added)"

The opportunity marketplace and the analogy of the car seems to suggest individual autonomy and agency on the part of an employee in charting their own career and securing the required development. However, one could argue that this 'freedom' or choice comes at a price. That price is the security of employment or job and related safety nets as the opportunity marketplace seems to lead to an *internal* gig economy and, consequently, *internal* gig workers. This is because the shift of focus to skills together with the disaggregation of work leads to roles, jobs, and occupations becoming redundant or obsolete.

APPROACHES TO, OR PHASES OF, TALENT MARKETPLACE

As with any technology, the key question is the organisational approach to a talent marketplace and how it implements it over time. First, perhaps, one could explore how the organisational approach to talent management has evolved over time. And then explore thereafter how the marketplace and the platform enabling it is located therein. Second, one can then locate the approach to talent management and marketplace within the broader shifts in, and disruptions of, work, jobs, occupations, careers, and the form of the organisation. For example, the shift from the development for defined jobs and roles to the development of different skills as jobs are made defunct and work and tasks are disaggregated for management by platforms⁴.

The below table from Deloitte provides one way to understand the broader shifts in relation to talent management. It explores three themes or purposes: talent deployment for role vacancies, retention in roles, and productivity in roles; talent management to build sustainable talent pools and their mobility to meet the business needs; and developing and deploying skills to meet the changing market dynamics. These themes may help organisations identify how they approach talent marketplace and how they may evolve its implementation over time.

Driven by purpose, organizations typically adopt one of three different strategies to marketplace implementation

Purpose	Activities	Outcomes
Talent deployment: Focus on retention and productivity	<ul style="list-style-type: none"> • Matching skills to roles • Leveraging internal talent supply to fill open roles • Creating part-time opportunities to retain talent or use existing skill sets 	<ul style="list-style-type: none"> • Creating visibility into available talent • Unlocking capacity • Increasing business agility and resilience
Talent management: Focus on career mobility	<ul style="list-style-type: none"> • Creating visibility into possible short- and long-term career moves • Guiding careers to align with business needs/capabilities 	<ul style="list-style-type: none"> • Creating a growth mindset/culture • Enhancing employee empowerment and sense of belonging • Building sustainable talent pools
Future of work: Focus on skills-based growth	<ul style="list-style-type: none"> • Connecting development of skills to projects or part-time assignments • Creating a talent model based on skills supply and demand 	<ul style="list-style-type: none"> • Enhancing business responsiveness to changing market dynamics • Evolving how work is designed and talent is deployed

Source: Deloitte (2019)

⁴ See the Fact Sheet on the *evolving definition of employees*.

Bersin (2020) provides a similar way to understand the approaches to a talent marketplace, as illustrated in the below table. He differentiates these as planned, facilitated, and agile. One could suggest that these perhaps are phases that an organisation may move through as they implement a talent marketplace. That is, as they change and transform internally to realise the recommended work and workforce agility. One aspect of this is culture change, which Bersin cites below in the table. Bersin also makes clear in the third column that the agile approach is 'gig work and project-oriented', which was suggested in the previous section on the new world of work and form of organisations. Linked to this is a skills-based taxonomy and system for recruiting, selecting, developing, and deploying within the organisation.

THREE OPTIONS FOR TALENT MOBILITY

Planned	Facilitated	Agile
<ul style="list-style-type: none"> • Linear career paths • Planned and managed • Functional in nature 	<ul style="list-style-type: none"> • Vertical and horizontal • Facilitated, not planned • Based on aspirations 	<ul style="list-style-type: none"> • On-demand need-based • Changeable quickly • Gig and Project oriented
Pros and Cons		
+ Easy to understand, Modeled in job market	+ Supported by leaders, Fits succession needs	+ Badly needed today, New model of work
- Long time to build, May become out of date	- Requires cultural shift, Changes role of manager	- Demands new systems and new company culture
Processes Needed		
Development Planning	Development Coaching	Transparent workforce plan
Self-assessment, Clear career goals	Self-assessment, Purpose and direction	Development need, Current passions

Source: Bersin (2020)

HRM IMPLICATIONS

It is clear that implementing a talent marketplace and the platform enabling it is not just a technology issue. And that technology cannot resolve people and change management issues. The focus on the technology may underestimate the work required for culture change and the shift to gig and project-oriented work. The HR practitioner, however, cannot be blind to the impact of technology and the disruptions to business models and traditional ways of operating and functioning as a corporate. The HR practitioner needs to critically engage with the envisioned futures of the world of work and engage their respective organisation. The HR practitioner needs to ask, for example, how their organisations will view employment, employees, and their employability. What is their future employment value proposition and safety nets that they can sustain?⁵ What development and mobility opportunities can they afford? Who is their talent? How do they manage together the internal and external supply and demand of talent? These questions speak to the Objectives as articulated in the Talent Management Standard. The Standard provides the Process and Application Standard to guide the HR practitioner to explore the talent management scenarios and alternatives.

5. See the discussion on the commodification of workers/learners and skills and the casualisation of work in the Fact Sheet on **workforce transitions**.

CONCLUSION

The talent marketplace and the enabling technology platforms may appear to provide organisations a rapid response mechanism to navigate the many disruptions confronting them and utilise their talent accordingly. However, the HR practitioner needs to ensure a systematic, integrated, and critical approach to the adoption and implementation of talent marketplaces. There are many questions that need to be addressed before undertaking the implementation of a technology platform and marketplace it enables.

EARN 1 CPD POINT

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