THE ROLE OF THE HRM NETWORKS IN THE ATTRACTION, RETENTION AND DEVELOPMENT OF TALENTS OF ESTONIAN ORGANIZATIONS

Karin KUIMET, Olga UHABAKIN, Ljudmila PIHEL, Eneken TITOV *
Estonian Entrepreneurship University of Applied Sciences, Suur-Sõjamäe 10a, Tallinn, Estonia

Abstract. Most global talent surveys mutually emphasize the labour market's general and painful talent shortage. No country or industry is protected against talent migration and drought. Although some countries or regions have understood the vast role of talent attraction and retention in the region's success, most governments need to pay more attention to this issue. Employees and HRs feel alone in this continuous war for valuable employees. The labour market parties increasingly see the trend where only mutual efforts in attracting talent can lead to success in this global competition. The talent management functions have exceeded the companies' borders lines, and regional/sectoral collaboration is the only possibility to attract and keep talent in the region and its industries. This article aims to conceptualize the strategic activities and principles of the HR networks in supporting the member companies' talent attraction and retention ability based on the Estonian experience. Together with the HR networks and with the help of the theory and other cases, the authors bring out the main principles and actions on how the HR networks can support organizations in the continuous fight for talent. The originality of the article is that talent management from the point of view of the network and networking opens a new perspective for talent attraction and development – for different levels of cross-border organizational collaboration and research opportunities.

Keywords: talent management, HR networks, talent attraction, development and retention.

JEL Classification: M54_Labour Management.

Introduction

There is no doubt that talent is harder to find and keep than ever before. The so-called Great Resignation is the new normality, and organizations can decide whether to tackle it or watch their best people apply their talent somewhere else.

While the shortage of talent has driven wages upward, employers have realized that money alone cannot keep good employees in an organization. As a result of the IBM study, it was found that employees prefer the possibility of career advancement more than higher earnings. Similarly, the Monster survey disclosed that 86% of employees feel their careers stalled during the pandemic, and 29% of employees want to leave their jobs due to lack of development opportunities (Human Resource Systems Group, 2022). Based on a PricewaterhouseCoopers (2022) survey, one in five employees are willing to change employers within a year, which in turn has led to a shrinking talent pool. It is not uncommon for companies to leave a region / country because they do not have enough competent employees to carry out their activities (International Labour Organization, 2016; Van Zyl et al., 2017). The above results show that shortage of talents is not just a regional problem or a national one. This is a challenge that affects organizations around the world (Sienkiewicz, 2018). Inclusiveness, corporate responsibility, and equal opportunities for development are the fundamental principles of a responsible talent management system. Responsible talent management practices foster multilevel and sustainable outcomes such as decent work, employee well-being and organizational well-being (Anlesinya & Amponsah-Tawiah, 2020). Although most organizations can apply basic talent management principles, there are still problems that need to be addressed (Van Zyl et al., 2017).

In the face of a talent drought, organisations have turned to umbrella organisations, national associations, support organisations and public authorities to help the region / sector so that organisations can continue their activities. Different situations are known from the
practice where the government and/or umbrella organisations have come to the aid of organisations and the output of which is special state programmes for training specialists in some fields, retraining programmes, adaptation programmes for foreign talent, so-called code-free (there is no national quota for the volume of foreign labour) areas of activity, etc. However, often these activities are not sufficient, do not reach companies in a particular sector or are not accessible to all. For example, Estonia has fallen three places in the Global Talent Competitiveness Index between 2016 and 2020 (from 21 to 24), largely due to its low capacity to retain talents (INSEAD, 2020). Consequently, many organizations have gone down the path of having created their own programs to attract, retain and develop talents, which are implemented by the organisational HR.

Changes in the external environment – for instance, working in the home office and remotely has required changes in the organization, including inward and outward structure and strategies, practices, and processes to replace traditional workplace in the office working environment (Tokarchuk et al., 2021) with the home office, and to continue to retain and develop talents practicing remote or hybrid work.

The fact that recruitment and selection are no longer limited to candidates from their geographic region also calls for new competencies from organizations. Talent management assumes close integration of various personnel functions and direct integration into business management processes. As one way to cope with changed needs, HR see participation in networking activities, expecting to receive support in talent retention and development activities.

In view of the foregoing, the aim of the article is to conceptualize the strategic activities and principles of the HR networks in supporting the member's or their organization's talent attraction, retention, and development ability based on the Estonian experience. The authors bring out the main principles and actions on how the HR networks can support organizations in the continuous fight for talent. The article provides guidance for organizations seeking to improve employee retention and development and directs HR networks to contribute to their strategic leadership in providing talent management support to their members. Despite the increasing availability of literature and issues in the field of talent management, the topic has not received much attention from a networking and networking perspective. This article complements this topic and points to possible action needs to keep this topic in focus and thereby support organizations.

1. Theoretical background

Perspectives on talent and talent management vary (Swales, 2020; Kozjek & Franca, 2020) but aptitude (talent pool) is usually treated as a combination of performance and promotion potential, perhaps with more emphasis on potential (Swailes, 2020). Petersone, Keners, and Krastins (2014) define talent as highly qualified, educated, and potential employee. In an organizational context, talent can be seen as a form that goes beyond innate qualities and abilities, and where talent can reflect the organization's mission and capture the leader's attention (Swales, 2020). There are organizations whose strategy or processes do not use the term talent and there is no organizational definition, or there is some limited use of the strategy and processes and the formation of the definition at certain levels of the organization. At the same time, there are organizations where there is a common understanding and a widespread use of the term talent and talent management in strategy, policy and processes (Tansley, 2011).

According to certain concepts, talent strategies and practices are based on two main philosophical approaches: the exclusive approach and the inclusive approach (Anlesinya & Amponsah-Tawiah, 2020). The exclusive approach states that only a few of the workforce are talented (Meyers & van Woerkom, 2014). Inclusive talent management is an approach which assumes that all employees have a certain amount of talent that can contribute to the success of an organization (Meyers, 2016). Talent management means proactive recognition and development of employees at all levels of the organization to help them reach their full potential in their workplace (Gadsden et al., 2017). Recently, the application of talent management practices in achieving sustainability has become an organizational activity that meets the operational and strategic objectives of companies, a concern of academics and practitioners alike (Aina & Atan, 2020). Effective talent management ensures that organizations can successfully attract and retain the talents they need. On the other hand, talent management is about employee engagement. Research confirms the positive correlation that, the more effective talent management is, the more successful a company is in its business (Beardwell & Thompson, 2017).

In the light of the inclusive talent management approach, workforce and talent management planning must be in line with the overall strategy of the organization and, according to (Bussin & Thabethe, 2018), it is important to ensure the transformation of organizational goals into talent management priorities. Modern talent management frameworks have been developed that focus on attracting, recruiting, selection and hiring talent (Bussin & Thabethe, 2018). Organizations often use employee value proposition (EVP) to attract talents. Attracting talent through value proposition involves several employer initiatives to retain employees (Bussin & Thabethe, 2018) such as workforce planning, benefits and bonuses, recruitment and selection, performance management, succession planning, training, and development. Meaningful value offerings assume a strategic approach from the organization to attract, find and retain talent (Musakuro, 2022). To retain employees, organizations have implemented several initiatives, the most popular of which are
providing more learning and development opportunities and improving employee leadership skills (Beardwell & Thompson, 2017). A competency-based approach is common in organizations dedicated to consciously creating and shaping their talents’ career paths. Since competence models describe, among other things, competencies of the employee and how the employer must support them. Instead of focusing on what a person normally does at work, competencies describe how an effective employee does it in order to succeed (Human Resource Systems Group, 2022). An employee who feels that he is competent to meet job challenges is also often a more dedicated employee, which in turn is directly related to the employer’s goal in maintaining and developing talent. In their study, Glaister and colleagues (2018) found a link between talent management practices and subjective corporate performance, which they explained through social capital development and employee networking. Professional networks are vital to career advancement and the development and maintenance of a sense of community and well-being (Margolis et al., 2021).

As an added value to intra-organisational networks, more and more thought is also given to so-called external organisational networks. It is quite difficult for companies to survive in isolation, and building strategic relationships has become relevant (Klerk & Kroon, 2008). More and more networks based on different partnerships are being created. Networks can be defined as a set of network members and connections between them (Brass et al., 2004; Borgatti & Foster, 2003) and members of networks can be individuals, groups, organizations, etc. (Borgatti & Foster, 2003). In the case of cross-organisation networks, the most common are organisational networks where the organisation is represented by a representative of a position related to the purpose of the network. Muijs and colleagues (2010) define a network at least two organisations working towards a common goal for at least a certain period, and an intra-network activity as a joint activity of participants from different network organisations. The network is characterised by a flat organisational structure with no management hierarchy and supported by the principles of self-regulation, self-organisation, and partnership (Elsner, 2013). Networks help link members and / or member organizations formally, and the significance of networks stems from the theory that a group can do more than an individual and synergy arises. Successful networking requires, awareness of the members and clearly defined goals and strategies for participating in the activities of the network, but the accompanying effort pays off – together it is feasible to perform many tasks that an organization alone would not be able to do (Smyrnova-Trybulska & Zebrok, 2015).

The benefits of networks may be related to establishing and maintaining relationships between members, facilitating work-related activities to create benefits, access to resources that thereby increase the benefits of network members, establishing necessary contacts, exchanging views and experiences (Elsner, 2013; Utz & Breuer, 2019; Tullier, 2004). At the organizational level, the benefits of participating in networks lie in the potential to increase the flow of information (Muijs et al., 2010; Anand & Walsh, 2016), creating new innovation and mediate transactions among organizations (Brass et al., 2004), improve management processes and gain a competitive advantage (Tullier, 2004) as well as gain access to new or additional marketing channels, find partners and cooperation opportunities (Klerk & Kroon, 2008). Business owners and managers say they are motivated to network / engage in networking when they see the opportunity to make a profit through access to other resources or connections to increase their business’s efficiency (Klerk & Kroon, 2008).

The results of the study have shown that participation in networking events, or the creation of informal links between individuals, promotes professional development in a supportive environment (Chen et al., 2008). Faced with constant changes, the HR professional also needs support, and one of the ways to receive support is through professional networking. One method of sharing knowledge in networks is the sharing of best practices offered by various interdisciplinary and cross-organizational networks (Al-Rasheed & Berri, 2016). The main purpose of the HR network is to provide support and expertise in solving complex problems in the HR field, and often HR networks are led by a team of experienced HR industry leaders (Lissak & Geller, 2011). Organizations are interested in the participation of their HR people in networking between organizations, as it is HR professionals who play a significant role at the organizational level to help employees and thus organizations achieve results. Research results demonstrate that there is a notable positive relationship between organizational performance and HR professional competence and role clarity. Employee performance is the weightiest determinant of an organization’s success. A strong link between talent learning and development (as a function of HR) and organizational performance has been identified, while increasing individual performance also increases organizational productivity. (Phiri & Phiri, 2022). Human resource management (HRM) is a key function of an effective and successful organization. Successful and competitive organizations use human resource management as a tool to increase organizational performance, and this makes them market leaders (Francis et al., 2019).

A good example of cross-organizational networking as an important tool for attracting, retaining, and developing talent in supporting the development of the region, Bizkaia, being one of the first regions in Europe to adopt a talent strategy, has become a star in the field of attracting talent. The conscious development of cooperation with the involvement of Human Resources, regional companies and national organisations led to the goal of jointly working through networks to create a talent-friendly ecosystem and the Be Basque Talent Network (BBTN) (consisting of more than 12,000 professionals.
from more than 100 countries, as well as more than 350 Basque organisations and companies) managed to attract and retain a considerable amount of talents to support the sustainability and competitiveness of Basque companies (Lagunilla & Jimenez, 2016).

Aiming to maximise the talent management benefits of member organisations, it is important to enable the HRD of the organisation to participate in the networks attempting to implement the network as a tool. It is necessary to constantly develop people working in the organization (incl. HR) striving for the knowledge of employees to include the ability to be aware of the opportunities, trends and threats offered in the market. The HR field is not a core activity in organizations, but human capital (which HR deals with) is essential for the organization. Changes in the environment, increasing opportunities, trends and threats offered in the market.

2. Research methodology

The aim of the authors of this article is to map the strategic activities and principles of Estonian human resource management networks in supporting the development and retention of talents in organisations. The authors conducted a content analysis of Human Resource Management networks’ homepages, text analysis of social media channels, and a qualitative study using structured interviews to collect data. Interview questions are prepared based on theoretical background and based on the results of content analysis.

The sampling was formed from the Estonian human resource management networks corresponding to the purpose of the study, which are the Estonian Human Resource Management Association PARE (hereinafter: PARE), Ülemiste City HR network (hereinafter: the ÜC HR network) and the Estonian HR Society (see Table 1).

PARE is a supportive community of HR managers and employees aimed to develop the quality of people management. The largest and longest-running network of professionals in the field of HR and people management in Estonia. The network includes more than 500 legal and private members, i.e., more than 2,000 people. It is a self-sustaining organization with a 4-member executive team, 9 board members, 8 working groups and nearly 100 volunteers across Estonia. PARE is a member of the Central Union of Employers and belongs to the European Association of HR Managers (EAPM).

The ÜC HR network brings together all HR managers and specialists or employees of companies and organizations located in the so-called “Smart Business City” in Tallinn, who deal with the daily development of the company's personnel.

The Estonian HR Society is for enthusiasts interested in personnel management. This network grew out of the LinkedIn group of Estonian HR managers (a community of nearly 1,400 members) with the aim of offering quick and flexible solutions to support proactive people management. The keywords of the network are speed, agility, openness, innovation, honesty, simplicity, and the message that together we can do a lot.

3. Discussion and conclusions

To achieve the objective, data were collected in a two-stage process. Based on document analysis, the information about HR networks in Estonia was gathered and their profiles and the activities they offer for their members were analysed. The interviews conducted with the
managers of the networks enabled to map the strategic actions and principles of Estonian human resource management networks in supporting the development and retention of talents in organizations. The networks analyses show that they have arisen from the need to develop talent management through the provision of various activities and services and opportunities to the members of the network. Due to the origin of these networks, time of operation, region and number of members and peculiarities, different practices were implemented, but all started from the need to support the development of HR actors and the field in Estonia or the smart business city in general. In terms of the impact and scope of activities, the fact of when and why the network has been established and how long it has been operating plays a role.

Resulting from the interviews it can be stated that the key actors of Estonian HR networks see networks as a set of network members based on different partnerships and the connections between them, and network members can be either individuals, groups, or organizations. If in the case of Ülemiste City, it can be said that the organization is represented by a representative of a position or those interested in the field, who do not represent a specific organization, and therefore the functions of the networks are also slightly different.

Networking is primarily seen as an opportunity to create contacts, cooperate and develop various competencies.

“Above all, that you have your own base of professional contacts or social circle with whom you can share knowledge and experience.”

“You consciously keep these contacts, and a network is created, where to share the so-called advice and strength.”

“Well, it still means that making contacts and finding acquaintances in different activities in their field with whom you can discuss questions that arise in your field or work or get support.”

“It means that in one way or another, a person creates a contact base for himself. Collects contacts who could help him in his work or in terms of self-development.”

“Building relationships for mutual support and / or achieving a common goal.”

The knowledge that the benefit of participating in networks at the organizational level lies in the opportunity for increasing the flow of information and creating innovation based on cooperation and shared knowledge was confirmed. Among the members of the named networks there are also those not directly involved in personnel management, incl. company managers and middle managers and specialists in the field who feel enthusiastic about HR topics. In turn, it is possible to develop management processes in the organization through competent employees. In the perspective of attracting talent, the opportunity to access marketing channels and support employer branding was noted as a benefit of participating in networks. The activities of all networks are oriented towards finding partners and opportunities for cooperation both within the field and across fields.

“After all, people participate there, and then you can find out what exciting things someone is doing and apply it in your organization.”

“If there are company visits, it always includes a mini hackathon, where some problem of that company is solved. At the mini hackathon, they are always given a task to solve, and they always get new ideas to implement in their organization.”

“For example, we just visited and found out that the airport has absolutely cool onboarding program. We plan to meet because we are working on this project. It’s that someone has done something awesome.”

“The fact is that, for example, several questions came into the slack channel again today, which are related to, for example, salaries, etc. We are dealing with a matter that is relevant now.”

“What we have is that we have private members. PARE is oriented towards organizations. We have people joining us as individuals, and the assumption is that they are at least a little bit related to the HR field. We do it precisely through HR people.”

Talent management based on the employee's working life span was mentioned throughout the interviews. The development of its services and activities, talent management practices that support the employee throughout his working life, including attracting, recruiting, selecting, onboarding, career management, development, motivating and retraining, and exiting the organization, are supported.

All networks obtain information for the development of services and the design of activities through the involvement of their members. In addition, data is collected through cooperation with educational institutions and by conducting research.

Through its members and network coordinators, PARE and HR Society influence management practices in Estonia. Starting from 2021, the PARE manifesto, which contains management problems, needed to be solved, and appeals to the Estonian government, has a strategic value. Under PARE coordination, network members are involved in law-making. In doing so, cooperation is carried out with organizations representing employers and employees, such as the Estonian Chamber of Commerce and Industry, trade unions, etc.

“This goal of Estonia 2023 is for people to be healthy and work life to be valuable.”

“Through the employers’ manifesto, you can influence how members and organizations would get a prepared workforce.”
While network coordinators and members are aware of the benefits that being a part of networks gives them, when analysing the bottlenecks that prevent a network member from using the tools offered to develop and retain talent in their organization, we found that the impact at the organizational level only occurs if the network member also finds strategic support.

“They say that the fish rots, as usual, from the head. After all, there are HR managers who say that managers see a cost in everything, or that HR managers are not treated like a strategic partner.”

“If the employer does not encourage. Doesn’t see the value in why his employees should go to events or be involved. If the HR manager himself knows why it is useful, then he should convince the manager.”

“One thing that gets left behind is that the leader of the organization is not ready to use best practices. Many things don’t even require a financial contribution, but you need the will to do it.”

“If you look broadly, we are in an uncertain time and when you can see that you don’t know what is going on in the economy and this also affects how much opportunity HR managers have aiming to do something.”

“Quite a few bottlenecks can be an obstacle, e.g., the position / opinion of the company’s management, finances, or the organization's field of activity as well.”

It all starts with leaders. Networks are great supporters of self-development, but the impact does not extend to the organizational level if managers do not understand the strategic need for talent development and retention. Also, the fact that there is no time is nothing else than the attitudes, knowledge, and skills of managers. Managers who do not understand what strategic management means focus on operational activities that take up all their time.

Based on the Table 2, it can be argued that all three networks are engaged to some extent in supporting their member organizations in the development and retention of their talents. Most of the focus is on workforce planning, recruitment and selection, performance management, succession planning, training, and development. As a more unique solution, the UC network also offers its member organizations a training mediation platform aimed at the talent of any organization located in the business city (BC). In the BC, considerable attention is paid to the provision of services that support the health of talents. Walking meeting paths and open areas are open to the employees of the UC companies. The events of the UC HR network include activities that shape the health behaviour of employees, from triathlons to night runs.

We may say that like the practices of other countries, the sharing of best practices has been implemented in Estonian HR networks. Problem-based learning paradigms are noticeable in the promotion of talent management. Every HR Society H2H visit, in addition to the visit to the organization, also includes a mini hackathon, where the attendees solve a specific problem proposed by the inviting organization in the form of a hackathon. Hacking the problem issues of various organizations is also the goal of the PARE hackathons, which have already taken place 4 times. The solution-seeking problems are related to and motivated by the needs of a specific organization, and several positive examples were brought out in the interviews, where innovative solutions that had not been reached in the organization were elaborated with the support of the network. Aimed to solve the pain points of a specific organization, PARE also organizes supervision sessions.

HR Society’s buddy program and PARE mentoring program have been created to ensure the succession of talents. Through the networks, pairs of mentors, mentees and so-called buddies were formed, and those entering the field or interested in their own development needs are supported. Since the HR Society network includes all members interested in HR management, the pairs created within the buddy program involve people from quite different fields. Mentoring and buddy projects help discover talented people and provide support in realizing their strengths and development needs.

In 2020, the PARE personnel management competence model was developed in cooperation with PARE members, in which the competencies of the personnel manager at different levels were mapped. The competence model also plays a role in the organizational talent management by providing guidelines for career planning and supporting the employee's personal development. The competence model also supports educational institutions in curriculum development and organizations in mapping the training needs of their employees.

As a result of the analysis and interviews of documents and information carriers, it became evident that the strategy of HR networks includes activities and practices for talent management of the organization primarily through the members of the networks. The present study supports the results of previous studies (Chen et al., 2008) that participation in Estonian human resources
networks helps to create connections between individuals, thereby promoting professional development.

Whether there is a significant positive relationship between organizational performance, professional competence and role clarity in the HR field (Phiri & Phiri, 2022), the participants in Estonian HR networks can develop their professional competencies through participation in network activities. Networks include members with different experiences and education, and best practices and know-how are spread through joint activities. Cannot be forget that HR people themselves are also talents. Networks are, therefore, a so-called platform for newcomers or those entering the field (for example HRSelts buddy program, job and internship offers).

The leadership style of the organization, where the leader of the organization is not ready to use the tools offered by the networks, or where the leader fails to see the value in networking, or where the HR person is not a strategic partner of the management, was considered the main obstacle for the network member to employ the tools offered to develop and retain talent their organization. Furthermore, HR’s lack of ability to comprehend and implement proposed solutions and network with other members of the network, the lack of resources, the specifics of the organization, the format of events, and the external environment were also highlighted as bottlenecks. A more detailed overview of the main obstacles is summarized in Figure 1.

For the effective implementation of the proposed tools in the organizations of the network members, it is crucial to “overcome” the obstacles mentioned above. Attention should be paid to raising awareness among managers (including management, middle managers, HR managers) about the benefits of networking and networking skills. Networking skills should be enhanced so that network members are better able to build relationships and contacts with other network members to maximise the benefits to the organisation aiming to support the success of the organisation through the retention and development of talented staff. Inter alia, leaders need to develop innovation and a willingness to implement innovation. One of the key points is to get the management of the organization understand the significant role of people in the field of HR in development and retention of employees. By understanding the needs of employees, through developing employees, and bridging a gap between management and employees, HR divisions can increase workplace productivity (Somu & Jayavel, 2021).

**Limitations and future research**

This article concentrates on HR networks in Estonia. Therefore, the results do not generally extend to all HR networks. Since Talent Management is not limited to the borders of one country or region, delve into the topic also needs data on, for instance, national cultural differences and other influences. We could also add value if we know how much networking depends on specific characteristics related to a particular area, as today talent management is not limited to the human resources area but is a comprehensive and cross-functional activity. While the current study focuses more on network creators and managers, the future study might focus on whether members’ opinions about networks, as supporters of talent management, are similar to those of leading figures or creators of networks, why they join networks, why they belong to them, and what impact and to whom they have. Support for networking creators, developers and members could provide best practices from other countries or networks. Since the role of network members in their organisation can be identified as one of the key influences on this study, the organisational level and the implementation or support of the potential of networked members in the context of the strategy is worth considering.

**References**


