



Talent Hoarding Roundtable

March 1, 2022

Talent hoarding refers to managers' propensity to dissuade or otherwise prevent their subordinates from pursuing other jobs within the firm (and sometimes at other firms). Despite its negative consequences for organizations, talent hoarding has been found to be a prevalent practice, with half of the managers in a survey admitting to engaging in it. In this research roundtable, assistant professor JR Keller presented some counterarguments to the rationales often used to justify talent hoarding and facilitated a discussion among participating companies on how to create a more internal mobility friendly environment in the workplace.

DISCUSSION TAKEAWAYS

1. Benefits of Internal Markets

- **For organizations:** Internal talent markets allow organizations to allocate their employees to positions where they are likely to create the most value.
- **For managers:** Managers who use the internal market to fill jobs are likely to make better hiring decisions, experience higher levels of performance, lower levels of turnover, and quicker promotions than those who do not.
- **For employees:** Employees can apply for the jobs that might fit them the best without having to leave the organization. They are also likely to have higher salaries and more opportunities for career advancement.

2. Rationales Underlying Talent Hoarding

- Despite the multiple advantages internal mobility has to offer, many managers admit to hoarding talents by refusing to grant an employee permission to apply for certain jobs, or by inferring that the employee just is not quite ready for a new role even when another manager may be willing to take a chance on them. According to a LinkedIn survey in 2019, 50 to 70 percent of large companies have identified talent hoarding as a serious HR issue.
- The main reason for such a phenomenon is that managers are skeptical about the benefits of internal mobility for themselves. For example, managers might fear that their work routines will be disrupted and that they will lose some of their best employees to other managers without being able to replace those employees.

3. Counterarguments to the Rationales

Contrary to many managers' beliefs, Research has revealed that those who were successful at getting their employees promoted:

- Received significantly more internal applications for open jobs.
- Received more applications from top performers.

14
participants
from
10
CAHRS Companies:

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Boeing
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- Received more applications from people across different functional areas in the organization.

There are several explanations for the findings:

- Employees want to advance their careers.
- Employees recognize that managers play a big role in their ability to advance (e.g., by increasing their visibility in the organization or by providing proper training).
- Employees talk to each other about who is getting promoted, why they are getting promoted, and which managers are good at getting their people promoted.

4. Prevalence of Talent Hoarding in Organizations

- Participating companies confirm that talent hoarding is indeed an issue they are facing and pertains to managers of different levels.
- Talent hoarding and employee development and promotion are not mutually exclusive. For example, employees can still progress in their career through in-group promotions but are limited to a certain number of other internal opportunities for which they can apply. That being said, managers who get their employees promoted to other parts of the organization tend to experience more benefits than those who only do in-group promotions.

5. Solutions to Talent Hoarding

- **Fostering a culture of internal mobility:** Some organizations implement 'forced rotation' that moves employees through a range of jobs in a couple of years. A more hybrid approach is to devise a program where managers of each region are required to submit a certain number of positions they need as well have to offer. On the other hand, it is important to note that managers are more open to talent movement when they think the vacant positions can be filled. Organizations, therefore, should facilitate the hiring process in order for managers to reach out to as many potential candidates as possible.

While trying to foster a culture of internal mobility as much as they can, organizations tend not to tie promotion behaviors to rewards. Part of the reason is that it can be challenging to distinguish the contribution of a manager from a number of other factors (e.g., tenure and experience) when his or her employee gets promoted.

- **Developing specific leadership training programs:** Leadership training is crucial to bring managers on board with internal mobility initiatives. One possible focus of such a training program is to tell the story of successful leaders who have promoted employees outside of the team and thus, have attracted better applicants. Organizations might also want to help managers build their network and increase their likelihood of getting a good replacement. This is because those who have the talent hoarding issue are usually the ones who are not well-known within the organization.
- **Increasing employee visibility:** Some organizations conduct calibration sessions where managers sit together to discuss the strengths and weaknesses of their employees and think about future plans. This activity might play a key role in increasing the potential candidates' visibility across the organization.



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- **Developing a career map for employees:** Organizations should be explicit about their strong support for internal mobility. One way to achieve this goal is to develop a specific career map that resonates with the employees and allows them to maximize their potential. In case it is challenging to do so due to constant technical and social changes, organizations can assure employees of internal opportunities by highlighting their flexibility in creating new positions.

Before putting forward a succession plan, managers might want to spend time discussing with their employees or bring in HR to help facilitate such conversations rather than solely making assumptions about the employees' preferences.

6. Other Questions of Interest

- What is the right mix of internal and external hiring given that both have their own pros and cons? What would be a good talent mobility goal for each manager?
- How does the intersection of remote work versus on-site work facilitate or inhibit a person from going to a new manager or going to a new area in terms of their career progression?
- Do managers who grow and develop their teams also have success in their own careers?
- Does a high EQ predict a manager's ability to develop and quickly move employees through their pipeline?

This Summary Report was prepared by JR Keller and Note Taker Thao Nguyen for participants of the "Talent Hoarding" Virtual Research Roundtable.

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