

## **“Trainee Programmes”: a Tried and Tested Tool in Talent Management**

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**Abstract:** *Utterly important, but badly handled – this, studies suggest, is how talent management is perceived by HR specialists around the world. So-called “trainee” or “graduate programmes” – on-the-job training programmes for university graduates – offer an excellent remedy here, but so far have received surprisingly scant attention outside German-speaking Europe. Drawing on many years of research and close relations with HR practitioners, the author hopes with the present paper to stimulate an interest in such programmes among HR specialists around the globe, and to provide an overview of the essential dos and don’ts in implementing them.*

**Keywords:** *HR Management, HR Development, Talent Management, Training, Graduates.*

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### **1. INTRODUCTION**

Few issues in HR management have seen such a boost in significance in recent times as has talent management. In 2010, Boston Consulting Group, in collaboration with the World Federation of Personnel Management Associations WFPMA, conducted a survey among 5561 HR specialists around the globe, asking which fields of activity they expected to grow in importance in the future (“future importance”) and how well they thought they were currently handled (“current capability”; cf. BCG/WFPMA: 2010). Regarding future importance, “managing talent” was rated exceedingly high in the survey. At the same time, current capability was assessed as particularly low. From this striking imbalance, the authors of the study derived a “strong need to act”. A follow-up study of 2011, covering 2039 HR managers in 35 European countries, came to a similar conclusion (cf. BCG/WFPMA: 2011).

In German-speaking Europe, vast amounts of knowledge and experience have been gathered over the past decades in the more specific area of fostering talented university graduates by means of so-called “trainee” or “graduate programmes”. After years of research and close relations with HR practitioners, the present author has come to firmly believe in the potential of such educational programmes as a talent management instrument, and thinks that companies in all regions of the world could and should profit from them. The present article, accordingly, is intended to stimulate an interest in trainee programmes among HR specialists around the globe, and to provide an overview of the dos and don’ts in implementing such programmes.

Before dealing more closely with trainee programmes as a talent management tool, a number of preliminary remarks on the concepts of talent and talent management are requisite.

### **2. TALENT AND TALENT MANAGEMENT**

In its most common contemporary use, the term *talent* refers to a special aptitude or giftedness in a certain field of human activity, or to a person who has such an aptitude. In the narrower sense the term assumes in the context of HR management, one feature of talented employees is that they tend to have gone through higher education. This, however, need not always be of an academic nature – just think of celebrity chefs or particularly gifted craftspeople. Furthermore, talented workers are highly motivated and love challenging tasks. They have an incessant craving for continued professional training and satisfy this need whenever they can. Where these kinds of assets

are crowned with highly developed social skills (e.g. with regard to communication and cooperation), such people are viewed as particularly talented. From the employer's point of view, one might say in short that a talented person possesses certain key skills that are particularly useful and important for the company's continued favourable development and overall success.

*Talent management* is defined by the authors of the mentioned BCG/WFPMA study as concerned with "attracting, developing and retaining all individuals with high potential – regardless of whether they are managers, specialists or individual contributors – across all levels of the organization" (BCG/WFPMA: 2010). Experts in the field generally like to speak of a "high potential" in people with talent. In the European literature, the concept of "high potential" is sometimes used more narrowly for those who not only show potential for development, but who are also at a point in their current position where they have attained their maximum level of performance. In any case, talented young employees are supposed to have or to develop towards this status of high potential.

In the understanding of the present author and his research collaborators, talent management takes the shape of a cross-domain process within the company's overall HR management scheme. Talent management is a task shared between line managers and HR management specialists. Both will need to cooperate when it comes to attracting talented people, introducing them to the organization, assessing their performance and potential, developing their skills and retaining their capability and willingness to perform within the company. On this view, talent management (**attraction, introduction, assessment, development and retention of talent**) is affected by **five overarching functions** of HR management:

**1. Strategic HR management:** Strategic HR management is concerned with adjusting the HR strategy (how much staff with what skills will we require in the future?) to the overall company strategy (on which markets do we want to compete, using what kind of competitive strategy?). This will clarify not only what kind of talent will be needed where and when, but also what objectives the organisation can achieve through talent in the first place.

**2. Organisation of HR management:** Who (line managers, own and external HR specialists) is assigned which tasks in talent management, with what capacities (decision-making and other authority) and responsibilities? How to organise the sub-processes of talent management?

**3. HR planning:** HR planning must be coordinated with corporate planning in other domains (e.g. sales, production and financial planning). This part of operational planning specifies personnel requirements in both quantitative and qualitative terms and clarifies what kind of talent management the company can afford.

**4. HR marketing:** The task here is to increase the employer's attractiveness on the relevant labour markets. For this purpose, the company must know the needs of target groups (in this case, talented jobseekers) and must offer appropriate incentives.

**5. HR controlling:** This comprises continual monitoring of the key figures that are relevant in the tailoring of all activities to the objectives pursued. Certainly relevant to talent management are, for instance, figures on the duration of stay in specific positions, results of performance assessment, job satisfaction, and activities and advances in further education.

With this, we have sufficiently outlined the framework within which the talent management core process runs. In the next section, we briefly discuss what trainee programmes actually are and what they aim at, before going on to identify some of the crucial design features they must have if they are to succeed as a talent management tool.

### **3. TRAINEE PROGRAMMES**

In Germany, the first trainee programmes for graduates in business administration and economics were introduced immediately after the Second World War. Today, such programmes are standard in many companies in the German-speaking world, while the target group has been enlarged to include engineers, lawyers or scientists with business proclivities.

By means of trainee programmes (henceforth: TrPr), employers aim to establish a corporate pool of qualified and highly motivated young professionals. To the extent that they possess the characteristic features of talented workers mentioned above, former trainees may go on to enjoy contin-

ued special fostering and be promoted to positions with more complex task profiles. On the classical view in the German-speaking world, however, no one is talented forever just because they have participated in a corresponding programme at some point. New decisions are made after every stage of testing the candidate’s worth as to whether they are still part – and still want to be part – of the talent pool.

The present author has continuously observed and, together with his collaborators, done research on TrPr since the 1970s. One of his own early definitions of TrPr specified that they were “supposed to allow a select circle of university graduates to receive basic training preparing for future management positions, to become clearer about their capabilities and interests, to establish personal relations and to become familiar with the corporate structure and culture of an organization” (Thom 1987: 218).

Today, talk of a “select circle” is still appropriate in connection with attractive employers, where usually numerous candidates apply for any available programme position. Often, complex procedures (e.g. assessment centers) are used in selecting the most suitable individuals.

Other parts of the definition, however, require modification from a contemporary viewpoint. “Future management positions”, for one thing, must be made more precise: while former trainee programme participants continue to be candidates for line management careers and in some companies have indeed reached top management positions, many of today’s employers also offer opportunities for technical specialists or project managers as an alternative to classical management careers.

Furthermore, research suggests that the learning objectives sketched in the definition should be spelled out and completed as follows:

- 1) The **educational objective** still is fundamental. After completion of the programme, trainees should be prepared for a job at management assistant level that is adequate to their formal education (e.g. junior controller, product manager, HR manager).
- 2) Also an **informational objective** remains firmly in place. Trainees are supposed to get to know the company and to become more reassured about their own personal performance capacities and their preferences regarding the subsequent stages of their professional lives. Employers for their part hope to learn as much as possible about the abilities and interests of each individual trainee.
- 3) The **objective of integration** amounts to the trainee’s deeper understanding and internalizing of the corporate culture – or, more precisely, of the system of core values to which each of the visited departments subscribes.
- 4) The **image objective** captures the employer’s aim to attract as many excellently qualified applicants as possible. Employer attractiveness is to be raised on the talent labor market (i.e. particularly among advanced students on relevant university courses).
- 5) TrPr are a costly matter; from an accountancy viewpoint, they are an investment. Accordingly, an adequate return in the form of work in the employer’s service is expected after the TrPr. Thus, pursuing a **sustainability objective**, the employer strives to make trainees stay in the company for a certain amount of time (e.g. three years) after completion of the programme.

At this point, the obvious question arises as to how all these objectives on the part of both trainees and employers can be achieved to the greatest possible degree. Research by the author and his collaborators has produced a considerable base of knowledge in this regard – relating, for instance, to the duration of TrPr, their customization versus standardization, the importance of stays abroad, different programme types, or recurrent problems in TrPr implementation. Some of the most important and practical insights gained in the course of this work are discussed in the next section. In doing so, special prominence is given to the most recent large-scale research project on TrPr supervised by the author, completed in 2012 at the University of Bern and presented in detail in the monography of Neseemann (2012).

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#### 4. TRAINEE PROGRAMMES AS A TALENT MANAGEMENT TOOL: THE ESSENTIALS

We begin with three fundamental statistical results from the mentioned study, resting on an empirical basis of 130 companies in German-speaking Europe: first, TrPr are more widespread in the services (banking, trade, insurance) than in the industrial sector (63% versus 37%). Second, TrPr have an average length of about 18 months. Third, the trainees usually proceed through four to five training positions.

The success of TrPr is very often endangered by a set of typical design flaws that are relatively easy to avoid. At the same time, a small number of fairly simple measures may add massively to a TrPr's quality and effectiveness. Here are, in very concise form, the crucial points that all of our research has shown must be taken into account:

*1. The amount of time spent by trainees' direct superiors on the TrPr as a whole has a positive impact both on the objective of integration and the technical educational objective.*

Perhaps the greatest obstacle to a successful TrPr are excessive demands on the time of the trainees' superiors. In the course of the programme, trainees shift between various departments (e.g. sales, accounting, HR). An implicit presumption here is that the various departments' superiors have enough time to impart valuable practical and theoretical knowledge to the trainees. However, numerous empirical studies have revealed lack of time on the part of superiors to be a grave problem that jeopardizes several of the objectives of TrPr listed above. This is evident with regard to the educational objective, but also familiarization with values (objective of integration) may be hampered, along with other aims. In a series of workshops with TrPr responsables organized by the present author, one important reason for time shortage was identified: in both the job profiles (job descriptions) and the annual objectives of superiors, the objectives of TrPr tend to rank only very low or even do not figure at all. This simple circumstance seriously endangers the success of TrPr and thus an essential component of talent management as a whole.

*2. A visible effort on the part of the company's top management in favour of TrPr adds to a positive internal image of TrPr.*

A positive internal image means enhanced acceptance of TrPr within the organization and, in particular, stronger support of TrPr on the part of direct superiors, which will alleviate the problem discussed under (1) above. The company's top management is the one circle of individuals that has the power to ensure the long-term existence of TrPr.

*3. A mentoring programme within TrPr may contribute to a positive external image of TrPr.*

Learning from a mentor need not be restricted to technical know-how, but may include informal relations and power structures; it can facilitate access to networks and thus accelerate the process of integration of the trainee. Through such personal interaction, trainees may also become better at assessing their own performance and potential. Thus a whole range of objectives would seem to be pursuable through mentoring. Statistical proof, however, is only forthcoming for a positive effect on the external image objective.

*4. Project work in the course of TrPr has a positive impact on the objective of integration and the technical and methodical educational objectives of TrPr.*

Project work can take various forms. Projects may be small and restricted to individual training stages and positions. Less common are larger projects involving informational stays in various organizational departments. Projects are task complexes with limited time resources. They are oriented towards precise goals (adhering to time and cost limits, attaining quality standards, etc.), thus making it possible for TrPr to have participants take considerable responsibility.

The objectives of integration and technical education have been mentioned variously. The methodical educational objective comprises, among other things, training in group work and presentation techniques or methods of project work (e.g. time and cost planning).

*5. Stays abroad enable trainees to acquire intercultural competence as part of the educational objective of TrPr.*

Intercultural competence is a special variety of social skill. It is the ability to interact with people from foreign cultures in adequate and effective ways. A distinction can be made here between a

cognitive level (e.g. linguistic, historical, geographical knowledge), an emotional level (e.g. empathy) and a practical level (communication skills, etc.). As an element in the training of talented young professionals that is continuously growing in importance, intercultural competence is best acquired through stays abroad – provided these are designed such that they actually allow, or indeed enforce, maximally intensive exchanges with the host culture.

*6. Integrating TrPr within corporate HR development is conducive to retaining participants in the company for a prolonged period of time after completion of the TrPr, and thus to achieving a sustainability objective.*

Integration of TrPr within comprehensive HR development schemes is often regarded as more or less a matter of course. However, true integration comprises a wide range of measures: early information on career and further education opportunities, continued mentoring after completion of the programme, regular assessment applying the same system that is used in the company’s leadership development programme, integration of trainees in real teams and corporate project groups, personal commitment on the part of the company’s top management for the TrPr and its continued existence.

## **5. CONCLUSIONS AND PROSPECTS**

As the overview provided above should illustrate, a massive amount of knowledge about the intricacies of TrPr as a talent management tool has been gathered in the German-speaking world. It is the author’s heartfelt concern that other world regions should benefit from these rich resources of knowledge and experience. In this spirit, the present article is intended as an invitation addressed to HR managers worldwide to pause and consider the power and potential of TrPr within the framework of corporate talent management.

What remains to be made at this point are a number of concluding remarks on the pedagogical role of TrPr and their place in the broader educational and economic context:

1. University graduates, particularly those in business administration and economics, tend to be *capable*, but not quite *ready* yet for entering the profession. Tailor-made forms of supplementary training at and by employers are required. In a sense, a TrPr is a dual educational programme where theory-centered university courses are followed by more strictly regimented corporate training.

2. In German-speaking Europe, TrPr have in the meantime been opened to graduates from so-called universities of applied sciences (UAS), i.e. institutions of higher education for people who have first completed an apprenticeship. On graduation from a UAS, usually with a bachelor degree, the great majority of students enter working life. It is also possible, however, to go on studying for a master’s degree, either at the UAS or at regular universities, which usually demand successful passing of further exams before accepting UAS students. Such additional requirements notwithstanding, “permeability” is a cherished ideal in this system: young people need not go straight to university; they can do an apprenticeship first, after which they still have all options open to themselves. There is thus no need for a high percentage of an age-group to strive directly for tertiary education through one or another kind of purely theoretical university admission qualification (as is the case with most countries outside German-speaking Europe). As a rule, employability is considerably improved where such alternative educational paths exist. There is reason to assume a causal link here with the relatively low youth unemployment numbers in the German-speaking world.

3. Currently, there are developments towards “dual study programmes”: university students are formally employed by companies while studying for a bachelor or master’s degree, where the academic courses include project and transfer work to additionally increase practical relevance. Steinbeis University in Germany is one example institution that has been collecting a lot of experience with this kind of scheme and cooperates with renowned employers such as Daimler or Bosch.

4. The German-speaking countries are very much export-oriented and are home to many international companies. Accordingly, stays abroad as an integral part of TrPr have grown in importance in recent decades. Where participants in trainee programmes do part of their training in foreign subsidiaries, this not only improves their intercultural competence; it may also contribute to cor-

porate know-how export, thus enabling companies to benefit far beyond the immediate purposes of an established tool for fostering and managing talent.

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