

Talent Management Model in Digital Age: Strategic Internal Entrepreneurial Mechanism

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ABSTRACT

With economic growth and social development, Taiwan has gradually emerged as an ageing social problem, thus causing a structural imbalance in the population and aggravating the level of competition in the talent market. On the other hand, the new generation of workers who grew up under the influence of the digital era has great differences in their values with those of traditional workers, resulting in problems in selecting, nurturing, and retaining talents in human resource management. Starting from the problem of human-powered faults and generational alternation that Taiwanese society is facing, the present study argues about the strategic internal entrepreneurial mechanism, which is the management mechanism that can retain talents and create new opportunities. Business leaders should adjust their leadership styles, strengthen the cooperation among different generations of employees in the organization, and establish a strategic internal entrepreneurial mechanism to inherit valuable knowledge and experience and achieve sustainable business in response to the challenges in digital age.

Keywords: *Talent management model, Digital age, Strategic internal entrepreneurial mechanism.*

1. INTRODUCTION

With economic growth and social development, Taiwan has gradually emerged as an ageing social problem causing a structural imbalance in the population and aggravating the level of competition in talent market. On the other hand, the baby boomers have gradually retired and the generations have begun to alternate. However, the values of the new generation of workers are very different from those of the traditional ones, causing problems in human resource management and letting the new generation bear the nickname of strawberry family.

In the face of Taiwan's talent gap, it has caused two major worries for enterprises. The first is talent competition among enterprises that has become more and more fierce because of the demographic structural change, which has made it more difficult to find suitable talents to inject new employees into the company, and even the candidates that have been found will also be easy to leave because of the conflicts between work-related values. Second, the knowledge and experience within the company will be lost due to the departure of senior employees, and there is no way to effectively pass on to the new generation. Therefore, companies should change their management methods in order to achieve sustainable business. Cooperation and communication between generations is now the key to whether companies can maintain their existing advantages. In the face of the impact of cross-generational and Taiwan's human-made faults, in addition to changes in personal mentality and leadership behavior, companies still need a formal talent cultivation and internal entrepreneurial mechanism to maintain the inheritance of knowledge,

experience, and connection of talent generations, especially in the population. It is even more urgent in countries with severe aging.

In order to alleviate the impact of cross-generational differences and human-made faults in organizations, companies should start from three aspects to improve. First, understand the differences between the old and new generations and train the future successors to have leadership of the new generation, to replace the obedience, to replace the order with value, to create a corporate culture environment for generational exchanges and integration. Second, promote the cross-generational exchanges and teach each other through the guidance and empowerment. Third, establish a formal institutional system to actively cultivate the new talent generations and give play to their creative advantages in digital age, to use the internal entrepreneurial system to stimulate the investment of new talent generations in the workplace, while retaining the key talents of the future as well as creating competitive advantage.

2. LITERATURE REVIEW

2.1 Population Faults and Generational Differences

The phenomenon of population ageing is a common problem that cannot be avoided by developed countries. For example, in neighboring countries such as Japan, 53 out of every 100 workers belong to the middle and high-age groups, and this trend will continue to become more serious

over time [1]. According to the Economic Development Committee of the Executive Yuan [2], the population of Taiwan currently has the following trends: (1). late marriage and non-marriage; (2). delayed and less fertile trends; (3). life extension and elderly population increase. (4). cross-border marriage and international net migration slowed down. The above phenomena have accelerated the ageing of Taiwan. Taiwan has indeed entered the stage of aging population. It is estimated that it will enter the advanced age in 2018 and enter the ultra age society in 2025. This means that within ten years, Taiwan's demographic structure will become more than 20 and over 65 for every 100 people. The ageing population also brings about the population fault in Taiwan. As the age structure of the population gradually moves up, the number of workers in the younger generation is gradually declining, and the supply and demand in human resource market is out of balance. The first to be affected is the labor-intensive industry. Many traditional labor-intensive industries have experienced manpower faults. Many traditional manufacturing companies have difficulty in recruiting younger generations to be employees resulting in an ageing within the organization. In addition to the shortage of labor, this phenomenon is also bringing another serious problem. Due to the succession of technology inheritance and management, many of the technologies are left behind by the masters that can not be passed on, so that the company gradually loses its core technology. Due to the shortage of talents, there are also problems with the succession of management cadres and leaders in the enterprise.

2.2 Cross-Generational Differences and Employee Management

Another challenge brought about by the fertility decline is the generational faults and differences. The generations are in the social history with a group of people in the common position, because the common experience makes people of the common generation have similar ideas, values, experiences, models and guidelines for action [3]. Workers of different generations have different traits and individualities because of different growth backgrounds, economic and social environments, and further, these traits are reflected in their work-related values. Therefore, understanding the differences among various generations of workers do not only help managers successfully lead those workers, but also use the strengths possessed by them to work together in order to produce synergies that help companies improve its performance, heritage, and achieve sustainable business. Wang [4] used three different generations of university graduates in Taiwan as samples. He found out that in the work-related values, the younger generation pays more attention to the value of external and internal compensation, while the older generation attaches the importance of collective interests, such as social welfare, national development, and so on. This study refers to Horsington's classification of different generations in the United States. Currently, workers in the workplace can be

divided into three generations: the boom generation, x-generation and millennials. Each generation has its own personality because of its special growth background, economic, and social environment.

Prensky [5] proposed the separation of digital natives from digital immigrants and used the 1980s as a watershed for the two generations to create a huge generational division. Howe & Strauss [6] pointed out that the next generation of young workers will be called millennials, and believed that they are more accustomed to using digital tools and platforms for teamwork than individual performance. Because they grew up in the era of digital technology and internet, they are accustomed to using virtual communities to meet the various needs of life while improving work efficiency. Millennials have grown up in the era of digital economy and internationalization. But at the same time, the millennials generation is facing the gap between the rich and the poor, the middle class and other issues. Therefore, they have long-term uncertainty about the future, so they are used to avoiding risks and relying on others. They are full of ideals in their work and attempt, but lack of long-term persistence and enthusiasm, while looking forward to stable and secure work with lack of responsibility, and the pursuit of immediate enjoyment and remuneration [7-11]. According to the Global Youth Employment Trends Report released by the International Labour Organization in 2015, the global youth unemployment rate rose rapidly from 2007 to 2010 after the financial crisis, and only fell to 13% in recent years to reach a stable level. The trend is still higher than the 11% level before the 2007 financial crisis. The report pointed out that due to the stagnation of growth dysfunction in developed countries, the overall society is unable to provide suitable job opportunities, with skill mismatch and overqualified employment issues are becoming more common. The predicament of the millennial employment market, as well as the openness and transparency of environmental information, is full of dissatisfaction with the current situation of the environment, society and economy. It also indirectly leads to conflicts between labor and capital in the working environment and generations. Nayar [12] pointed out that making good use of the new generation of information network capabilities is one of the feasible ways for companies to face rapid changes in this digital age. Nayar [12] believed that supervisors should give new generations of employees sufficient trust and empower them to freely control the resources. Investing in appropriate activities allows the employees to implement their own ideas and practical operations, thus motivating new generations of employees to work.

2.3 Digital Age and Enterprise Transformation

Porter [13] proposed a competitive mode of strategic tools to architect the forces that influence the position of industrial strategy. However, in the era of digital economic, the definition of industry is increasingly difficult to materialize. For example, in the industry of digital community platforms, it is difficult to simply define who is the supplier, consumer, potential competitor and substitute

in the industry. And even the industry's own boundaries and internal competitors are difficult to clarify. The fixed boundaries of the industry have been broken, replaced by what we call the ecosystem model. This model uses the advantages of digital sharing to create a huge structure among platforms, services, users and other enterprises. In the strategic thinking of the company, McGrath [14] believed that companies must have arena thinking, no longer look at the competition in a single industry, but extensively search for possible potential competitors by customer segmentation and products. At the same time, enterprises must promote systematic innovation and restructuring, treat the business units of different life cycle stages equally with product portfolios, and strategically adjust resource allocation to invest in a diverse range of innovative businesses and plan to phase out the old ones. In strategic planning, enterprises must shift from long-term single planning in the old era to continuous experimentation and learning. However, in order to establish the digital competitiveness of enterprises, in addition to the strategic thinking, it also needs long-term high-level vision and leadership to support. Google in the digital world is using this innovative model to build a huge ecosystem in the virtual cloud. Google's innovative ecosystem is powered by digital service users, digital content providers, advertisers and businesses, as well as third-party innovation. The service provider and Google's service platform itself [15] run in an innovative ecosystem, through the interaction of various ethnic groups and the exchange of roles. The ecosystem itself, like a living organism, will gradually grow and expand, and continue to interact with the external environment. Because the speed of change in the external environment is very fast, companies that want to succeed in digital era must be good at change and adjustment, and use innovation to continuously explore new directions in the ongoing chaos. Iyer & Davenport [15] believed that the key to Google's continued innovation is in addition to organizational structure and strategy, and more importantly, the Google's innovative culture DNA, which divides Google's corporate culture into 4 key points in its research: (1). work with innovation as an ingredient: management staff spends 20% of their time on innovation; (2). eliminate friction at every turn: establish audits and formal processes to eliminate unnecessary innovation barriers; (3). let the market choose the products: replace long-term product goal planning with experimental testing; (4). don't be afraid of failure and appreciate chaos: let various ideas collide in chaos, accept risks and encourage meaningful failure. Promoting the digital transformation of enterprises is not a simple project. Large and traditional enterprises must abandon their past burdens, embrace new thinking and practices, and rebuild enterprises through new generations of employees in a feasible way.

2.4 Corporate Entrepreneurship

Corporate entrepreneurship is an evolving area of research and there is no universally acceptable definition [16]. Morris et al. [17] defined corporate entrepreneurship as the

integration of corporate venturing and strategic entrepreneurship. Corporate entrepreneurship refers to entrepreneurial activities, such as innovation, venturing, and strategic renewal, within the existing firms [18]. Zahra [18] also divided corporate entrepreneurship into three components: innovation, venturing, and strategic renewal. Innovation refers to a company's commitment to creating and introducing products, production processes, and organizational systems. Venturing means that the firm will enter new businesses by expanding operations in the existing or new markets. Last, strategic renewal concerns revitalizing the company's operations by changing its business scope, competitive approach, or both [18]. Ferreira [19] pointed that the environment plays a profound role in influencing corporate entrepreneurship whereas there is a consensus that the external environment is an important antecedent of corporate entrepreneurship. Christensen [20] divided corporate entrepreneurship into 4 perspectives: corporate venturing, internal resources, internationalization and external networks. Sakhdari [21] reviewed 106 literatures and proposed that there are 5 missing links related to corporate entrepreneurship and the potential underlying theories. The 5 missing links are the need for more capability-oriented models, social models, contextualization, process models, and individual-level research.

2.5 The Use of Internal Entrepreneurial Mechanisms to Build Digital Competitiveness

Digital natives have completely different views of the world. They use information technology, social platforms, software tools, social networking sites, smart phones, a wide range of applications and a wealth of information, to access information and perform tasks. Those skills, which are parts of the growth of several generations, is a culture they are born with. Therefore, it may be feasible to use the new generation to help companies build digital competitiveness. A well-known 3C retail channel in Taiwan few years ago began to promote a breeding mechanism for entrepreneurial talents. They recruit young people who want to start a business from inside and outside the company to enter various positions, and with the various abilities and ideas, these people can improve the company's business environment. At the same time, this channel also provide the necessary training and management stage for these innovative young people, accumulate their experience, contact the customers and improve business plans in the process of breeding. After completing the two years of development at the shortest, these young people can propose their own entrepreneurial ideas, and the company provide the necessary investment and support to create a new business unit, which is a management model that use the new generation digital capabilities to create new business markets.

Internal entrepreneurship can be divided into 3 parts according to [22], which are (1) the leading units of the company; (2) the promotion of internal entrepreneurs; and

(3) the leadership of employees. Pinchot [23] defined internal entrepreneurship as the entrepreneurial spirit within the company. When an individual confirms that an organization needs innovation to achieve the change, the individual will promote his or her creativity within the organization and develop the idea into a profitable entity. Therefore, internal entrepreneurship should refer to the rise of new business within the enterprise, rather than the expansion of existing product lines, business units, or business functions. This new concept is proposed by employees rather than by the operators [24]. Compared with the other hills, which is the self-reliant entrepreneurial approach, the advantages of internal entrepreneurship in the use of resources, equipments, talents and other aspects of the resources, are obvious. Because entrepreneurs are very familiar with the corporate environment, there is generally no capital, management and marketing network when starting a business. In other aspects, entrepreneurs can concentrate on the development and expansion of new market areas. At the same time, because the entrepreneurial environment provided by the enterprise is relatively loose, even if the entrepreneurs fail, they have to bear a much smaller responsibility, which greatly reduces their psychological burden, and the chance of relative success is much greater. On the other hand, establishing an internal entrepreneurial mechanism of a company does not only satisfy the successful sense of achievement of elite employees at a higher level, but also retains excellent talents, and at the same time helps enterprises adopt various business methods to expand market areas and save cost to continue the development cycle of the enterprise.

3 RESEARCH METHOD

3.1 Research Questions

According to previous literature review and research purpose, the present study raises 3 questions as shown below:

1. Enterprises face the low birth rate and generational difference. What talent management issues will be faced in the future?
2. How do companies conduct cross-generational management, inherit experience, update and continue corporate culture?
3. How can enterprises construct a built-in mechanism with the talent management model in digital age, innovation and strengthened competitiveness?

3.2 Talent Management Model

The present study believes that in the face of the impact of digital technology and market, there are two key to success in the enterprise transformation strategies: internal entrepreneurial mechanism and cross-generation talent management, especially in the case of Taiwan's declining

birthage and serious talent gap. These two strategies are the key to creating business competitive advantage in the future. Figure 1 shows the concept of talent management model of the present study.

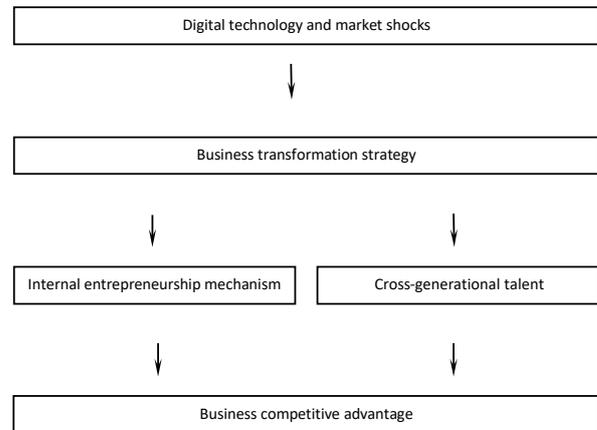


Fig. 1. The concept of talent management model

This research will study the organizational structure and institutional methods as well as the organized information from the database. The research scope covers enterprises in different industries including manufacturing and service sectors, focusing on the development of research framework to construct the talent management model. Then it is expected to collect at least 30 companies as samples, conduct in-depth interviews with high-level managers of enterprises. We will conduct the reviews of enterprises and the management system for the issues of enterprise talents, cross-generational employee management, and internal entrepreneurial systems. Qualitative analysis will be employed to construct the findings and conclusions.

4. EXPECTED CONTRIBUTION

This study is expected to find out the development model of Taiwan's corporate transformation through practical interviews with high-level managers of enterprises. The present study believes that in the face of the impact of digital era, coupled with the talent gap caused by Taiwan's minority and generation differences. We must adjust the culture of the company by establishing the appropriate cross-generation management modules, as well as being brave in trying and innovating. The power of human beings to promote internal entrepreneurship, in addition to strengthening the talents of enterprises and employees, can create new possibilities for the future.

The main expected contribution of this research is to construct a concept of talent management model through the applied cross-generation talent management module and internal entrepreneurial mechanism. In the process of providing Taiwan enterprises with future transformation, they can have a set of guidelines to strengthen the competitiveness of enterprises and achieve the goal of sustainable development.

5. CONCLUSION

The present study proposed a talent management model in digital age which provide a new idea for business to develop useful strategic internal entrepreneurial mechanism. The present study started from the problem of human-powered faults and generational alternation that occurred in Taiwan, and then argued about the strategic internal entrepreneurial mechanism, which is the management mechanism that can retain talents and create new opportunities. Business leaders should also adjust their leadership styles, strengthen the cooperation among different generations of employees in the organization, in order to inherit valuable knowledge and experience, as well as to achieve sustainable business in response to the challenges in digital age.

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