

**EXECUTIVE REPORT**

**2020/21**

# **How we belong**

**A qualitative study of 19  
journeys to talent recruitment  
and beyond**

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# THESIS SUMMARY

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By 2022, there will be a skill shortage of 70.000 workers in IT and Engineering within ICT industries and other related roles[1] in Sweden. Hence, this thesis is relevant for the municipality since the rise of skills shortage has limited business growth in the region. Over the years various measures have been suggested to reduce this skill shortage, such as higher education efforts to train more students in the required skills for the labour market, attracting and retaining more international talent or offering lifelong learning to current workers and available talent. Overall, the focus of this study is the identification of a talent mismatch between available talent and on-demand jobs from companies. This creates labour-market inefficiencies and leads to untapped opportunities[2] that could be utilised by the digital sector, which has a high demand for skilled talent. However, the responsibility to fill this gap is not only laying on the government and the individuals (talent) but also at the companies.

One way to understand this mismatch is to see it as an absorptive capacity problem. Meaning the ability of a firm to recognise the value of new external information, assimilate this information, and apply it to commercial ends[3]. By understanding these processes viewed from the firm's absorptive capacity, our thesis explored; 1) what the characterises of positive or negative recruitment and retention processes are, and 2) what mechanisms encourage diversity absorption in the firms when international talent pools are considered to supply the labour demand. To understand this labour mismatch, this study investigated the attraction, recruitment, development, and retention of talent within companies in the digital sector in Linköping and the overarching Linköping Science Park. All of this has been done through 19 qualitative interviews that describe this process in detail and, through a multiple perspective narrative, helped us to understand the recruitment journey from available talent to becoming employees that will remain with the firm.

[1] East-Sweden. (2019). Talang rapporten. East-Sweden.

[2] Liu, C. (2021). Why Do Firms Fail to Engage Diversity? *Organization Science*, 1, 1-17.

[3] Cohen, W., & Levinthal, D. (1990). Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 35(1), 128-152.

For this reason, the results are considered as an aid to better explain the underlying reasons for this talent mismatch and possible ways to improve the labour attraction and recruitment gap. Our thesis results conclude that creating "the feeling of belonging" to an organisation, whether if it is a region, city or firm is vital to have the desired match between talent and companies. Therefore, one way to solve the mismatch for the Swedish ICT companies is by widening their scope during the talent attraction phase and intensifying their search through new talent networks. We noticed that start-ups and scale-ups are too much focused on their networks which limits their scope. Secondly, to prepare the top management team and the entire organisation for diversity through best practices and further education on diversity. This includes being willing to understand different mindsets, high resilience to solve potential conflicts at any given time and including a diversity strategy aligned with the company's overall goals. Lastly, to understand when diversity is convenient or not for the organisation. Not all organisations at all stages are adequate for a diverse team. Homogenous teams can work faster and efficiently without having a long adaptation process as a diverse team needs[4]. Therefore, understanding the needs of the organisation and the advantages and disadvantages of diversity is the main criteria to know if a firm is ready for a diverse team that can benefit the company or not, based on the diversity readiness of the firm.

[4] Alavi, M., Kayworth, T. R., & Leidner, D. E. (2005). An Empirical Examination of the Influence of Organizational Culture on Knowledge Management Practices. *Journal of Management Information Systems*, 22(3), 191-224.

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# 01.

## The mismatch: Research question and study scope

**Research problem:** There is a mismatch between available talent and job offers in Sweden. The digital sector has been limited by the skill shortage within Engineering and Computer Science professionals among other roles[5]. However, the percentage of alternative talent pools such as international talent or foreign-born talent in Sweden is rather low, even with this high demand of requested talent[6].

**Study scope:** This research has been conducted with aid of Linköping Science Park. The companies selected were directly linked with the Science Park and are in the Linköping area. The companies are involved with software development and high-tech innovation. On the other hand, the available talent represented in highly skilled students and workers are directly linked with Linköping's University.

### Research question:

- **Why is there a mismatch between available talent and firms?**

In order to address this issue, two research questions have been formulated:

1. What characterises the positive or negative recruitment and retention processes of the talent and why?
2. What mechanisms encourage diversity absorption in the firms?

**Theoretical background:** The research problem is viewed from an absorptive capacity perspective. Considering the acquisition of knowledge as one of the main needs to develop a competitive advantage in knowledge-based firms[7]. Furthermore, the digital sector and organisations depend on the acquisition and development of new knowledge to stay relevant in the market and industry[8].

[5] Von Essen, F. (2017). The IT skills shortage. It&Telekomföretagen.

[6] Tillväxtanalys. (2017). The global mobility of skilled workers – lessons for Sweden.

[7] Grant, R. M. (1996a). Toward a Knowledge-Based Theory of the Firm. *Strategic Management Journal*, 17 (Winter Special), 109-122.

[8] Gebauer, H., Worch, H., & Truffer, B. (2012). Absorptive capacity, learning processes and combinative capabilities as determinants of strategic innovation. *European Management Journal*, 30, 57-73.

# 02.

## Knowledge packages: Theoretical framework

### Theoretical models:

#### *Absorptive Capacity Process[9]:*

The different stages and factors that an organisation goes through to acquire new knowledge from a theoretical perspective.

#### *Talent lifecycle[10]:*

The different components as a dynamic process where the definition of the required human capital is defined, selected, onboard, develop or exited.

#### *Employee lifecycle[11]:*

Six stages of the employee process: Attraction, Recruitment, Onboarding, development, and Retention/ Separation.

### New proposed model for this research:

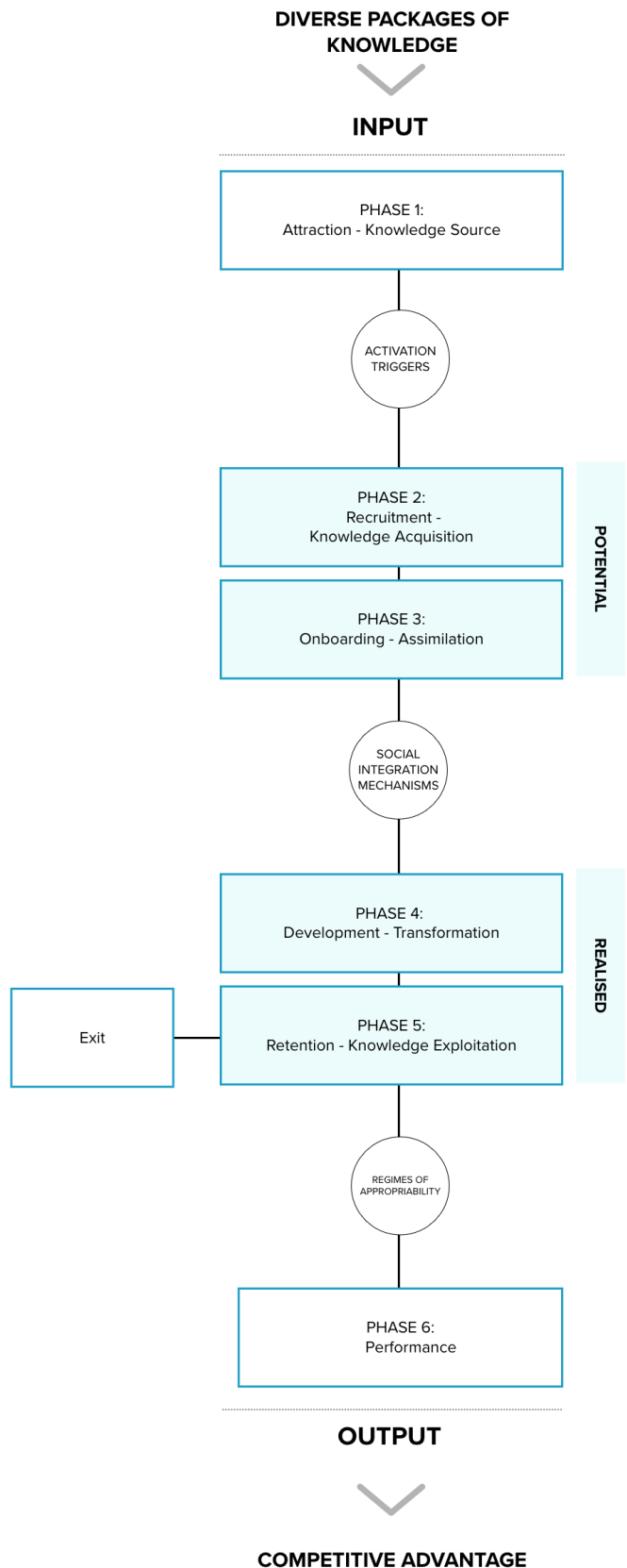
**Absorptive capacity lifecycle:** Based on the previous models, this study integrated the related concepts and factors to identify the knowledge acquisition perspective from a talent lifecycle view.

[9] Zahra, S. A., & George, G. (2002). Absorptive capacity: A review, reconceptualization, and extension. *Academy of Management Review*, 27(2), 185-203.

[10] Thompsen, J. (2010). *Achieving a Triple Win* [E-book]. Routledge.

[11] Cattermole, G. (2019). Developing the employee lifecycle to keep top talent. *Strategic HR Review*, 18(6), 258-262.

### *Absorptive capacity lifecycle model*



# 03.

## Study design and method: Research process

### Study design:

The talent mismatch involved companies and available talent. Therefore, to understand it was necessary to create two research clusters: Companies and Students (Available talent). Then, within these two clusters, some sub-groups were identified. Management, coordinators, and different types of talent/ employees. Based on this setting, the interviews were conducted according to the proposed model, the absorptive capacity lifecycle, to understand the different processes and experiences regarding the talent mismatch.

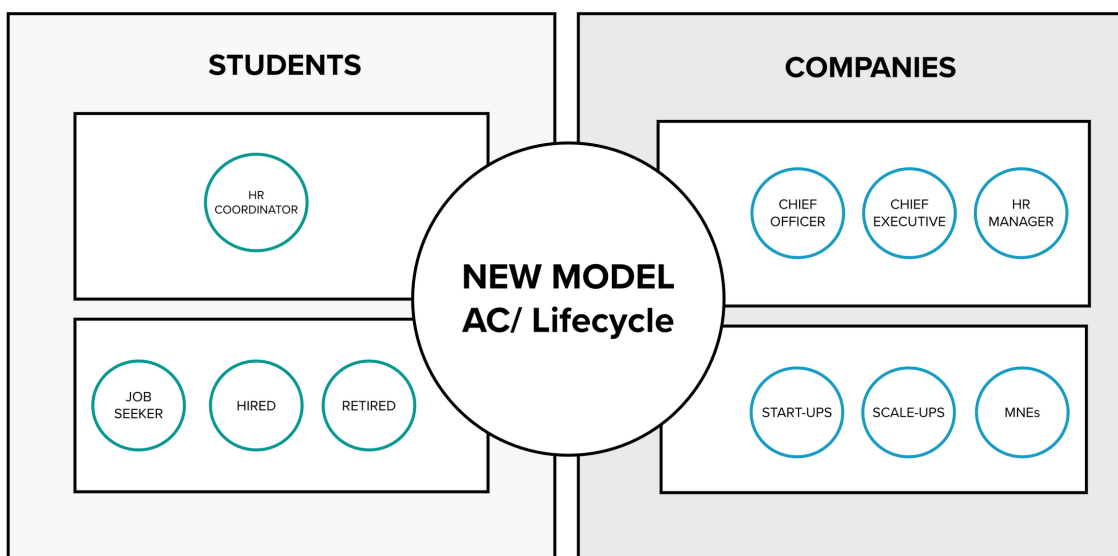
### Research method:

A qualitative inductive approach based on semi-structured interviews. The interviews narrative was codified into categories and overall themes[12].

### Research process and considerations:

Based on this study design 12 interviews were conducted from the companies' cluster. Overall, the participants were CEOs and HR managers. From the student cluster, seven interviews were conducted, considering job seekers, employees and workers that changed jobs. Lastly, four interviews were conducted from a management and coordinator perspective. All participants were diverse in gender, nationality, experience, and disciplinary background. Considering the companies and students cluster, in total 19 interviews were conducted.

Study design



[12] Langley, A. (1999). Strategies for Theorizing from Process Data. The Academy of Management Review, 24(4), 691-710.

# 04.

## Stories as paradoxical data: Study results

### Overall results:

The companies and students' clusters have very different perspectives and considerations when it comes to the talent lifecycle and general process. The interests, priorities and experiences registered, reflect different needs and priorities within the talent and knowledge processes.

### Companies' stories:

The main identified themes were the need for culture fitness to fit in fast in the team, reduce risks when it comes to hiring talent and a general sense of working as one coordinated team. Therefore, homogenous talent in the firms is common when it comes to the general background and disciplines of the employees.

### Students' stories:

The identified themes reflected on barriers and needs are mainly the Swedish language proficiency, the general job satisfaction and meaningful purpose in the role at the organisation, and a sense of belonging to the team. Feeling valued, understood, and appreciated is highly relevant to stay in the same company.

### Management and coordinators stories:

The need to attract more qualified talent is clear from a management perspective. This is stated by the companies and the Linköping Science Park representatives. Therefore, to attract new talent a general sense to be more open-minded and consider alternative talent pools and stimulate more diversity, in general, is clearly stated.

### Main insights:

The themes identified in this research based on the saturated codes from the interviews are:

Culture fit

Risk aversion

Homogenous teams

Language barriers

Purpose

Sense of belonging

Talent attraction

Open mind



# 05.

## Analysis: From diverse packages of knowledge to competitive advantage

### **Organisational phase on the absorptive capacity process:**

The organizational lifecycle from start-up to a multinational organization has different talent needs and management processes. Therefore, the overall results and priorities change regarding talent acquisition and development. In young firms, teams are rather small and need to multitask and be cohesive. In larger organisations, knowledge sharing, diverse teams that understand different markets and customers are highly necessary.

### **Diversity mechanisms in the absorptive capacity process:**

Considering basic requirements such as migration policies, international-focused marketing to attract talent and more sophisticated processes such as, HR adapted to diverse cultures and a well-integrated and diverse team are essential mechanisms for diversity-ready firms.

### **Positive mechanisms:**

These are the identified indicators for a long-lasting match between talent and organisations. Top management needs to know how to manage diverse teams. Talent recruitment is based on skills and a common purpose of the firm and applicant. There is a trade-off between local and international culture and there are diverse types of employees in the organisation.

### **Negative mechanisms:**

There is a lack of indicators to acquire diverse knowledge and talent. An example are missing processes to manage diverse teams and knowledge. There is not a common language in the firm and teams are divided into formal and informal circumstances.

## **The feeling of belonging in organisations:**

The stories show that the sense of belonging was critical to stay in the long-term in an organisation. Companies neglect the need to feel included and that if workers feel like they belong, companies reap substantial bottom-line benefits: better job performance, lower turnover risk, and fewer sick days[13]. Part of the problem is that “diversity” and “inclusion” are so often lumped together. Vernā Myers, who is a well-known diversity advocate, describes this problem as “Diversity is being invited to the party. Inclusion is being asked to dance”[14].

Furthermore, four levers drive inclusion[15]:

- (1) inclusive leaders**
- (2) authenticity**
- (3) networking and visibility**
- (4) clear career paths**

Inclusive leaders are a conglomeration of six distinct behaviours;

- (1) ensuring that team members are speaking up and are being heard**
- (2) making it safe to propose novel ideas**
- (3) empowering team members to make decisions**
- (4) taking advice and implementing feedback**
- (5) giving actionable feedback**
- (6) sharing credit for team success**

[13] Carr, E. W., Reece, A., Kellerman, G. R., & Robichaux, A. (2019). The Value of Belonging at Work. Harvard Business Review.

[14] Myers, V. (2014). How to overcome our biases? Walk boldly toward them TEDxBeaconStreet; TED.

[15] Sherbin, L., & Rahid, R. (2017). Diversity doesn't stick without inclusion. Harvard Business Review.

# 06.

## Conclusions

*Being part of the team and having a clear sense of purpose in the organisation keeps talent attracted, developed, and retained in an effective way in organisations. How we belong to a team or organisation, for who we are as individuals who contribute meaningfully and develop skills and a sense of fulfilment, is the main answer to a long-term match between talent and organisations. However, national, cultural, and personality differences can create innovative ideas, solutions, and conflict. This is why knowing how to manage a multicultural and multidisciplinary team is the first step to be ready to integrate international talent in any organisation.*

### 01

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#### How we belong

The thesis confirms that most of the identified issues that create a mismatch are related to communication, relationship development, and interactions among talent, managers, and the organisation in general. However, after complying with the indicators to be an organisation ready for diversity, the long-term match of positive employee retention can be defined as group identification. Therefore, no matter the background and differences among the team, the feeling of belonging to the organisation and the long-term relations created around it is the outcome of the positive absorptive capacity process reflected in the absorptive capacity lifecycle model.

### 02

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#### Theoretical contribution

This master's thesis has contributed to the theory in two ways:

1. It has identified what mechanisms encourage diversity absorption in the firms. Thus, being the first to provide an insight into how diversity influences either positive or negatively the absorptive capacity process in organisations.
2. This master's thesis is the first that connects the employee/talent lifecycle towards the acquisition, assimilation, transformation, and exploitation steps from the absorptive capacity process. Thus, proposes a new combined model.

## Implications for practice:

### Is a mismatch, really a mismatch?

This master thesis states that practical implications are first, by proving that one way to solve the mismatch for the Swedish ICT companies is by widening their scope during the talent attraction phase and intensifying their search through new talent networks. Based on the results, start-ups and scale-ups are too much focused on their network, limiting their scope. Secondly, to prepare the top management team and the entire organisation for diversity through best practices. This includes being willing to understand different mindsets, high resilience to solve potential conflicts at any given time and including a diversity strategy aligned with the company's overall goals. Lastly, to understand when diversity is convenient or not for the organisation. Not all organisations at all stages are adequate for a diverse team. Homogenous teams can work faster and efficiently without having a long adaptation process as a diverse team needs. Therefore, understanding the needs of the organisation and the advantages and disadvantages of diversity is the main criteria to know if a firm is ready for a diverse team or not.

# 07.

## Recommendations LSP

### How to increase the sense of belonging from an organisational perspective?

1. Allow a space to create social bonds[16]: Creating a safe space where people can share who they are and interact among each other. Here collaborators can form and maintain lasting, positive, and significant relationships with others.

2. Make everyone feel welcomed, valued, seen and listened: Inclusive teams build a sense of belonging for all members, elevate a high-trust culture by encouraging members to share experiences, non-traditional views and broadening their own perspective

3. Allow to develop informal connections: Micro-interactions and informal events help to share knowledge and establish a sense of community and expand current networks.

[16] EY. (2017). Creating a strong sense of belonging for all.

### How can this be done?

A suggested idea is to create an Afterwork among all organisations in LSP periodically. Then, different activities to generate social bonds in a safe space could be made.

#### Example of activities:

- **Language café:**

Here different collaborators from the firms linked to LSP can practice different languages. Also, a cultural trade-off in an informal environment could serve as a learning process from different backgrounds.

- **Book club:**

A match of interests in different literature and topics could be made to make connections between like-minded people outside the workplace.

- **Walk-n-talk:**

One or twice a week a walk-n-talk activity could be made after lunch or work in the afternoon to meet new people, practice Swedish or take a break.

- **Other leisure activities proposed:**

Board game evening, Pin-pong contest, etc. are examples of activities that can be proposed by the collaborators related to LSP.

# Acknowledgements

First of all, we would like to thank all our interviewees.

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## Authors

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