

# 02

## The market of talents in Scandinavian countries

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### Summary

Scandinavian countries have the common feature of being organized as horizontal and group-oriented societies. These strong cultural traits do however call into question the capacity and willingness of these societies to develop policies and practices that emphasize individual merits and talents.

This chapter is about exploring whether it is possible to create an efficient and dynamic market of talents without undermining this cultural feature, often seen as the root cause of Scandinavia's long-lasting economic prosperity.

As we examine the story of Nova 100, we will enter a new world of business top talent identification, and will see how this creative enterprise has succeeded in matching the demands of the horizontal society with those of the current war for talent in Scandinavian markets.

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## Introduction

The very notion of "Scandinavia", just like that of "North America" or "South-East Asia", is as much an artificial construction of the mind as an objective reality: if the Scandinavian peninsula (which encompasses Sweden and Norway, but excludes Denmark, which belongs to the European landmass) is a geographical fact, it is definitely risky to tell a Norwegian that you don't see any difference between their country's culture and that of neighbouring Sweden! The same could be applied, if I am not mistaken, to Canada and the USA or to South-East Asian countries.

Still, though they differ in many ways, Scandinavian countries' do have, for the external observer, strong patterns in common when it comes to the way they have organized and shaped their economies, their social systems and their markets. At the core of their common heritage you find societies built on *horizontality* and *group orientation*. In these societies, which, as we will see below, strongly value group cohesion, all are welcome to develop their individual talents and make fair use of them ... as long as they keep their heads down and stay within the group.

These unwritten but very deeply ingrained values do strongly influence the way business people in Scandinavia think, take decisions

and, of course, relate to the issue of talent identification and talent recognition. In essence, developing policies to locate, attract and develop talent is about differentiating between people and individual merits, which is rather foreign to the Scandinavian way of thinking. This cultural background also sets limits to what's OK and what's not OK in the strategies that professionals may develop on the talent battlefield.

The question – and the dilemma – for players in the “market of talent” in Scandinavia is whether they have to abandon their long-praised values of group cohesion, which have strongly contributed to the performance of their economic model for so many decades, in order to win the war for talent.

In our case study, we will see how an innovative enterprise, which focused its efforts on locating young talents, succeeded in addressing this dilemma creatively and contributed to the shaping of a marketplace allowing genuine Scandinavian top business talents-to-be to emerge.

## Searching for young talents in horizontal societies

In their search for young talents Scandinavian companies usually go through the same procedures as any other company in the world: they build trainee programmes, post job ads in various physical or virtual media or participate in university fairs, where they get the opportunity to present themselves to the students. Though these procedures have a real value their limit lies in the fact that their results are largely dependent on the experience and field knowledge of the talent managers who design and implement them. In their search for young talents, however, at the end of the day HR professionals have to take for granted that young talents validated as such by the academic system will prove to be business talents as well. In a nutshell, the implicit rule is that recruiting top students coming from high-end universities is the safest way to enrich your corporate “stock” of talents.

In Scandinavia this rather universal approach is historically made more difficult owing to specific cultural traits which I defined earlier, *horizontality*<sup>2</sup> and *group orientation*. Horizontal societies, as stated by Laurence Friedman (1999), can be opposed to pyramid-shaped ones in the sense that they strongly resent any kind of overt expression of status, rank or hierarchical difference between the members of the society. In a sense they consider that the achievement of democracy necessitates fighting all kinds of difference, manifest or hidden, that may prevent anyone from realizing himself. In that sense, Scandinavian societies have much in common with the American one. But in Nordic countries, this drive for democracy as a means of individual self-realization is taking place in the context of a *group-oriented culture* (while the American culture is deeply individualistic). As a consequence, Scandinavians are encouraged to put the *group* before the *individual*, considering that “a chain is only as strong as its weakest link”.

These traits have long been praised as contributing strongly to the success of Scandinavian economies. The issue for us is to understand to what extent they have affected business practices and HR policies.

In a nutshell it could be said that Scandinavian corporations don't value lonesome heroes and do not recognize them either. The differences between the highest- and lowest-paid employees in terms of the distribution of salaries within an organization are definitely among the lowest in the industrial world. For the market of talents and the search for gifted young professionals one consequence, for example, is that there is no official ranking of universities. Another is that students have not learned to brag about their results and special gifts. Quite the contrary. During their entire school career, from kindergarten to graduate school, they have learned that performance is a product of social cohesion and teamwork, rather than individual excellence and personal strategies, which have to be downplayed. To summarize, when you're a Swede, a Dane or a Norwegian, and you enter the job market, you have learned to pay

tribute to the *Jante laws*,<sup>3</sup> which remind you that it's OK to be good, but definitely not well received to pretend to be better than others.

## The Nova concept: building a network of "budding stars"

In the mid-1990s, Sweden was just recovering from a dramatic economic downturn that had instilled some doubts about the efficiency of its economic and social model. Unemployment had skyrocketed for the first time in the country's modern history, productivity was low and businesses were establishing themselves abroad. People were starting to wonder whether the social democratic society had lost its spirit and had gone too far in deterring individual initiative.

In this context a group of students from Stockholm decided to develop a *network of talented students*. The idea emerged as a consequence of the fact that there was nowhere for ambitious and dynamic final-year students to be exposed to challenging business projects and show themselves to interested employers. The immediate success of the network, along with the growing interest of local employers, rapidly transformed the network concept into an entrepreneurial idea, which started to professionalize its approach in order to be able to offer a new breed of services to Scandinavian recruiters.

Among the early issues that Nova – as the network called itself – had to address were definition, identification and access to "business top talent".

Nova founders started with the philosophy that business talent has its specifics and represents only a fraction of the talent that can be found in society as a whole. The business world has its own constraints and rules that differ from, for instance, the world of arts or academia. To begin with, Nova founders considered that academic excellence was by no means a passport to business excellence, even if it was certainly an element of it. They eventually came up with

a three-dimensional matrix making it possible to assess students according to their AQ (Academic Quotient), BQ (Business Quotient) and EQ (Emotional Quotient).

AQ refers to disciplines and grades that appear on the student's CV. In the Nova frame of reference, academic achievements are there to show that the professionals-to-be can articulate their more essential inner resources (manifested, as we will see, by their BQ and EQ) in the rational language of business culture. In other words they show that they have learned to build bridges between the encrypted language spoken instinctively by their heart and guts and the formal language of the mind.

So, beyond AQ, what Nova people are looking at when they are scanning an applicant are the BQ and the EQ. The BQ, Business Quotient, can be defined by the manifested drive. Drive can have many meanings. For Novas, drive is the quality of character that people "who want to change the world" manifest. They are the ones who, during interviews, do not emphasize what they have already achieved – even when it is impressive – but rather what they are not satisfied with, what they could do better. They are the ones who ask questions, oblige you to be more engaged in the interaction; otherwise they start to get bored. They are, at the end of the day, the hungry ones, eager to make a difference.

But business drive is not an end in itself. If it is not balanced by other qualities, it may turn into unnecessarily aggressive behaviour, leading eventually to early burnout or to endless conflicts with one's environment. That is why the equally valued EQ, the Emotional Quotient, represents the third pillar of the Nova talent framework. Simply put, EQ is about the ability to be nice! If the BQ is instinctive expression, the EQ is the ability to express the intelligence of the heart – the capacity to show compassion and people orientation, the ability to mix and match with others because you recognize and value their perspective and are able to build on it.

At the end of the day, these three dimensions form a system and



are closely interlaced. If one of them is missing, the odds are that an early limit will be reached in the development of business talent.

## Business top talents: less than 1 per cent of an age group

Let's see what came out of this theoretical framework and to what extent it matched the world of "real" students. Nova is actually called *Nova 100*, for its founders had in mind that the business top talent reservoir was 100 people per year in Sweden. In fact, this early figure proved to be a bit too restrictive, and every year 300 new Novas enter the database in Sweden (180 and 150 respectively for Denmark and Norway given their populations).

Even 300 sounded a very limited figure, and I challenged this result and wanted to know more about the methodology that led Nova to it. No complex statistical calculation was presented to me by way of justification, just empirical evidence built on thousands and thousands of interviews with students from all major universities and academic fields (engineering, law, business, pharmacy, etc.) throughout the Nordic world. The reflection given to me to support the policy was the following: if you ask a child to make a list of all the pupils he likes in his school and who are generally considered as nice and friendly, they will probably come up with a third of their schoolmates. Then, if you ask them to pick from this group the ones who are good at launching new things, who express dreams of changing the world, they will probably come up with a much shorter list. Then finally, if you ask them to select among this second group the ones who constantly demonstrate good results at school, they will most probably end up with a very, very short shortlist!

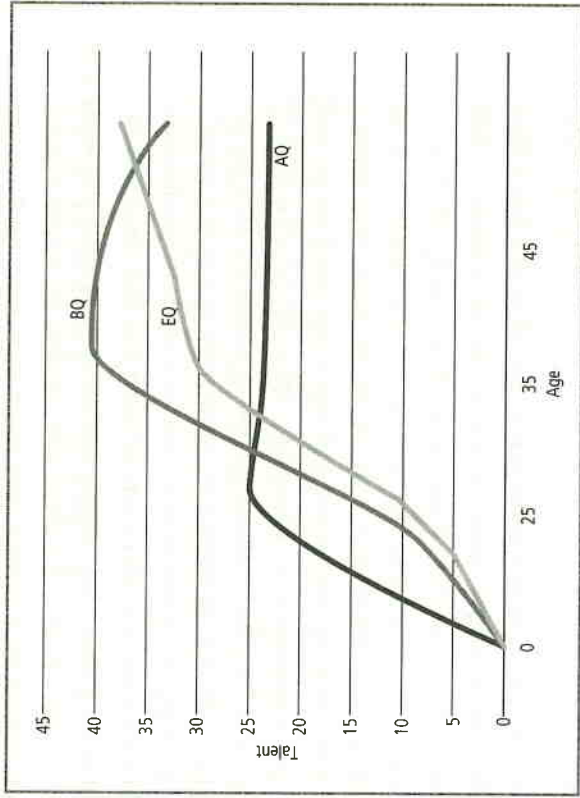
## Preparing for ten years ahead

The common view among HR professionals interviewed is that the decisive battle for talents takes place when professionals are from their mid-thirties to their mid-forties. It's roughly after ten years of experience that the business drive that was detected earlier as a potential talent is able to reach its full capacity and starts becoming a profit engine for companies motivated to manage it. This is the reason why, in Nova's frame of reference, this capacity is at least as important as academic credentials, as university results merely give information about the past achievements of an applicant in a context (the academic world) he is eventually about to leave: the AQ level reached at age 25 provides the future professional with intellectual skills (abstract thinking, analytical capacities, structured reflection) as well as a substantial and supposedly up-to-date cognitive knowledge of the speciality field in which he graduated.

These intellectual skills will accompany professionals throughout their career and support their daily actions and decisions. They will not develop any further, however. They reached a peak during the university years. As for cognitive knowledge, given the speed of technology and economic changes, professionals, if they want to stay at the leading edge of their speciality, will constantly need to update themselves through ongoing professional education and training.

In contrast, the shape of the learning curve is not the same for BQ and EQ. For BQ, the peak is reached when the professional has stored enough experience of business situations and has started to be able to make use of his drive in a more focused way, to the benefit of his own sense of realization as well as to the bottom line of his employer. The same pattern applies to the EQ: the assets that are visible at age 25 are generally a very modest reflection of how they can develop and flourish during the next 10, 20 or 30 years.

**Figure 1** AQ, BQ and EQ life cycle



## The Nova concept: shaping the marketplace for Scandinavian talent

If business talent reaches its peak after a minimum of ten years of experience, why focus on final-year students?

The graduation period represents a unique transition phase during which an entire cohort of future professionals prepare themselves to apply for jobs and positions in companies. For each generation of students, it happens just once, and fairly soon the initial “market of talent” becomes fragmented and starts to follow the internal dynamics of the various industry sectors. For recruitment professionals, be they corporations or headhunters, it becomes also much more costly and demands greater effort to locate talents. Also, the first years of professional activity have a lasting influence on the destiny of young professionals and play an important role in their future trajectories.

In this context, Nova plays the role of a *market maker*, creating platforms where talented final-year students will have the opportunity to meet motivated companies, in a setting that allows both parties to explore whether their dreams, expectations and projects are compatible.

From what has been said up to now, it could be inferred that Nova could be seen as a broad-based “talent store”, providing future business talents to corporations eager to get their hands on them. In fact it does not work like that. The business model of Nova is based on two very distinct sources of revenue. When working with top young professionals (more than two years of professional experience) and senior talents, Nova acts as a direct recruitment agent, searching for profiles in its database and receiving a full fee when the work is done. For top students, however, it works with partner companies which pay an annual fee to participate in events such as career fairs days, designed by Nova, during which they will meet, interact with and eventually recruit the new members of the Nova network who are actively searching for a trainee position or a first job.

Earlier, we underlined the importance of having a clear definition of what a “top” business talent is. The same question applies to employers: how to define a “top” company, i.e. a company that is actually appealing for top talent and is able to attract and retain it? According to a recent survey among the general population of Swedish students, the most attractive companies are, interestingly enough, two retail companies, IKEA and H&M, followed closely by Sony-Ericsson. These companies have in common that they are iconic consumer brands, symbols of a certain Nordic way of life. They appeal because of their products and the values and images their products carry, which people tend to identify themselves with. Most corporations in Scandinavia are not as fortunate and need to make special efforts to demonstrate that they can also be interesting places to work. As one Nova professional says, “When you generally consider that there are about five hundred top companies in Sweden, compared with a market of three thousand top talents

during the peak age of thirty-five to forty-five, that makes about six top talents per company! You then understand what the war for talent means in this country.”

## Platforms for employers to learn about business talents' aspirations

Generally, when employers participate in university fairs their Employer Value Propositions are designed for large, indiscriminate audiences and may lack the specific focus that will appeal to specific target groups, such as top talents. Of course, the population of top talents can in no case be considered a uniform group with the exact same set of values. In fact the interest of the Nova database, as we will see later, is its great diversity. Still, when it comes to how talents project themselves into professional life, they do have things in common which are worth understanding for employers.

The philosophy of the platforms developed by Nova is precisely to allow companies that are “willing to do their homework” to find a context in which they can learn about young talents' aspirations and design sensible and meaningful employer branding policies that go beyond PR and cosmetics. Those settings do allow organizational learning to take place, as they provide both employers and students with a reasonably safe environment in which the eventual conclusion of a deal (a trainee position, a first job) is put in the context of the larger benefit of learning from each other. For talent managers, they represent unique opportunities to feel the emerging tendencies of the talent market as they are immersed in what could be called a “concentration of business talents-to-be”. For Nova members, as many have told me, it is also a unique opportunity for them to get a taste of the various employer cultures and “do their shopping” with much less pressure than when they are engaged in a job interview.

## Genuine business talent versus conservative elitism

The Nova network defends itself against the charge of being elitist. It is not about creating a brotherhood of professionals who consider themselves as special and who look down on those who are not members of the club. Although, as stated earlier, it emerged in the nineties as a reaction against a social democratic ideology that did not seem to be able to respond efficiently to the new challenges that society and business were facing, it remains deeply a product of the Nordic way of thinking.

Its main idea is to give talent, genuine talent, a chance as it digs deeply below the surface of appearances, whether a famous family name or a university label. The three-dimensional frame of reference (i.e. AQ, BQ and EQ) is, to a large extent, beyond cultural codes. In the database, a significant percentage of the members are first-generation Swedes, Danes or Norwegian. They have quest and drive and their belonging to such a network gives them a greater opportunity to access motivated employers, who are themselves ready to look for real talent.

It is also a product of the Nordic way of thinking as it succeeds in reconciling “individual stretching practices” and group cohesion. The philosophy behind creating the “talent network” is entrepreneurial, we might even say Weberian:<sup>4</sup> talent is seen not as a rent for the sole use of the recipient but as an investment to be taken care of for the greater benefit of the talented professional and the business community. Because young talents have received more they have the responsibility to deliver more and do more for the greater common good. Eventually, they will be rewarded for it.

## Conclusion

In concluding this chapter, what I have in my mind is the idea of "blind testing". If you are among the lucky ones who have already had the chance to "blind test" wine, you know that, at the end of the day, it is not only a question of terroirs and appellations. The great products and the ones that will age well in your cellar sometimes do bear recognized labels, sometimes not. Still, in real life, because of a lack of time and resources, you often have to rely on the label to make your selection and trust that it will provide you with the product that actually corresponds to your needs.

The same principle applies in the talent market; you recognize talent when you are exposed to it, as long as you are able to free yourself of preconceived ideas about what it is supposed to be. Traditional "labels" offer a reassurance that is worth making fair use of, but the selection they provide may not entirely fit your own demands and interests. It is eventually the gift of horizontal societies to sort through the debris of tradition and to invite us to look beyond status and formal hierarchies in our search for excellence.

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