



Talent management: Current theories and future research directions



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ARTICLE INFO

Article history:

Available online 4 December 2013

Keywords:

Talent management
Future of talent management
Global talent management
Research methods

ABSTRACT

Research on Talent Management (TM) has been lagging behind businesses in offering vision and leadership in this field. After sketching a comprehensive outline of knowledge about TM, theoretical as well as practical, we introduce the papers in this special issue and their important contributions. This introductory article contributes to filling the knowledge gap by offering a research agenda at multiple levels and in multiple contexts. We also discuss methodological issues in the study of TM, and conclude by identifying several key trends that are now, and will continue to influence the practice and study of TM in the future.

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1. Introduction

Businesses and consulting firms have been driving the practice and discourse on talent management (TM). In contrast, the academic field of TM is characterized by a lack of theoretical frameworks (Lewis & Heckman, 2006; Scullion, Collings, & Caligiuri, 2010). Research on TM has been lagging behind businesses in offering vision and leadership in this field. This paper contributes to filling this knowledge gap by sketching an outline of key theoretical and practical conceptions of TM. It offers important theoretical and methodological avenues that TM researchers might explore in the future.

The topic of TM has gained increasing attention in the last decade. Both companies and institutions have become interested in the concept. Some of these include, for example, McKinsey & Co., the Chartered Institute of Personnel and Development (CIPD), the Society of Human Resource Management (SHRM), Asian and European governments, governments of Arab Gulf countries, among others. To date, research has focused on current organizational practices, but it often lacks a theoretical perspective. Recent reviews have come to the conclusion that the academic field of TM is characterized by a lack of definitions and theoretical frameworks (Lewis & Heckman, 2006; Nijs, Gallardo-Gallardo, Dries, & Sels, this

issue; Meyers & van Woerkom, this issue). In fact, the lack of consistent definitions appears to be the reason why there are at least three different ways of interpreting TM in practice: (1) TM is often used simply as a new term for common HR practices (old wine in new bottles), (2) it can allude to succession-planning practices, or (3) it can refer more generically to the management of talented employees (Lewis & Heckman, 2006). In short, there is neither a uniform understanding of the term “talent management,” nor of its aims and scope. There are, for example, ongoing controversies about whether TM is about managing the talent of all employees (inclusive or strengths-based approach to TM), or whether it is about the talents of high-potential or high-performing employees only (exclusive approach to TM; Iles, Chuai, & Preece, 2010; Iles, Preece, & Chuai, 2010). Furthermore, there is very little focus on how TM could or needs to evolve in the future.

Topics that have been discussed in the literature on TM include, among others, identifying the talent required for international business operations (Tarique & Schuler, 2010); managing top-management talent (Joyce & Slocum, 2012); linking the strategic management of business operations and TM practices (Collings & Mellahi, 2009); and understanding TM in the context of organizational-linkage mechanisms, such as mergers and acquisitions. Studies linking TM to topics such as skilled migration and expatriation, diversity management (Al Ariss & Crowley-Henry, 2013), and managing the various generations of the workforce (Meister & Willyerd, 2010) have also started to appear. A major challenge highlighted in the literature is the failure of organizations to manage the talents of their employees effectively, despite the care taken to recruit that talent. The same applies to countries, in terms of managing their international skilled workforces

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(Turchick-Hakak & Al Ariss, 2013; World Economic Forum, 2011). Having briefly discussed some of the key trends in TM, we now move to understanding the theory and practice of TM.

2. Talent-management theory

The term TM has acquired various meanings that reflect some key HR developments in modern societies. Some of the very early focus was on recruitment, specifically for top-management positions, and the importance of attracting and selecting the most intelligent and capable talent, along with the recognition and evaluation of characteristics indicative of managerial success (Miner, 1973). Over time, however, as the HR field has developed, some more precise definitions have emerged. One of the most common definitions, although admittedly ponderous, is by Collings and Mellahi (2009). They define TM as “activities and processes that involve the systematic identification of key positions that differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high-potential and high-performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents, and to ensure their continued commitment to the organization” (p. 304). The same authors recognize that TM systems should begin by identifying key organizational positions or mission-critical roles. This assumes a willingness to acknowledge the existence of strategic roles within organizations over non-strategic ones. Such an approach assumes that talent pools should be developed from which to fill these positions. Recruitment is therefore managed based on the requirements of the role in question, and it is implemented through a combination of “internal development and external recruitment” (p. 308). The authors emphasize that organizations should aim to cultivate work motivation, organizational commitment, and extra-role performance among employees to achieve the best from their talent and to avoid turnover.

With the internationalization of businesses, a more ‘global’ dimension of TM (i.e. Global Talent Management, or GTM) has emerged. Vaiman, Scullion, and Collings (2012) define GTM as including organizational initiatives that contribute to attracting, selecting, developing, and keeping the best employees in the most important roles worldwide. Stahl et al. (2012) sought to identify GTM principles that should be developed and adopted to best ensure organizational development and success. The authors collected data from 33 multinational corporations headquartered in 11 countries, and examined 18 companies in depth. The authors selected target companies based on their superior business performance and reputations as employers. The authors identified two distinct understandings of TM: the differentiated approach (limited to high-potential employees), and the inclusive approach (available to all employees). As a general conclusion, results suggest that firms avoid simply mimicking the practices of other top-performing companies. Rather each firm should align its TM practices with its strategy and values. For successful GTM, the authors note the following six key principles: (1) alignment with strategy, (2) internal consistency, (3) cultural embeddedness, (4) management involvement, (5) a balance of global and local needs, and (6) employer branding through differentiation.

While the convergence of principles and also practices is evident, it remains essential that firms adopt “best” practices in light of their own particular contexts. “Best practices” are a start, but ultimately each organization must adopt GTM practices that reflect “best fit.” A further point worth noting about GTM is the importance of expatriation. In this regard, Shen and Hall (2009) consider GTM as having to cope with deploying the competencies and managing the talent of expatriate employees anytime and anywhere in the world. No less important, however, is the need to

manage the repatriation process for the benefit of the individual as well as for the organization.

In conclusion, TM theories have been driven by the assumption that maximizing the talents of employees is a source of sustained competitive advantage (Scullion et al., 2010). This has resulted in TM becoming extensively linked to human resource management (HRM) practices in organizations in the hope of increasing business performance (Farndale, Scullion, & Sparrow, 2010). Many multinational enterprises have adopted TM strategies, with medium- and small-size companies being less involved. The way TM is conceptualized, as illustrated, reflects such performance-driven trends. Congruent with Dries and Pepermans (2012), we believe that what constitutes “talent” needs to be agreed upon by line managers, HR managers, and top managers, all of whom might have different perspectives on the sources of competitive advantage for their firms.

3. The practice of talent management

Research shows that firms have some convergent, but also divergent, TM practices (Stahl et al., 2012). A performance-driven vision of TM is very common in TM processes. Early studies on managing people indicated that organizations need to pay greater attention to internal talent, since managerial talent is just as likely to be present in those employees working their way up through the ranks as in managers hired from outside the organization (Miner, 1973). Ready and Conger (2007) explain that companies struggle to fill key strategic roles from within their organizations because of an insufficient pipeline of high-potential employees. Using the example of Procter & Gamble and HSBC, the same authors argue that TM should support the main concerns of the CEOs: “driving performance and creating an effective climate” (p. 71).

This does not mean that companies are successful in managing their internal talent. For instance, Joyce and Slocum (2012) stress that organizations are failing to “capitalize on the opportunity for strategic success that a talented management team can bring” (p. 184), and that the importance of TM is being overlooked. The authors relied on a 200-firm study, drawn from 40 industries over a 10-year time period. The firms varied in size and were both U.S.-based and global in scope. Their article examines what managers can do to manage talent, taking account of the organization’s particular strategic situation, in order to achieve the highest levels of performance. Joyce and Slocum’s (2012) findings show that executives are the key assets of organizations, and that their work to build and sustain talent is critical. Specifically, talent management must be understood in the context of the firm’s strategic capabilities. Joyce and Slocum (2012) identified four critical capabilities: in strategy, structure, culture, and execution. They argued that senior managers should manage talent in light of the strategic needs and opportunities of their firms. Furthermore, an innovative structure will enable firms to operate effectively. Linked to this, a supportive corporate culture will provide employees with a sense of cohesion, and at the same time, deepen their understanding and practice of the norms/ideals of their organization. Finally, executing unique TM processes enables companies to gain a competitive edge, and allows them to meet or exceed their customers’ expectations.

Another key dimension to TM is how employees perceive management practices. Using Psychological-Contract theory as a lens, Hoglund (2012) assessed “employee perceptions of the extent to which talent qualities are rewarded, and the effect of such perceptions on employee-felt obligations to develop skills” (p. 126). Hoglund conducted an exploratory pre-study, comprising 17 face-to-face interviews with heads of HR in Nordic multinational corporations (MNCs) (ten Finnish, two Swedish, and five Norwegian MNCs). The firms employed between 2500 and 60,000

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