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Addressing skills mismatch: Utilizing talent supply chain management to enhance collaboration between companies and talent suppliers

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Abstract   Talent management continues to be a topic of interest for employers who face significant challenges dealing with the uncertainty of the supply and demand of talent in organizations. In particular, employers often speak of a talent gap that exists between the skills possessed by applicants and the skills needed in organizations. Supply chain management (SCM), a field that focuses on matching product supply with consumer demand, offers several concepts and models that could apply to and help resolve issues related to the skills mismatch. In order to address this issue, we base our conceptual development on a theoretical framework used in SCM called the collaborative, planning, forecasting, and replenishment (CPFR) approach. We use this approach to develop a comprehensive model of talent supply chain management (TSCM) that applies concepts related to the field of SCM to managing the development and flow of talent. We further go on to describe how organizations can utilize TSCM to enhance connections with talent suppliers to get their labor demands fulfilled with individuals who have the necessary skills for success.

1. The issue of skills mismatch

Managing talent in today's economy has become an increasingly important issue as employers compete for the best employees and have to accommodate an ever-changing workforce. Although talent man-

agement has generated practitioner interest for quite some time, academic studies of the topic have been sparse (e.g., Collings & Mellahi, 2009; Dries, 2013; Lewis & Heckman, 2006). Recent research has begun to develop the area further, but many questions still remain (Aguinis, Gottfredson, & Joo, 2012; Collings, Scullion, & Vaiman, 2015). Talent management can be defined as "the process through which organizations anticipate and meet their needs for talent" (Cappelli & Keller, 2014, p. 307). Talent management is different from tra-

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ditional human resource activities in that talent management focuses on determining demand and providing supply of employees for organizations (Tarique & Schuler, 2010).

One of the biggest issues in talent management today is a skills gap, or a difficulty in filling jobs due to a lack of talent possessing the skills needed to succeed. Although several reasons have been suggested for why a skills gap exists, one of the primary culprits often blamed for such a lack is the education system. That is not to say that the education system is flawed, but that today's uncertainty and rapidly changing environment makes it difficult for higher education to have knowledge of and to keep up with the specific skills needed in the labor market (Bessen, 2014). Thus, rather than a skills gap problem, the issue really has more to do with a skills mismatch (Cappelli, 2015). One way to resolve this skills mismatch within the talent management process is to ensure that the supply—the incoming workforce—meets the demands and skills requirement of the labor market. We propose that this can be done by taking concepts from supply chain management to provide a more comprehensive approach to managing the flow of talent from suppliers to employers.

Supply chain management (SCM) has traditionally been applied in business settings to help match the supply of products and services with customer demands (Cachon & Terwiesch, 2006). In general, SCM involves managing the flow of product and related information from the materials supplier to the delivery of the finished product to customers. In reality, SCM involves many complex activities and decisions such as coordinating material and parts flow from different suppliers; deciding quantities to be procured and other related inventory decisions; dealing with complex production issues that relate to cost; handling product customizations to meet customer preferences; and managing the quality and logistics of distributing the finished product.

Organizations have indicated that finding a sufficient talent pipeline to fill important positions is one of the greatest challenges they face (Ready & Conger, 2007). A key purpose of talent management is "the development of a talent pool of high potential and high performing incumbents" (Collings & Mellahi, 2009, p. 306). In this article, we utilize a supply chain model and apply it to talent management with regard to managing the flow of talent from talent suppliers to organizations. We specify the major components of a process model that can be used to shape the supply of employees better to meet the demands of employers. Last, we discuss limitations of this approach as well as suggestions for future research. This article contributes to the study and practice of talent management in three ways. First, we build upon relatively new literature (e.g., Cappelli, 2008a) that integrates SCM and talent management. We go beyond this initial literature by indicating how talent supply chain management (TSCM) can be utilized to address skills mismatch issues. Second, we propose a collaborative model for TSCM management (specifically, the CP-TSCM model) that delineates the relationship between employers and talent suppliers. Third, we suggest that contracts can be used as a way to build connections between organizations and talent suppliers. Thus, we offer a model for integrating supply chain and talent management concepts to address the skills mismatch issue and provide an approach for developing an enhanced flow of talent from suppliers to employers.

2. Talent as a resource

Talent management has been described as "one of the most important human capital challenges faced by twenty-first century organizations" (Dries, 2013, p. 272). However, the labor market for talent is characterized by information asymmetry, which has been a topic of discussion among many economists (e.g., Autor, 2001; Baldwin, 1991). In particular, potential workers are not fully informed about the job characteristics and skills in demand, and employers cannot perform an exhaustive screening and evaluation of all applicants in the market pool for their required skills. It has been suggested that the internet could aid in matching employers with employees who have the correct skills (Autor, 2001), but recent evidence from the labor market after the economic downturn of 2008—2009 shows that this has not occurred as high levels of unemployment and unfilled jobs persisted simultaneously. Many employers report a skills mismatch, or an inability to find skilled workers for jobs they want to fill, while job seekers and the educational institutions that train them have little clarity concerning their choices before investing time and money in educational and training programs.

The question of who is responsible for talent acquisition and development has also been challenged in recent years. Although it is typically the responsibility of human resource departments at most large organizations, there has been an increasing need for individuals throughout the organization and even beyond organizational boundaries to take a role in addressing the talent shortages and skills demand in today's economy (Cappelli & Keller, 2014). Companies face cutbacks and lack resources to fully manage and develop