

Applying Talent Management Practices by Management Involvement: A Theoretical Perspective

Sahar J. Fatah

Department of Business Administration, Cihan University-Erbil, Erbil, Kurdistan Region, Iraq

Abstract—Talent management (TM) has become more important due to a growing recognition that it helps to drive corporate performance, even though the exact impact is hard to quantify. This research focuses on the impact of management involvement on nourishment of TM in organizations. The research problem explains the role of management, if any, in improving the TM concept in the organization. This research used a qualitative approach based on secondary data. The data were collected from the previous study literature, textbooks, and scientific journals. The result of this research showed that good TM consists of comprehensive development programs. Furthermore, Chief Executive Officer who maintain a focus on effective TM strategy will find their organizations better prepared for today's challenges and the inevitable but unknown opportunities for the future. This research contributes to filling the knowledge gap by reviewing the impact of senior management on TM.

Keywords—Senior Management, Talent management, Talent management practices.

1. INTRODUCTION

Talent management (TM) is an important, even “imperative” (Barlow, 2006. p. 6), the topic around the world (Berry, 2007; Birschel, 2006; Jenkins, 2006; Powell and Lubitsh, 2007). Likewise, it is prominent in “the world of HR” in the UK (Chartered Institute of Personnel and Development [CIPD], 2006a. p. 1). A sense of this importance and prominence can be seen in the expression “war for talent” that is often connected to TM. With its relative decency and high topicality, there are several if not numerous interpretations of TM as a concept. A key factor in understanding TM is, according to the CIPD (2006b. p. 3), the industry context of industry.

Businesses and consulting firms have been driving the practice and discourse on TM. In contrast, the academic field of TM is characterized by a lack of theoretical frameworks (Lewis and Heckman, 2006; Scullion et al., 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 past decade. Both companies and

institutions have become interested in the concept. Some of these include, for example, McKinsey & Co., the CIPD, the Society of Human Resource Management (HRM), Asian and European governments, and 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 concluded that the academic field of TM is characterized by a lack of definitions and theoretical frameworks (Lewis and Heckman, 2006). 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 and Heckman, 2006). In short, there is neither a uniform understanding of the term “TM” 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; Chuai et al., 2008). Furthermore, there is very little focus on how TM could or needs to evolve through the senior management perspective in the future. Topics that have been discussed in

literature on TM include, among others, identifying the talent required for international business operations (Tarique and Schuler, 2010); managing senior management talent (Joyce and Slocum, 2012); linking the strategic management of business operations and TM practices (Collings and 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 and Crowley-Henry, 2013), and managing the various generations of the workforce (Meister and Willyerd, 2010) have also started to appear. A major challenge highlighted in 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.

A. Problem Statement

When faced with difficult business conditions, many companies are forced into survival mode. Taking a defensive stance, they choose to cut costs by reducing staff. It is understandable that in challenging economic conditions, an organization's leadership may view executive TM as a luxury or a costly distraction. It is precise due to this type of cost-cutting reaction, however, that organizations need to realize that by focusing solely on financial aspects, including the costs of human resources, businesses become distracted from their central objective to profitably satisfy customers. In fact, this goal can only be achieved with trained and motivated employees, who, in turn, are led by a talented, skilled, driven, and influential senior management team. Ensuring that an effective management team is in place is a primary responsibility of an organization's Chief Executive Officer (CEO). Therefore, the research question is what is the role of management in raising the level of talent among their subordinates?

B. Research Objectives

The research aims to aid future research in the area of TM through (1) helping to clarify the conceptual boundaries of TM and (2) providing a theoretical framework, which can help in framing their research efforts in the area. In addition, it should aid managers in engaging with some of the issues they face with regard to TM. This paper thus represents the clarification of a research agenda in the area of TM.

II. CONCEPTUALIZATION

A. 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 (Faragher, 2006). Overtime, however, as the HR field has developed, some more precise definitions

have emerged. Collings and Mellahi (2009, p. 304) defined 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." 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 a turnover. With the internationalization of businesses, a more "global" dimension of TM (i.e., Global TM [GTM]) has emerged. Vaiman et al. (2012) defined GTM as including organizational initiatives that contribute to attracting, selecting, developing, and keeping the best employees in the most important roles worldwide. Vaiman et al. (2012) sought to identify GTM principles that should be developed and adapted to best ensure organizational development and success. The authors collected data from 33 multinational corporations (MNCs) 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) considered 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 HRM practices in organizations in the hope of increasing business performance (Farndale et al., 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 (2008), we believe that what constitutes “talent” needs to be agreed on by line managers, HR managers, and top managers, all of whom might have different perspectives on the sources of competitive advantage for their firms.

B. The Practice of TM

Research shows that firms have some convergent, but also divergent, TM practices (Vaiman 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 presenting those employees working their way up through the ranks as in managers hired from outside the organization (Faragher, 2006). Groves (2007) explained that companies struggle to fill key strategic roles from within their organizations due to an insufficient pipeline of high-potential employees. Using the example of Procter and Gamble and HSBC, the same authors argue that TM should support the main concerns of the CEOs: “Driving performance and creating an effective climate.” This does not mean that companies are successful in managing their internal talent. For instance, Judie and Maher (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 the 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, to achieve the highest levels of performance. Judie and Maher (2012) findings show that executives are the key assets of organizations and that their work to build and sustain talent is critical. Specifically, TM must be understood in the context of the firm’s strategic capabilities. Judie and Maher, (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 enable companies to gain a competitive edge and allow them to meet or exceed their customer’s expectations. Another key dimension to TM is how employees perceive management practices. Using psychological contract theory as a lens,

Dewi et al. (2015) 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.” Dewi conducted an exploratory pre-study, comprising 17 face-to-face interviews with heads of HR in Nordic MNCs (10 Finnish, two Swedish, and five Norwegian MNCs. The firms employed between 2500 and 60,000 employees).

For the main study, data were collected by means of a web survey, using a sample of managers and professionals who were alumni of a Finnish business school. Results showed that managers should honor the psychological contract with employees so as not to breach their trust, fail to meet their expectations, and risk losing valuable workers. Building on this study, we recommend that researchers examine how psychological contract obligations differ among employees who know they are identified as talent, those who know that they are not identified as talent, and those who do not know whether or not they are identified as talent. For more on this, see the papers by Farndale et al. as well as Sonnenberg et al. in this Special Issue. This is but one example of how much research remains to be done and how much remains to be learned about this topic. Based on this discussion, it is essential to understand how the “global” dimension of TM is practiced in organizations. Shen and Hall (2009) suggested that the more connected the employee is to his/her job, coworkers, organization, and community, the more likely he/she is to stay and to seek intraorganizational growth opportunities on completion of an expatriation experience. The same authors propose facilitating repatriation adjustment through a series of actions: Shortening overseas assignments, enhancing the expatriation assessment and career planning process, improving the perceived link with the home organization, and increasing the perceived cost of leaving. To a large extent, these actions can be accomplished by providing developmental support, such as mentoring, coaching, and counseling to the employee, his or her spouse, and children during expatriation and repatriation. The repatriation process can also be enhanced by facilitating home visits, company sponsored networking activities, by providing information through regular company newsletters, and by creating expatriate networks and facilitating communications with back home mentors and colleagues. Research shows that it is essential to ensure that the HR executives responsible for international moves have a full understanding of international assignments. The role of HR in GTM is clearly a crucial element. Vaiman et al. (2012) argued that there is a shift toward increasing the contribution of the HR function by including it in organizational decision-making. To do that, effective decision-making in TM should be tightly linked to the strategy and corporate culture of the firm. An increasing number of academic voices are calling for a shift away from the U.S.-centric focus of TM. In this Kakinuma (2015) turned their attention to the recruitment of talented individuals in foreign markets with a study of Japanese companies in Vietnam. Based on a survey (in Vietnamese) of 326 university students in Vietnam, 31% had a friend or a relative who worked for a Japanese company. The authors selected extrinsic organizational characteristics

such as pay, reputation, and organizational culture to consider the interactive effects among different organizational factors. Personal characteristics considered included work centrality, money orientation, risk aversion, and individualism. Judie and Maher findings show that work-centric, money-oriented, and collectivistic job seekers were more attracted to Japanese companies. These results support the Attraction-Selection-Attrition Framework and Person-Organization Fit theory in an Asian setting. To recruit talent in Vietnam, the authors argue that it is necessary to have a deep understanding of individual dispositional factors. In another study, Iles et al. (2010) and researched TM perspectives and practices in seven MNCs in Beijing. For most companies studied, TM seems to promise new and different approaches to traditional HRM practices. Iles et al. (2010) and Iles et al. (2010) suggested that TM needs to be studied as embedded in its particular social and organizational contexts and we agree. Having reviewed some of the ways that TM is practiced, the following sections introduce the papers in this special issue, as well as offer suggestions for future research on this topic.

C. Executives Lead the Talent Crusade

CEOs seem to be reacting to the talent shortage by prioritizing leadership development. This view was reinforced through recent global research conducted by DDI and the Economist Intelligence Unit on the executive's role in TM. This study uncovered that CEOs are now spending as much as 30% of their time on TM – and looking to HR for support and advice. Therefore, is it not time for HR to move on from trying to prove the business value of building leadership capability and capacity, to finding creative, high-impact ways of involving the CEO in realizing this goal? While DDIs research suggests CEOs relish their role as chief talent officer, many operate in a surprising *ad hoc* fashion. A company's business leaders should reach a consensus on a few fundamental points before moving ahead and HR must instigate discussions around:

- What characterizes successful future leaders across all levels of the business?
- What personal accountabilities will individuals accept for improving talent?
- Are we prepared to differentiate focus and investment in our employees based on their leadership potential?

D. Shaping Strong Future Leaders

It then falls to HR to insist a strategy is created with the CEO (making outcomes easier to measure than a series of isolated initiatives), synchronize the timing, and focus of the people plans with business planning and ensure that the CEO retains personal ownership of the execution. The outcome of a successful TM strategy is developed leaders, ready for bigger jobs, sooner. A CEO's commitment is just the starting point when creating a "learning culture" that prepares people to handle each major transition and career move. The CEO alone can require that all leaders are responsible for unearthing early potential; actively support and track their people's development, are held accountable through the

performance management system for measurable objectives in growing leadership talent, and have incentives to support talent processes. However, it is up to HR to facilitate and formalize each of these components.

E. Setting Clear Standards

DDIs study reveals that, given the opportunity, many CEOs are natural teachers and mentors. They relish talent scouting, getting out in the field and looking for standout performers, but HR must provide clear criteria if a perception of fairness is to be maintained. Likewise, CEO participation in off-site events and learning sessions with future executives sharing knowledge of the business and stories of pivotal points in their own career energizes and helps retain top talent. However, HRs role in "keeping them honest" is critical. HR must ensure that they hone their own coaching skills, prioritizing time to coach their immediate team. HR can mobilize them as mentors for a handful of "stars" from further down the organization.

F. Defining Development Goals

A CEO is uniquely placed to see what's occurring in the business or organizational culture that might represent a development opportunity, but HR needs to help determine the desired outcomes to measure, as well as the organizational support the individual might need for success within their workplace. As one CEO in the report put it, "HR is my consigliere." Their respective skills and perspectives are beautifully complimentary toward the betterment of the organization to archive the possible performance.

III. DISCUSSION

Despite the variety of backgrounds, most senior management share a similar understanding of the importance of TM in identifying and grooming employees at all levels of the company so that they can rise faster up the corporate ladder. TM consists of many elements including performance evaluations to identify potential; psychological testing and assessment centers to determine capability gaps; and training and development programs, relocations, project work, and job experience to accelerate development. However, few of the executives appear to have a strategic approach to TM of the same rigor as other business planning processes. One who does is Martin Beaumont, the CEO of the Co-operative Group, who sets clear targets. The Coop wants to generate about 70% of its promotions from internal candidates; at present, the company uses headhunters to find about 80% of its executives. All of the firms evaluate executives annually or more frequently using scores and documenting the outcomes. CEOs hold follow-up meetings to discuss results and determine what programs and job experience their subordinates need to improve their weaknesses. HR advises on what programming is most appropriate for a range of options including off-site retreats, classroom and internet learning, executive coaching, and formal mentoring. Most of the executives mentor their direct reports and others on

a more informal basis. Good TM promotes people based not only on their performance but also on the manner, in which they have made their mark. “If I have a leader who’s getting results but is damaging the organization because of the way they’ve achieved results that are not okay,” says Mr. Zesbaugh. Moreover, Robert Care, the CEO of Arup Australasia, a division of Arup Group, remarks: “If their (employees’) attitude isn’t strong about the culture, ultimately that will undo you.” TM was traditionally the domain of HR and the role of the CEO and COO was intermittent and distant. Two factors largely account for increased CEO involvement in the past few years: The shift in focus toward intangible assets such as talent and increased board scrutiny in relation to both ethics and performance. Now, it is a strategic necessity for these executives not only to keep abreast of the latest developments in the company’s talent program but also to plot strategy, own associated initiatives, and regularly participate in events related to TM. “The competitive advantage of any company comes from excellent execution,” notes Maarten Hulshoff, the CEO of Rodamco Europe. “The execution of strategy is driven by the behavior of the leaders.” Says Thierry Porte, the CEO of Shinsei Bank in Japan: “Very specifically [my responsibility] is to be working with the senior team in developing their capabilities but also to assist them in coming up with ideas, concepts, procedures, policies to develop their workforce all the way through the organization. It is one of the most important things that I can do.”

IV. CONCLUSION AND RECOMMENDATIONS

Given the high level of interest in the concept of TM over the past decade, it is somewhat paradoxical that it remains relatively poorly defined and lacking in theoretical underpinning. This review of the current body of literature suggests that from a theoretical point of view, the area of TM is in its infancy and a significant degree of theoretical advancement is required. The contribution of this paper is two-fold; to develop a clear and concise definition of strategic TM and proposes a theoretical point of view of strategic TM implementation. In doing so, we draw insights from a number of discreet literature bases. The paper aims to aid future research in the area of TM though (1) helping to clarify the conceptual boundaries of TM and (2) providing a theoretical framework which can help in framing their research efforts in the area. In addition, it should aid managers in engaging with some of the issues they face with regard to TM. This paper thus represents the elucidation of a research agenda in the area of TM. While there have been some useful theoretical contributions to date (Boudreau, and Ramstad, 2007; Cappelli, 2008), heretofore, the theoretical foundations of TM have been relatively sparse. If TM is to gain more mainstream acceptance, then the theoretical foundations which underpin it must be advanced.

Our definition of strategic TM – as activities and processes that involve the systematic identification of key positions which 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 – emphasizes the identification of pivotal positions as the point of departure for strategic TM systems. For an organization to fully exploit the potential of their internal talent, they must first identify those positions within the organization which have the potential to differentially impact on performance. It is only then that the emphasis shifts to filling those positions. In this regard, we argue that the key is the development of a talent pool of high-potential and high-performing employees to fill these pivotal positions. Finally, we point to the requirement to support both of these stages with a differentiated HR architecture to maximize the potential for exploiting the talent pools. We propose that organizations which apply strategic TM systems in this way will achieve improved performance. However, rather than suggest that strategic TM leads directly to these firm-level outcomes, we introduce a number of mediating variables to reflect the significance of attitudes and behaviors of the organization’s talent pool in achieving this outcome. These variables recognize the importance of the talent pool in achieving financial performance. We hope our definition and framework for strategic TM will assist and motivate future researchers on TM. Future research efforts in the area could empirically test the model presented in the current paper. We can conclude that CEOs who maintain a focus on effective TM strategy will find their organizations better prepared for today’s challenges and the inevitable but unknown opportunities for the future.

REFERENCES

- Al Ariss, A., & Crowley-Henry, M. (2013). Self-initiated expatriation and migration in the management literature: Present theorizations and future research directions. *Career Development International*, 18(1), 78-96. doi: 10.1108/13620431311305962.
- Berry, M. (2007). *Talent Management Tops European Challenges List*. Perspective Today, pp. 8. Retrieved from <http://www.comconnection.ebscohost.com/c/article/26274200/talent-management-top-european-challenge-gist>. [Last accessed on 2007 Jun 19].
- Birschel, D. (2006). Critical issues in HR drive: Number 1 is talent management. *Benefits Quarterly*, 22(1), 64.
- Boudreau, J. W., & Ramstad, P. M. (2007). In: Beyond, H. R (Ed.), *The New Science of Human Capital*. Boston: Harvard Business School Press.
- Cappelli, P. (2008). *Talent on Demand: Managing Talent in an Age of Uncertainty*. Boston: Harvard Business School Press.
- Chuai, X., Preece, D., & Iles, P. (2008). Is talent management just old wine in new bottles? The case of multinational companies in Beijing. *Management Research News*, 31(12), 901-911.
- Collings, D., & Mellahi, K. (2009). Strategic talent management: A review and research agenda. *Human Resource Management Review*, 19, 304-313.
- Collings, D. G., Scullion, H., & Vaiman, V. (2012). European perspectives on talent management. *European Journal of International Management*, 5(5), 453-462.

- Collings, D., & Mellahi, K. (2009). Strategic talent management: A review and research agenda. *Human Resource Management Review*, 19, 304-313.
- Dewi, T., Ali, R., & Kamaruddin, B. H. (2015). Developing talent management crisis model for quality life of bank employees in Malaysia. *Procedia Social and Behavioural Sciences*, 201, 80-84.
- Dries, N., & Pepermans, R. (2008). Real high-potential careers: An empirical study into the perspectives of organisations and high potentials. *Personnel Review*, 37(1), 85-108.
- Faragher, J. (2006). *Spotlight on Talent*. *Personnel Today*, pp. 32-3. Retrieved from https://www.personneltoday.com/search_gcse/?q=october%202006. [Last accessed on 2006 Oct 10].
- Farndale, E., Scullion, H., & Sparrow, P. R. (2010). The role of the corporate HR function in global talent management. *Journal of World Business*, 45(2), 161-168. doi: 10.1016/j.jwb.2009.09.012.
- Groves, K. S. (2007). Integrating leadership development and succession planning best practices. *The Journal of Management Development*, 26(3), 239.
- Iles, P., Chuai, X., & Preece, D. (2010). Talent management and HRM in multinational companies in Beijing: Definitions, differences and drivers. *Journal of World Business*, 45(2), 179-189.
- Jenkins, M. (2006). Managing talent is a burning issue in Asia. *Leadership in Action*, 26(5), 20.
- Joyce, W., & John, S. (2012). Top management talent, strategic capabilities, and firm performance. *Organizational Dynamics*, 41, 183-193.
- Judie, M. G., & Maher, A. (2012). Developing tomorrow's talent: The case of an undergraduate mentoring programme. *Education and Training*, 54(6), 440-455.
- Kakinuma, H. (2015). How companies can attract the talented Vietnamese graduates? An experimental-designed investigation. *International Journal of Business and Management*, 10(2), 31-40.
- Lewis, R. E., & Heckman, R. J. (2006). Talent management: A critical review. *Human Resource Management Review*, 16, 139-154.
- Meister, J. C., & Willyerd, K. (2010). Mentoring millennials. *Harvard Business Review*, 88(5), 67-72.
- Powell, M., & Lubitsh, G. (2007). Courage in the face of extraordinary talent. *Strategic HR Review*, 6(5), 24-27.
- Scullion, H., Collings, D. G., & Caligiuri, P. (2010). Global Talent Management. *Journal of World Business*, 45(2), 105-108.
- Shen, F., & Stuart, H. (2009). Agritourism sustainability in rural mountain areas of China: A community perspective. *International Journal of Business and Globalization*, 3(2), 123-143.
- Tarique, I., & Schuler, I. (2010). Global talent management: Literature review, integrative framework, and suggestions for further research. *Journal of World Business*, 45, 1090-9516.
- Vaiman, V., Scullion, H., & Collings, D. G. (2012). Talent management decision making. *Management Decision*, 50(5), 925-941.