



# Talent management in China and India: A comparison of management perceptions and human resource practices



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## ABSTRACT

This study investigates how the concept of talent is understood, what talent management practices are in place, and what talent-management challenges may be confronting firms in China and India through the perspectives of 178 non-HR managers. The study reveals the centrality of materialistic values in the evolving, contemporary employment relationships in the two countries. The findings shed light on the different needs of capacity-building for the HR institutions in each of the two countries, as well as the need to adopt a more particularistic (vs. a universalist) approach to conceptualizing and operationalizing talent management in the international context.

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## 1. Introduction

Talent-management (TM) studies have largely been conducted in the context of developed economies (e.g. Cappelli, 2008, 2009; Jones, Whitaker, Seet, & Parkin, 2012; McDonnell, Hickey, & Gunnigle, 2011; Collings, Scullion, & Vaiman, 2011). While this emerging body of literature has made a significant contribution in advancing our knowledge on TM, both conceptually and empirically, it is very much from a western lens of what has been going on and/or what should be done strategically if firms were to remain competitive in the global economy (e.g. Schuler, Jackson, & Tarique, 2011). Although a small, albeit growing, number of studies have also emerged that investigate TM practices and challenges in different societal contexts (e.g. Bhatnagar, 2007; Iles, Chuai, & Preece, 2010; Wang-Cowham, 2011), few, if any, comparative studies have been conducted systematically to understand how managers in China and India conceptualize the notion of talent and operationalize talent management; and the extent to which these perceptions and practices may be similar or different from those

found in western contexts. This is an important research gap for three main reasons.

First, China and India together make up over one-third of the world's population, both with a large, young workforce that is increasingly well educated and eager to succeed. Second, China and India are two of the largest economies in the world, ranked second and tenth respectively in 2012, and are projected to ascend further (CNN Money, undated). They are not only popular destinations for inward foreign investment, but are also becoming major investing countries in other less-developed countries in Asia and Africa, as well as being emerging investors in developed countries. The capability of TM of Chinese and Indian firms has strong implications for the effective management of human resources to a large proportion of the global workforce and economies. Third, HRM practices in general, and TM more specifically, are heavily influenced by institutional and cultural factors specific to each society. As Paauwe (2004) argues, it is the way standard practices (as defined by legislation and institutional norms) are implemented and the use of additional distinctive practices that give rise to competitive advantage to firms. Whilst China and India have often been mentioned as two major emerging economies that shared many similar (cultural) features, distinctive characteristics between the two nations are often overlooked that underpin the differences in their approaches to TM. Although many of the HR challenges faced by firms in different parts of the world are similar, the (effective) solution to these problems may require context-sensitive interventions. A systematic study of how

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Chinese and Indian managers sensitize the notion of talent and how talent is managed in their organizations will therefore offer a more nuanced and grounded understanding of TM in these countries, with theoretical as well as managerial implications.

In addition, existing studies on TM have often focused on (western) multinational corporations (MNCs) as the locale for investigation (e.g. Hartmann, Feisel, & Schober, 2010; Iles, Preece, & Chuai, 2010; Iles, Chuai, et al., 2010; McDonnell, Lamare, Gunnigle, & Lavelle, 2010; Preece, Iles, & Chuai, 2011). Few studies have investigated how indigenous firms in China and India fare in TM compared with their MNC counterparts. Further, many TM studies have targeted HR practitioners/managers as their key respondents (e.g. Jones et al., 2012; Wang-Cowham, 2011). Whilst these respondents may have a sound understanding of the HR strategy and practice in place, they represent mainly the views of HR professionals/managers, which may diverge from those of the line managers and other employees. Given that line managers are the ones who have the operational responsibility for managing their staff, this is an important research gap. This study aims to fill these research gaps by obtaining the views of non-HR managers who are employed by organizations across industries and ownership forms. Studying the views of these managers is a fruitful undertaking in that they are not only managers who have TM responsibilities, but also mostly likely to have first-hand experience as recipients of TM practices themselves. These experiences may be informative in facilitating respondents to analyze the TM situation in their organization specifically, and in their country more generally.

Drawing on data from a qualitative survey of 110 Indian managers and 68 Chinese managers from various organizations in India and China, this comparative study aims to address the following sets of research questions:

- (1) How do Indian and Chinese managers understand the concept of TM? What policies and practices are in place in their organizations for TM?
- (2) In what ways is TM similar and different between China and India? How can these similarities and differences be accounted for?
- (3) What implications may these findings have in modeling HR institutions in emerging economies such as China and India? And how can we draw on these findings to develop TM theories in a more nuanced way and with greater sensitivity toward local institutions?

## 2. Talent management: existing concepts and perspectives

Within the emerging body of literature on TM in contemporary workplaces in the global economy, a range of perspectives has been canvassed with different foci to 'conceptualize and contextualize talent management' (McDonnell, Collings, & Burgess, 2012, p. 392). Central to the academic debate of TM is the controversy about what TM means in practice. Four main views co-exist (see Lewis & Heckman, 2006; Collings & Mellahi, 2009 for reviews).

The first perspective sees *talent management as a newer fashion of human resource management*. It argues that all employees have talent, which should be harnessed for the organizational good through a range of HRM practices. It is a universalist and inclusive approach to TM. This has been criticized for being undifferentiated and as old wine in the new bottle (e.g. Iles, Chuai, et al., 2010; Iles, Preece, et al., 2010; Lewis & Heckman, 2006).

By contrast, the second approach takes a narrow view, treating *talent management as succession planning*. In this perspective, a key task is to develop 'talent pipelines' to ensure the current and future supply of employee competence, as well as an organization-wide, holistic talent mindset (Lewis & Heckman, 2006). Underlining this

perspective is a long-term and static view that assumes that what is required in the future (i.e. roles and persons for the roles) is known to the organization, and that what the organization needs to do is to plan for it. This perspective has been criticized for failing to take into account business and labor market uncertainties (Cappelli, 2008, 2009). According to Cappelli (2008, 2009), a more effective way of minimizing the effect of uncertainty is to develop a talent pool with broad and generic competencies that can be drawn upon to fill a wide range of roles (see the fourth perspective). This is an important argument for fast-growing emerging economies like China and India.

The third approach sees *talent management as the management of talented employees*. It focuses on only a relatively small proportion of the employees who demonstrate high potential and/or are high performing (e.g. Iles, Chuai, et al., 2010; Iles, Preece, et al., 2010; Michaels, Handfield-Jones, & Beth, 2001). TM in this perspective means identifying who the talent are through pre-defined criteria and then manage them effectively through a set of tightly coupled HRM tools, activities, and processes (Iles, Chuai, et al., 2010; Iles, Preece, et al., 2010). A pitfall of this selective/exclusive approach to TM is that the over-emphasis on individual star performers may create a kind of organizational culture that discourages teamwork and collaborative spirit (Mellahi & Collings, 2010).

The fourth perspective views *talent management as the strategic management of 'pivotal positions'* rather than 'pivotal people' (Collings & Mellahi, 2009). It signals a departure from being people-oriented to being position-oriented, and from a micro focus on certain individuals to a more macro focus on systems (Jones et al., 2012). As Cappelli (2009: 7) argued, a strategic approach to managing talent 'takes as its starting point organizational goals and not human resource targets'. Building on the works of Huselid, Becker and Beatty (2005) and Boudreau and Ramstad (2005), which argued for an increased focus on key positions instead of talented individuals, this perspective of TM focuses on organizational processes and systems for identifying key positions that are strategically important to the organization and filling them with the right personnel through well-developed HR systems and processes (Collings & Mellahi, 2009). These key positions are not confined to managerial roles, and may include functional and technical positions, which may have a significant impact on organizational performance (Collings & Mellahi, 2009). McDonnell et al. (2012) take the perspective further by arguing that TM 'is not just about systems and processes, but what you do with these and how you implement them so that you achieve a talent mindset across the organization'. It is an integrated approach that draws systems, processes and people together.

In spite of their different foci, these four perspectives generally contain a prescriptive flavor that is often found in the strategic management literature. These perspectives are mainly preoccupied at the individual and organizational level without contemplating explicitly the role of national institutions and societal culture in shaping management perceptions of TM and HRM practices.

As a young field, research on TM has been observed as suffering from conceptual ambiguity in that who talented individuals are, what is deemed strategic, and what TM means remain debated (Collings & Mellahi, 2009; Jones et al., 2012; Lewis & Heckman, 2006; McDonnell, 2011; McDonnell et al., 2012). In the practical field, similar confusion seems to exist in that many organizations have been noted for subscribing to the rhetoric of TM without a clear view of who the talent are and how TM should be operationalized in their specific organizational context (e.g. Cappelli, 2009; CIPD, 2007; Iles, Chuai, et al., 2010; PricewaterhouseCoopers, 2011), therefore running the risk of not knowing who the talent are for their organization (McDonnell et al., 2012).

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