The influence of underlying philosophies on talent management: Theory, implications for practice, and research agenda

Maria Christina Meyers [*], Marianne van Woerkom [1]

Tilburg University, Department of Human Resource Studies, Warandelaan 2, P.O. Box 90153, 5000 LE Tilburg, The Netherlands

ABSTRACT

In order to explain how and why talent management can contribute to a firm's sustained competitive advantage, we need to gain insights into the philosophies about talent that underpin talent management. This article introduces four talent philosophies that vary in their perception of talent as (a) rare (exclusive) or universal (inclusive), and (b) stable or developable: the exclusive/stable; exclusive/developable; inclusive/stable; and inclusive/developable talent philosophy. We discuss basic assumptions, talent-management practices, opportunities, and challenges for each of the four philosophies. Based on this discussion, testable propositions for future research are developed.

© 2013 Elsevier Inc. All rights reserved.

1. Introduction

Academics and practitioners agree that talent management continues to be one of the key challenges for organizations worldwide because it can represent a source of sustained competitive advantage in the highly dynamic and volatile market environment of the 21st century (Collings & Mellahi, 2009; Farndale, Scullion, & Sparrow, 2010; PricewaterhouseCoopers, 2012; Schuler, Jackson, & Tarique, 2011). Building on other existing definitions (e.g., Blass, 2007; Tarique & Schuler, 2010), we refer to talent management as the systematic utilization of human resource management (HRM) activities to attract, identify, develop, and retain individuals who are considered to be 'talented' (in practice, this often means the high-potential employees, the strategically important employees, or employees in key positions). Notwithstanding its importance, many organizations struggle to develop and implement effective talent-management programs or practices (Vaiman, Scullion, & Collings, 2012). On that account, scholars have started to look into the factors that impede the effective management of (global) talent. Factors that have been identified as challenges so far include a general shortage of talent—in particular, of international management talent—the fierce global competition for talent; and an insufficient talent supply for businesses in emerging markets such as India and China (Farndale et al., 2010; Kim & McLean, 2012; Mellahi & Collings, 2010; Tarique & Schuler, 2010). We argue, however, that the outcomes of talent management hinge on yet another factor that has been overlooked so far: the underlying talent philosophy defined as the fundamental assumptions and beliefs about the nature, value, and instrumentality of talent that are held by a firm's key decision-makers.

Literature on strategic human resource management (SHRM) has long ago identified underlying philosophies about the nature of human resources as key determinants of the specific shape of HR practices (Becker & Gerhart, 1996). The way in which human resource (HR) practices are shaped, in turn, is a more influential determinant of HR effectiveness than the presence of such practices alone (e.g., Boxall, 2012; Boxall & Macky, 2009). Consequently, given the close connection between talent management and HRM (Collings & Mellahi, 2009), we argue that talent philosophies are an essential, yet so far overlooked factor that impacts the effectiveness of talent management in practice.

Moreover, examining different talent philosophies is necessary because the research field is marked by tensions regarding the nature of talent (Dries, 2013a). The most salient tension concerns the exclusiveness or inclusiveness of talent management. Whereas some scholars believe that only few employees are talented (Becker, Huselid, & Beatty, 2009), others propose that every employee has specific talents that can be productively applied in organizations (e.g., Buckingham & Vosburgh, 2001). A second distinct discussion point refers to the question of whether talent is a stable and enduring trait (Peterson & Seligman, 2004), or a mere potential that can (or even: has to) be developed (Cohn, Khurana, & Reeves, 2005; for a review see Meyers, van Woerkom, & Dries, 2013). Combining these two tensions results in four distinct talent philosophies: exclusive and stable; exclusive and developable; inclusive and stable; inclusive and developable.

* Corresponding author. Tel.: +31 13 466 2388.
E-mail addresses: m.c.meyers@uvt.nl (M.C. Meyers),
m.vanwoerkom@uvt.nl (M. van Woerkom).
[1] Tel.: +31 13 466 2165.

In the following, this article will thoroughly elucidate the four philosophies that have just been instanced and will derive testable propositions for future research. It thereby represents a valuable contribution to theory on talent management because it is among the first to systematically compare different philosophies about talented employees and their respective effects. Moreover, this article can provide important ideas and insights to practitioners who are planning to implement or shift the focus of a talent-management system.

2. HR philosophies

HR philosophies have been defined as general statements "of how the organization regards its human resources, what role the resources play in the overall success of the business, and how they are to be treated and managed" (Schuler, 1992, p. 21). As such, HR philosophies are closely related to organizational values (Schuler, 1992) and HR principles (Arthur & Boyles, 2007). Lately, HR philosophies have been discussed within the context of SHRM, particularly within literature on high performance work systems, bundles of HR practices, or high-involvement work systems (e.g., Arthur, 1994; Guest, Conway, & Dewe, 2004; Huselid, 1995; MacDuffie, 1995). Although it has been hypothesized that such (systems of) HR practices have beneficial effects on performance, empirical studies have reported inconsistent findings regarding this link (Boselie, Dietz, & Boon, 2005; Combs, Liu, Hall, & Ketchen, 2006). The inconsistent findings have been explained by a lack of common methodology and theory (Paauwe, 2009; Wright & Gardner, 2003). There is neither agreement on the 'best' HR practices that lead to high performance, nor on the practices that should be combined into a system or bundle of practices (Becker & Gerhart, 1996; Boxall & Macky, 2009; Paauwe & Boselie, 2005; Wright & Gardner, 2003). Furthermore, there is neither consensus on the way in which an HR practice should be designed and implemented, nor on the mechanisms or processes through which HR practices influence performance (Boxall, 2012; Boxall & Macky, 2009).

Several scholars have discussed reasons for these ambiguities regarding HR practices or systems of HR practices. It has, for instance, been argued that the same HR practice can be implemented in many different ways, and that its effects will vary depending on the way in which it is designed by managers and perceived by employees (Boxall, 2012; Boxall & Macky, 2009; Nishii, Lepak, & Schneider, 2008). The specific design of an HR practice or a system of practices is heavily influenced by what Paauwe (2004) called the 'dominant coalition'. The dominant coalition comprises key organizational decision makers (supervisory board; top, middle, and lower management; HR management; etc.) who shape HR practices based on their beliefs, attitudes, values, and norms (Paauwe, 2004), or, in other words, based on their inherent philosophies (Boxall, 2012; Boxall & Macky, 2009). For example, managers who hold the philosophy that employees seek responsibility and can autonomously direct their actions toward reaching a goal (cf. Theory Y; McGregor, 1960) will design a different reward- and control system than managers who believe that employees will only work toward reaching a goal if they are closely supervised and controlled (cf. Theory X; McGregor, 1960; see also O'Reilly & Pfeffer, 2000). Managers' inherent philosophies even influence the effects of HR practices to such an extent that different practices or combinations of practices that are based on the same underlying philosophy can achieve the same effects (Arthur & Boyles, 2007; Becker & Gerhart, 1996). This equifinality phenomenon might partly be explained by the assumption that managerial philosophies influence the way in which employees perceive, interpret, and react to HR practices. These employee perceptions and reactions, in turn, appear to be crucial determinants of the overall effects of HRM (Boxall, 2012; Nishii et al., 2008; Purcell & Hutchinson, 2007; Wright & Nishii, 2012).

Based on the discussion presented it has been reasoned that the focus of research on SHRM should be moved away from examining single practices (Boxall, 2012). Instead, research should concentrate on higher-order constructs such as HR philosophies that shape the design of HR practices or systems of practices (Arthur & Boyles, 2007; Becker & Gerhart, 1996; Boxall, 2012; Lepak, Taylor, Tekleab, Marrone, & Cohen, 2007). Even though the importance of underlying HR principles or philosophies for SHRM has been acknowledged by several scholars, empirical and theoretical work on this topic is still scarce (Lepak et al., 2007; Monks et al., 2013).

Moreover, to the best of our knowledge, philosophies have not yet received any scholarly attention within the context of research on talent management. We argue, however, that current discussions about the influence of HR philosophies on the effectiveness of HRM (Boxall, 2012) also apply to talent management because there is some conceptual overlap between the concepts talent management and HRM. The exact extent of this overlap is currently being discussed. While some scholars argue that talent management is essentially the same as HRM (Iles, Preece, & Chuai, 2010), others argue that talent management differs from HRM in that it adheres to the requirements of a 'decision science' where investments are made in the areas that generate the biggest profits (Boudreau & Ramstad, 2007; Collings & Mellahi, 2009). In other words, whereas HRM is about managing the whole workforce, talent management focuses only on the employees who are considered to be talented. As organizations tend to differ in how many employees they consider being talented, and as these differences can mainly be explained by their assumptions about the nature of talent (i.e., their talent philosophies), we reason that talent philosophies will also influence the discussion about the similarities or differences between HRM and talent management.

3. Talent management and talent philosophies

Recently, the knowledge base on talent management has grown due to some valuable theoretical contributions, such as several reviews on (strategic) talent management (Collings & Mellahi, 2009; Iles et al., 2010; Lewis & Heckman, 2006), a special issue on global talent management in *Journal of World Business* (Scullion, Collings, & Caligiuri, 2010), and a special issue on talent-management theory in *Human Resource Management Review* (Dries, 2013b). Nonetheless, ambiguities regarding definitions, theoretical frameworks, and empirically based recommendations for the use of talent management in practice persist (Collings & Mellahi, 2009; Lewis & Heckman, 2006). These ambiguities can often be traced back to dissimilar interpretations of the term talent: what is talent or who do we consider to be talented? These interpretations, in turn, are interrelated with fundamental assumptions and beliefs about the nature, value, and instrumentality of talent or, in short, talent philosophies. Recently, Dries (2013a) has identified five tensions about the nature of talent that mark talent-management theory and practice. She addresses, amongst others, the questions of whether talent is an inclusive or exclusive concept and whether talent is innate or open to development. While we acknowledge that these two questions are not the only existing tensions about the nature of talent that possibly influence talent philosophies, we chose to focus on them due to their saliency and far-reaching consequences for talent-management practice.

With regard to the first tension, several scholars proposed that talent management can either have an exclusive or inclusive focus (Iles et al., 2010; Lewis & Heckman, 2006; Stahl et al., 2012). Is talent considered being rare, or does everyone possess talent?