



Talent Management and HRM in Multinational companies in Beijing: Definitions, differences and drivers[☆]

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ABSTRACT

Talent Management (TM) has attracted increasing attention from academics and practitioners in recent years, but there are many gaps and omissions left for further theoretical and empirical development. One line of debate has been whether TM is merely a re-packaging of what already exists, not being distinct from traditional HRM practices or disciplines. The paper has three main components: (i) a review of how 'Talent' and TM has been conceptualised in the literature and the outline of a framework we have derived therefrom which identifies four main perspectives on TM: exclusive-people; exclusive-position; inclusive-people; social capital; (ii) the presentation and analysis of our research findings relating to TM perspectives and practices in seven multinational corporations (MNCs) in Beijing; (iii) a concluding discussion which compares and contrasts our findings with the extant literature and our framework. Six of the companies had adopted 'exclusive' perspectives, seeing TM as 'integrated, selective' HRM. For some, this involved an 'exclusive-people' focus on certain groups of 'high-performing' or 'high-potential' people, whilst for others it meant an 'exclusive-position' focus on certain 'key' positions in the organization. Just one organization had adopted an 'inclusive-people' approach. Two of the companies emphasized 'organizationally focussed competence development', concentrating upon smooth talent flows and development, and moving towards a 'social capital' perspective which took cognizance of networks, contexts and relationships as well as human capital. The implications of our findings for research and practice are outlined.

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1. Introduction

Talent Management (TM) is a term in common currency today, yet it did not appear until the late 1990s, when McKinsey & Company first referred to it in their report *The War for Talent* (Michaels, Handfield-Jones, & Beth, 2001). TM is said to be critical to organizational success, being able to give a competitive edge through the identification, development and redeployment of talented employees. For example, in a UK Chartered Institute of Personnel and Development (CIPD) study quoted in Clarke and Winkler (2006), over 90% of the respondents believed that TM activities can positively affect an organization's bottom line, and more than half had already undertaken TM activities. In a U.S. Institute of Management and Administration (IOMA) survey,

nearly three-quarters of the respondents said TM was at the top of their critical HR issues list (Sandler, 2006). Yet most writing about TM has come from consultants and practitioners, rather than from academic research, and a number of critical questions remain for further empirical research and theoretical development. These include what is meant by TM, how TM differs from earlier approaches to managing people, and what drives organizations to adopt TM.

TM is often projected to be the next core competency in HR domain expertise (Morton, Ashton, & Bellis, 2005); the management of senior managers and 'high-potential' people who have been identified as strategic human resources has been recognized as a key role for the corporate HR function, especially in the global firm (Scullion & Collings, 2006; Scullion & Starkey, 2000). Martin and Hetrick (2006) argue that as the knowledge economy continues to develop, the value of 'outstanding talent' will continue to be recognized.

For many, TM raises many issues for management, organizations and HRM, as it challenges bureaucratic emphases on systems and structures (talent, it is argued, involves an organization-wide change towards a TM 'mindset') and egalitarian models of HRM. TM from an 'exclusive' perspective presents a

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differentiated/segmented view of the workforce in which certain talents are more highly prized than others. 'Talent' is a relative term—the talented exist in relation to the 'un'-or 'less talented' (as we will see later, however, the 'inclusive' perspective takes a rather different view).

To date, the TM phenomena has not been subject to a significant degree of critical scrutiny, and there has been relatively little empirical research into the nature and application of talent and TM strategies in organizational practice and the issues arising (Iles, 2007): 'The discussion on TM has only just begun in earnest' (SOCPO, 2005: 10). Lewis and Heckman (2006: 139) point out:

given the number of consulting firms engaging in talent management and the growing numbers of articles and books on the topic, one might also believe 'talent management' to be a well-defined area of practice supported by extensive research and a core set of principles.

There are problems in the way TM has been defined in the practitioner press, and a lack of data supporting many practitioner claims. As Lewis and Heckman (2006: 140) point out, 'the terms in the debate...are not clear and confuse outcomes with processes with decision alternatives'. What is more, as Cooke (2008) has noted, there has also been little empirical research regarding TM in China. It seems to us, then, that it is necessary to explore the TM phenomenon via an examination of both the extant literature and an empirical investigation of organizational practice in China, asking 'What is talent and what is TM? How are they conceptualised in the literature and by practitioners, and operationalized in organizational practice?' Does TM possess some features which are distinct from HRM?

Of course, with regard to the empirical work, it was necessary to place some specific boundaries upon the population from which the data would be gathered; we focussed upon multi-national corporations (MNCs) located in Beijing, China (the methodology is outlined in more detail), and the following three main questions:

- (1) How was TM defined in these Chinese MNCs?
- (2) In what ways, if at all, was TM seen as differing from HRM?
- (3) Is TM merely 'old wine in new bottles', in essence little/no different from HRM, or is it quite distinct? Does it offer something new to organizations?

The rest of the paper is structured as follows: (i) Differentiating TM from HRM; (ii) What is talent? (iii) What is talent management? (iv) The emergence of TM in China; (v) Methodology; (vi) Findings; (vii) Concluding discussion.

2. Differentiating TM from HRM

A search for journal articles with the key words 'talent management' in the journal databases *Emerald* and *British Business Premier* between 1985 and 2006 shows a dramatic increase in the numbers of articles relating to TM during this period (Chuai, 2008). In *Emerald*, the number rose from 0 in 1990 to 109 in 2000 to 275 in 2006; in *British Business Premier* (which researches a much larger number of journals), from 0 in 1985 to 230 in 2000 to 760 in 2006. This shows many characteristics of a management 'fad' or 'fashion' (Abrahamson, 1996a, 1996b); is TM just another in a long line of management fashions, doomed to lose its popularity after reaching its peak? Some commentators (see, for example, Adamsky, 2003) are of the view that TM is simply a repackaging of old ideas under a new name—'old wine in new bottles'. Many of the key ideas promulgated by TM practitioners, such as assessment centres, succession planning and 360 degree feedback, are not new, stemming from the 1950s (Cappelli, 2008). Guest has commented:

Organisations espouse a lot of notions about TM and give it a lot of emphasis, but in practical terms it doesn't have a very different meaning to what most organisations have always done...TM is an idea that has been around for a long time. It's been re-labelled, and that enables wise organisations to review what they are doing (cited by Warren, 2006: 29).

Whilst Stewart has observed,

Talent management is a term that can be seen as another management fad which has gained currency through fashion rather than through relevance and value—rather like previous terms and management techniques such as TQM, BPR or JIT which have been subject to academic and professional criticism (2008: 4)

On the other hand, others (Chuai, Preece, & Iles, 2008; CIPD, 2007b; Duttagupta, 2005) argue that there is something fundamentally different from HRM under the TM label—it is not simply a management fashion or fad. Moran (2005) claims that TM is not just another fashionable HR term and the latest management fad; it is crucial to business success. Duttagupta comments that 'TM is a lot more than yet another HR process; the talent mindset is not just another HR fad' (2005: 2). However, before we consider how TM is defined in practice, we need to analyse how talent is defined first.

3. What is talent?

As a Corporate Institute of Personnel and Development (CIPD) report has observed: 'TM requires HR professionals and their clients to understand how they define talent, who they regard as "the talented" and what their typical background might be' (2007a: 2). This appears to have been difficult to achieve in practice, as organizations often derive their own conceptualization of what talent is, rather than accept a universal or prescribed definition (CIPD, 2007b). A survey conducted by Towers Perrin (2004) found that 87% of participants used a given definition of 'talent' consistently across their organization; however, none of the 32 companies surveyed used the same definition, and definitions adopted depended on an organization's business strategy, the type of firm, the overall competitive environment, and other factors (CIPD, 2007a). Accordingly, the consultancy company Towers Perrin recommends that definitions of talent be tailored to individual organizations, thus adopting a contingency approach (Towers Perrin, 2004). Tulgan (2001) goes further, seeing little point in trying to define 'talent' because you 'know' who the valuable employees are; however, other commentators do feel that it is necessary and possible to define talent. Michaels et al. (2001): xiii, for example, define talent very broadly as follows:

A code for the most effective leaders and managers at all levels who can help a company fulfil its aspirations and drive its performance, managerial talent is some combination of a sharp strategic mind, leadership ability, emotional maturity, communications skills, the ability to attract and inspire other talented people, entrepreneurial instincts, functional skills, and the ability to deliver results.

For Williams (2000: 35), talented people are those who do the following:

Regularly demonstrate exceptional ability and achievement either over a range of activities and situations, or within a specialised and narrow field of expertise; consistently indicate high competence in areas of activity that strongly suggest transferable, comparable ability in situations where they have yet to be tested and proved to be highly effective....

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