

Talent Management: A New Concept or Repackaging of Existing Concepts?*



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Abstract. *Talent management (TM) is a recently emergent term that has attracted a great deal of interest from both practitioners and researchers. However, the meaning of TM is not yet clear, leaving many unanswered questions. Why has it been embraced so widely on a global level? What concepts does TM include? Is it really a new concept, or does it simply repackage what both HRM and HRD have been doing for many years? In fact, given that this journal is an HRD journal, is this a legitimate topic for consideration within this venue? As with many of the difficult questions facing HRD, this article explores these questions, providing many perspectives and suggesting what may be needed to clarify its use and to remove some, but not all, of the ambiguity conveyed in its use. My favorite theme, “it depends,” is repeated in this article.*

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Introduction

Talent management, when I ask my non-business friends what this means, I immediately hear about high-paid talent agents managing high-paid entertainers or athletes. Trading on the popularity, high visibility, and excitement generated by these two sectors, by the 1990s, we began to hear this phrase applied to company employees. Today, it is on the tongue of HR professionals everywhere, and not just HR professionals, but it has proven to be a phrase that has caught the imagination of business people everywhere. Finally, business is paying attention to HR!

But what does it mean? In preparation for this article, I contacted professional colleagues around the world, including Taiwan, Thailand, Korea,

Saudi Arabia, and the U.S., asking one simple question, “What is talent management?” Everyone responded and said that it was a commonly used term in their country, but they were not quite sure what it meant because it was being used in so many ways and so loosely that its meaning was not very clear to them.

However, there seemed to be three primary concepts that emerged—none of which is new to HR. The first meaning is that it refers to the management of an organization’s or country’s pool of employees. So with that reference, it is comparable to what we have been calling Human Resources. The second concept is that it refers to the development of the entire current or potential labor force, or Human Resource,

*An earlier version of this manuscript appeared in the proceedings of the International HRD Conference, October 27-28, 2010, sponsored by the Taiwan National Normal University, Taipei, Taiwan. Development—making it an appropriate topic for this journal under the umbrella of HRD. The third concept seems to refer to recruiting, managing, developing, and retaining the best of the best of current and potential employees—a concept that, historically, we have referred to as high potential programs, or managing hipos. Regardless of the concept you might have of TM, it is clear that it has become the *phrase du jour*; everyone is using it today!

What is interesting about all three of these concepts is that they do not refer to anything that is new to those of us in human resources. In fact, while the term, talent management, is new for us, its concepts go back a long way. China, in particular, has a very long history of talent management through its civil service examination process. The system was designed in an attempt to assure that the best people were available for the country's bureaucracy. According to Sun Yat-sen's *Contributions...* (2005), the system was created in 605 CE (Current Era) and lasted with brief interruptions through to 1905. So the concept of talent management, though obviously very different from what we are concerned with today, has a long and valued history in China.

I do not know what it is about the field of HR, or maybe it applies more broadly to the business community, but we seem to have disdain for what has been and great love for what is the current fad, even if the fad is simply a rewording of what has always been. What's new about emotional intelligence (EQ) or cultural intelligence (CQ) that we have not already understood as competencies for successful business operation? Aren't individual KPI's (key performance indicators) simply another way of talking about MBO's (management by objectives)? And we rejected those decades ago because of the way they limit performance and operate without concern for systems theory. Knowledge management is another key phrase today in business—but hasn't business always been concerned about innovation and the creation of new knowledge, the sharing of that knowledge, and the storage and retrieval of that knowledge? Haven't we always known about the importance of intellectual capital, which was, after all, the root of the Middle Ages craft industries and apprenticeships?

Let me be clear. I am not trying to suggest that TM is not important. Regardless of which definition or concept you choose for your own understanding of TM, they are all important. But every business has always been successful by getting the right people for their jobs, i.e., talent management. Even the rather over-simplified statement of Collins (2001) in his book *Good to Great* about getting the right people on the bus and making sure that those who do not fit get off the bus was talking about TM.

What Is Talent Management?

As mentioned earlier, I sent e-mails to colleagues in universities and corporations around the world asking them this very question. No two respondents had the same answer as you will see in some of their responses.

Baker Hughes, Inc., one of the world's largest manufacturers of oil drilling equipment, positions talent management within human resources. It has three approaches to talent management, which it labels as Valued Employees (those employees who meet their minimum competency requirements), Key Contributors (those who would be difficult to replace and are critical to the business' success), and High Potential Employees (those who are expected to move up in positions of responsibility)

.. Talent Management

focuses on training, employee development, diversity, communications and change management, executive development, succession planning, mentoring and coaching. The focus tends to start at the individual level, but technology enables systems to be created that impact the larger organization. (Catherine Sleezer, personal communication, August 30, 2010)

Talent acquisition, which is sometimes included in Talent Management, is not part of TM at Baker Hughes; rather, it is part of the larger HR function. Interestingly, Baker Hughes' Talent Management function focuses on research to underscore the value that it adds to the organization. Of course, it does not use the word, research; rather, it refers to research as "analytics" and often uses structured equation modeling as the analysis tool.

Marieke van Dijk (personal communication, August 30, 2010), a consultant with a major consulting company in the U.S., shared:

Talent management is one of those terms that get defined differently by different organizations. Topics [our organization] would gather under talent management are basically everything from hiring to retiring (attraction, onboarding, development, engagement, HIPO/succession, performance, etc.), so it is almost synonymous with Human Resources. Talent management in Europe stands for the development of high potential employees (vs. the overall employee population).

A third perspective, this time from Taiwan, comes from Dr. Tien-chen Chien (personal communication, August 30, 2010):

Everything about talent management is the same as HRD/HRM. However, a new term seems to bring people some excitement. There is a Hawthorne effect. As long as something is different, people react to it. Its nature is not changed, and the result is the same.

Finally, from Korea, the Samsung HRD Center is charged with aligning its programs with the business in a way that encourages creativity. To accomplish this, they have three programs:

1. Trust Management\ developed through a shared values program.
2. Future Management, in which the next generation’s leaders are developed through a shared leaders program.
3. Global Management, in which global competency is developed through its global talent program. (Samsung HRD Center PowerPoint Presentation)

So how do we work our way through such confusing observations and perceptions of this concept? The best categorization of the approaches that I have seen was found in Iles, Preece, and Chuai (2010), who confronted this ambiguity of meaning and suggested that talent management can best be viewed in three categories:

(1) TM is *not essentially different from HRD/HRM*, as both involve getting the right people in the right job at the right time and managing the supply, demand, flow and development of people through the organization. TM may be a re-labeling or re-branding exercise to enhance HRD’s credibility...

(2) TM is *integrated HRD with a selective focus*. Here TM may use the same tools, but its focus is on a relatively small segment of the workforce, defined as “talented”...

(3) TM involves *organizationally focused competence development* through managing and developing flows of talent through the organization... (p. 127)

They concluded that “there is a lack of clarity and agreement in the TM literature as to its nature, definition and scope” (p. 137) and that the concept remains ambiguous.

Generally, this observation fits with the input that I received from my colleagues around the world about how talent management was being used and perceived in their contexts. I would like to pursue three concepts related to talent management and then recommend a role for HRD in talent management.

Talent Management as HR

Way back in the early 1980s, the American Society for Training and Development (ASTD) began exploring the competency areas that belong to human resources. Out of those efforts, McLagan (1989) identified 11 functional areas within the larger field of Human Resources; this model is referred to as the Human Resources Wheel, because it is often illustrated in a pie chart format. These functions were then grouped into two clusters: Human Resource Development (HRD) and Human Resource Management (HRM). Four of the 11 functions overlapped the two clusters, as shown in Table 1, below.

Table 1 Assignment of 11 Human Resource Functions to HRD and HRM (McLagan, 1989)

Human Resource Development (HRD)	Human Resource Management (HRM)
Training and Development • Organization Development • Career Development • Organization/Job Design • Human Resource Planning • Performance Management Systems • Selection and Staffing	• HR Research and Information Systems • Union/Labor Relations • Employee Assistance • Compensation/Benefits • Organization/Job Design • Human Resource Planning • Performance Management Systems • Selection and Staffing

Note: Bolded items belong exclusively to that column. Non-bolded items are shared.

A quick scan of the functional components included in this analysis reveals that almost everything that we ascribe to talent management is included in this list. What does talent management offer that wasn't a part of human resources 20 years ago?

Much is said today about globalization, perhaps popularized by Friedman's *The Lexus and the Olive Tree* (2000). The emphasis on globalization and the challenge of demographics have forced organizations to expand their human resource functions to a global supply, but the functions themselves have not changed.

Ask anyone in an organization which function is at the bottom of the power hierarchy, and you are almost certain to receive the response, "human resources." I have never understood this, as an organizational cliché is that "our greatest asset is our people." Yet the reality in many organizations is that human resources has the least prestige of any organizational function. So one possibility for the prominence of the term, "talent management," is an effort to gain the respect that human resources deserves in an organization.

Talent Management as HRD

A more focused view of talent management is that it is synonymous with human resource development (HRD), though clearly it would be seen as a subset of HRD, particularly as the scope of HRD has expanded in recent years to include foci outside of the corporation, such as non-profit organizations, communities, nations, and societal issues (McLean & McLean, 2001).

A review of HRD interventions (McLean, 2006) identified several concepts that fit easily into how talent management is viewed: coaching, mentoring, leadership development, high potential development, competencies, performance management, training and development, succession planning, global assignments, and so many others. So one could easily make the argument that, because HRD has human resources in its label, HRD has also been relegated to the bottom of the power hierarchy, and talent management is an effort to restore prestige to allow HRD to function with the resources and power necessary to be effective in improving the quality of the human resources within an organization.

Talent Management as Hipo Management

Pushing even further down into human resources, we come to a very limited and focused perspective that is often used for talent management--the recruitment, acquisition, development, and retention of high performance employees. Once again, we discover, to no one's surprise, I hope, that there is nothing new in this concept. Both HRM and HRD have been involved in these activities for a very long time. There is really nothing new that we discover from the concept of talent management. It simply underscores that this process is important to the organization. Why hasn't this already been obvious?

Often, the incentive for having a hipo program is to have the right people already in place when needed for promotion, or succession planning. Bennett and Davis (2008) argued that talent pools can be managed through succession planning: "The goal is to ensure that the quantity and quality of executive leaders the organization needs are identified, fully capable, and ready to contribute to the effective performance of a business over time" (p. 721). But there are problems with succession planning efforts. First, the company must answer the very difficult question of whether to keep the talent pool secret, to share it only with those in the pool, or to share it openly within the organization. If it is not shared, it often becomes obvious to employees through associated developmental activities, and then it creates distrust over efforts to keep decisions secret from the employees. Further, an organization has to ask what the downside of having identified hipos is, particularly the impact on those not selected. Further, there is a tendency of those in the pool to start to take things for granted and to take on a sense of empowerment.

How Should We Apply Talent Management?

Regardless of which of the above three concepts we want to accept and strengthen within our organization, there are some concepts that we need to affirm.

Wiseman and McKeown (2010) suggested that talent management (as well as other expected functions of an organizational leader, including "culture, strategy, decision making, and execution"

(p. 118), should reflect much of what we have long referred to as organizational learning. To create such an organization, they argued that leaders need to be “multipliers” rather than “diminishers.”

Multipliers pull people into their orbit with the explicit understanding that accelerated development is part of the deal. They look for talent everywhere...they focus on finding people, at whatever level, who know the things they don't...Multipliers also take the time to understand the capabilities of each individual so that they can connect employees with the right people and the right opportunities. (p. 118)

L. D. McLean (2010) found in his research similar results. He found that, after domain expertise, the only other factor distinguishing creative and non-creative R&D professionals was the amount of freedom given to workers by their supervisors. Controlling supervisors were not successful in nurturing creative employees.

From a cultural perspective, however, this requirement for a multiplier leader to enhance talent management creates problems for high power distance countries. Most Asian countries score high on power distance and uncertainty avoidance, two of Hofstede's (Hofstede, Hofstede, & Minkov, 2009) seven cultural variables. Because these are culturally engrained factors, the difficulty with talent management is embedded in most Asian run companies, from the very top and throughout management ranks. Ready and Conger (2007) observed that

Senior line executives may vigorously assert that obtaining and keeping the best people is a major priority—but then fail to act on their words...Passion must start at the top and infuse the corporate culture; otherwise, talent management processes can easily deteriorate into bureaucratic routines. (p. 70)

Thus, if companies are going to be successful in talent management, regardless of which of the three perspectives they take, they must start at the top. Top management must acquire the ability to function in the midst of ambiguity, to trust that the selection process has resulted in the hiring of talented employees who can be trusted to make good decisions, and to take the risk of letting these talented employees make autonomous decisions, thus developing their talents for the good of the

company.

The task of talent management is to “put the right people with the right skills in the right place at the right time” (Ready & Conger, 2007, p. 71). But hasn't this always been the objective of HR? They further stated “that their “research shows that the vitality of a company's talent management processes is a product of three defining characteristics: *commitment, engagement, and accountability*” (p. 76).

To accomplish these outcomes and to have an effective talent management approach, the following processes and passions, among many others, must be in place:

1. Know the future competencies that will be needed for each position in the organization, especially those that are considered critical. This is not easy, however, as no one can predict the future or its needs.

2. Maintain a data base of the skills and competencies of those already employed in the organization, as well as their potential for further development.

3. Use effective performance management processes. As Deming (1986) recommended decades ago, reward the consistent stars with substantial compensation and then study them extensively to determine why they are stars. Don't worry about making minor differentiations among those who are working within the system.

4. Invest in training and development activities, including coaching, mentoring, leadership development (whatever that means), cultural development, and other interventions necessary for growth of employees. Each high potential employee should have an individual development plan.

5. Depending on the availability of talent within the organization, develop and maintain a pipeline for the recruitment and selection of talented people who are not already within the organization.

6. Provide all employees with job assignments that will help them to grow and develop in their skill sets and competencies. Rotation programs are not very effective for high potential employees. As Martina and Schmidt (2010) recommended, assign “rising stars” to the “riskiest, most challenging positions across the company” (p. 59).

7. Build an organizational culture that supports learning, reasonable risk-taking, collabora-

tion, autonomy, decision-making, feedback, trust building, job satisfaction, and anything else that will create a climate in which employees wish to work. Retaining talents is as important as attracting and developing it.

8. Create a global mindset; recognize the ethnocentricity of certain practices and work to globalize them, realizing that this does not mean standard practices everywhere around the globe.

9. Recognize that this is an organization-wide endeavor, not one that is assigned only to HR. The appropriate mindset must be embedded in every employee in the organization and certainly in top management ranks.

10. Focus on employee engagement, another popular term in today's management jargon. It is one more way of creating a culture that will enhance the ability of talent to develop and be committed to the organization. (Martin & Schmidt, 2010, found that over 30% of high performers lack engagement.)

11. Match their words with deeds throughout the organization. The company values and vision should not be just words on the wall, but they should be visible to all employees through the actions of the leaders.

12. Re-evaluate high performers annually. Martin and Schmidt (2010) estimated that 70% of those identified as high performers today will not survive to become high performers in the future.

They recommended that high performers must be identified based on three criteria: "ability, engagement, and aspirations" (p. 59).

Conclusion

I don't think that talent management is a new concept, but I do believe that, regardless of how it is defined, it is important for organizations to have a firmly established talent management program, regardless of what it is called. Given the above review, however, it might be wise to shift from calling this concept "talent management" to calling it "talent development."

In spite of the list of recommendations that I have just provided, I do not believe in a best practices approach that applies across organizations, across geographies, across industries, and across functions. Organizations must do whatever is necessary to insure that the right people with the right skills are in the right places at the right time, and I believe that this applies across the organization, not just for high potentials.

Keep your focus on your people and create the culture that is necessary for the greatest success for your organization. In that way, you WILL have the best talent in the right places when you need them!

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