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Can You Use it in a Sentence? Defining Talent Management

J.R. Keller
Cornell University, jrkeller@cornell.edu

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Abstract
Key Findings

- The term talent management has escaped a standard definition, and nearly every article written on the topic conclude that the concept of talent management is lacking in terms of definition and theoretical development and there is a comparative lack of empirical evidence on the topic.
- Perhaps the most salient criticism from researchers is that the use of the term talent management is often little more than a rebranding of a range of typical HR activities.
- A notable feature of much of the existing literature on talent management is that it continues to focus on practices associated with lifetime careers in corporations, despite the fact that the most profound shift over the past 30-plus years in how organizations manage their workforces has been an increase in dismissals and external hiring at all organizational levels.
- A definition that is consistent with traditional approaches and captures what academic researchers have been doing under the heading of talent management is as follows: the process through which organizations anticipate and meet their needs for talent in strategic jobs.

Comments

CAN YOU USE IT IN A SENTENCE? DEFINING TALENT MANAGEMENT

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Topic: Where's the Research on Today's Talent Management?

Talent management is a recent, practitioner-generated term covering a range of long-standing practices that aim at getting the right person in the right job at the right time. These include workforce planning, succession planning, employee
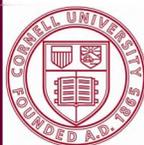
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development, and career management. Virtually every survey of executives, not just of human resource professionals, confirms this interest, and leading human resource consulting firms have either developed new practice areas or rebranded existing practice areas to provide so-called talent management solutions.

Consistent with several commentaries lamenting the gap between miniscule academic interest and widespread practitioner interest in this area, a review of the academic literature using the term talent management yields surprisingly few results. In response, the researchers conducted what might be thought of as an old-fashioned literature review that worked backward through the bibliographies of relevant articles. The researchers reviewed approximately 500 articles, books, and chapters across the fields of management, human resources, industrial and organizational (I/O) psychology, sociology, and economics to find studies that address at least subtopics within talent management.

The Past and Present of Talent Management

The notion of talent management as defined above is associated with the rise of large corporations in the 1950s. The firms that dominated the early days of industrial production had no talent-management issues, as there was often little to manage due to much of the work being outsourced.

That context first changed with the creation of executive jobs prior to World War I. Once firms grew large enough to have specialist functions, they needed managers of those functions at headquarters. These newly created jobs had enough discretion to qualify as executive jobs. There was no way to assess the capabilities of the managers and predict who could handle an executive job.

Perhaps the most fundamental change has been the expansion of external hiring. With ports of entry no longer restricted to lower-level jobs, employers now hire into almost all kinds of jobs at all levels of the organization. Senior HR executives were surveyed in 145 United States firms in 2001 and found that none of them considered only internal candidates for managerial vacancies

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and a mere 1% considered only internal candidates for nonsupervisory vacancies. These figures would have been viewed as misprints only a few decades earlier.

New Issues With Internal Talent

Despite the growing practice of outside hiring, most organizations still think of talent management as being about current employees. Indeed, the traditional practices that form the core of talent management practices are aimed at existing employees. Many of the major concerns in the practice of talent management have to do with identifying individuals for development and future advancement. We consider what is known and new about these practices below.

Identifying the Internal Talent Pool. An evergreen question in talent management is which employees should be the focus of scarce development resources. That group is typically seen as consisting of high performers (HiPo) currently in strategic jobs and HiPo candidates who might fill those strategic jobs in the future.

Assessing performance. Few jobs lend themselves to purely objective measures of performance. As a result, subjective measures of performance, which involve judgment with respect to both the aspects of performance and the level within each aspect, are common in most jobs and are executed through performance appraisals.

Assessing potential. Finding those individuals who are capable of filling strategic jobs in the future is more challenging than assessing performance. HiPo programs are used to identify individuals who are the best bets for success in strategically important roles, leveraging limited developmental budgets by focusing them on these candidates.

Communicating potential. A tactical challenge with HiPo programs is whether and/or how widely employers should communicate HiPo status.

Talent-Pool Retention

Although employers are fond of attributing retention concerns to the changes in the attitudes of workers, recent research has shown that retention problems are largely self-inflicted. The increase in external mobility has been driven more by changing employer preferences than by changing worker preferences.

Employment contracts. A relatively new and popular approach for addressing retention concerns is the use of explicit employment contracts that try to restrict the ability of employees to leave. Although it is not legal to compel

193 Ives Hall

Ithaca, NY 14853

607-255-9358

www.ilr.cornell.edu/cahrs

cahrs@cornell.edu

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employees to stay on a job, it is legal to require that they pay back training and education investments if they leave before a certain date. It is also legal to require non-compete agreements that prevent employees who leave from working for competitors for a fixed period of time.

Proactive job design. A very different approach to dealing with talent-pool retention involves providing employees with the opportunity to proactively modify their own jobs, roles, tasks, and terms of employment in ways that make these items more desirable to employees. Although we were unable to find empirical evidence linking proactive job modification to turnover, it seems reasonable that allowing workers to shape their jobs around their role identity, past experience, motivation, and personal and professional goals should positively affect what we know to be many of the antecedents to voluntary turnover, such as job satisfaction, job stress, and organizational commitment.

Career Management Change

Once employees had opportunities to go elsewhere if they did not like the moves their current employer required, organizations moved away from the command-and-control model in which each organization moved employees like chess pieces across a board to serve its own goals.

- **Career lattice.** In contrast to the traditional job-ladder model, the career lattice model provides multiple paths for advancement and development resulting from vertical and horizontal links among the jobs within an organization.
- **Internal job boards.** Unlike the conceptual notion of a career lattice, internal job boards are real and now define how careers advance in most large organizations. Recent data indicate internal job boards are used by more than 95% of organizations.
- **Staffing International Subsidiaries.** The rising interest in global operations, driven by growing markets in Asia, has called special attention to talent management in multinational enterprises (MNEs). The staffing of these jobs has been identified as "the critical issue" faced by MNEs, with human resource departments in MNEs focused primarily on creating a supply of international managers.

- **Developing Global Leaders.** The growing importance of international business operations has increased the long-standing talent management challenge of staffing leadership roles with executives who can operate in a global environment.

Discussion

Many of the largest and oldest corporations do retain some elements of the post-World War II approach, although their use has been substantially diluted by the rise of outside hiring. Smaller and newer companies never had those practices. Research on the above practices has also declined sharply, perhaps because there are fewer opportunities for data collection.

Also associated with the decline of research in this area are outsourcing and the rise of vendors. Topics such as assessing potential for advancement are still relevant in many organizations, but it is now much more likely that any sophisticated assessment exercises will be done by vendors. Research results have a much greater downside risk for a vendor than they ever had for individual employers: A study showing that an employer's practices are ineffective might be a temporary embarrassment but would lead the employer to change those practices and improve its outcomes. A study showing that a vendor's practices were ineffective likely puts it out of business.

A related change has to do with research on the new and emerging practices in talent management. Certainly after World War II and possibly before, talent management topics were the preserve of personnel psychology. The new topics, associated with external hiring, are much more likely to be studied by researchers in strategy and organizational theory precisely because those conceptual models better fit the phenomenon being studied.

There are a series of evergreen topics for which research needs to be updated to include new realities, including career management within organizations and identification and development of HiPo employees. How organizations deal with the uncertainty involved in predicting what future strategic jobs will look like and how the pool of talent for those jobs will evolve over time are other issues with significant theoretical and practical appeal.

Beyond these reasonably practical issues are the broader questions associated with talent management. The practices associated with talent management within an

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organization matter to those outside that organization because they determine access to important and desirable jobs. The actions taken by workers in strategic jobs are shaped at least in part by the processes that identify them, shape their attributes, and advance them from one job to the next. Who gets ahead in this new system is a central issue for social scientists interested in the individual, organizational, and societal outcomes of the interaction of workers, firms, and other labor market institutions.

Today few companies operate with a focus on finding and developing the candidates. By definition, outside hiring and executive search put the focus on the job and its requirements, including particular attributes of the organization. Then the process moves to searching for a candidate who might fit those requirements.

Future Issues

Although organizations have become adept at collecting rich, detailed data on job applicants, hiring practices, performance, mobility, and a range of other employment practices and outcomes, few companies possess the conceptual and empirical tools necessary to see the links among these various data, and to analyze them in ways that produce meaningful insights.

Some of the questions for future collaborative academic study in the future include:

- How do employers think about talent management in practice? To what extent does talent management rely on completely ad hoc responses?
- How do employers think about the make-versus-buy choice? Why do some decide to promote from within, whereas others rely on outside hiring?
- How do the institutions and vendors within talent management—executive and contingent search companies, staffing and temp agencies, recruiting process outsourcers operate?
- How do structures such as internal job boards work in practice? Do certain jobs have advantages in securing candidates?
- What does career progression mean in practice inside organizations now?

193 Ives Hall

Ithaca, NY 14853

607-255-9358

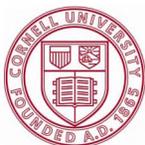www.ilr.cornell.edu/cahrs

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- For those organizations that try to assess potential, how do they do so, and how well do the arrangements work?
- When organizations have HiPo programs, what are they based on, and how well do they work?
- How do organizations plan for the future when there is uncertainty surrounding the future attributes of strategic jobs and the knowledge, skills, and abilities of those individuals most likely to fill those jobs?

See the full article for a list of references.

Researcher

JR Keller,
Assistant Professor, Human Resource Studies, ILR School, Cornell University

Cornell University
ILR School
Center for Advanced Human Resource Studies