Strategic Talent Management: A review and research agenda

Mellahi, Kamel; Collings, David G.

2009


Elsevier

http://dx.doi.org/10.1016/j.hrmr.2009.04.001

http://hdl.handle.net/10379/683

Some rights reserved. For more information, please see the item record link above.
ABSTRACT

Despite a significant degree of academic and practitioner interest the topic of talent management remains underdeveloped. A key limitation is the fact that talent management lacks a consistent definition and clear conceptual boundaries. The specific contribution of the current paper is in developing a clear and concise definition of strategic talent management. We also develop a theoretical model of strategic talent management. In so doing we draw insights from a number of discreet literature bases. Thus, the paper should aid future research in the area of talent management through (1) helping researchers to clarify the conceptual boundaries of talent management and (2) providing a theoretical framework that could help researchers in framing their research efforts in the area. Additionally, it aids managers in engaging with some of the issues they face with regard to talent management.
1.0 INTRODUCTION

Since a group of McKinsey consultants coined the phrase the War for Talent in 1997 (see Michaels et al., 2001; Axelrod et al., 2002), the topic of talent management has received a remarkable degree of practitioner and academic interest. This relatively recent emphasis on talent management represents a paradigm shift from more traditional human resource related sources of competitive advantage literature such as those that focus on organizational elites, including upper echelon literature (Hambrick and Mason, 1984; Miller, Burke and Glick, 1998), and strategic human resource management (SHRM) (Huselid et al., 1997; Schuler, 1989; Wright and McMahon, 1992) towards the management of talent specifically suited to today’s dynamic competitive environment. While the context may have shifted significantly since the latter part of the last century, the notion of talent management remains important. Arguably the challenge of maximising the competitive advantage of an organisation’s human capital is even more significant in the recessionary climate of the latter part of the opening decade of the twenty first century.

We define strategic talent management as activities and processes that involve the systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization. In
this regard, it is important to note that key positions are not necessarily restricted to the top management team (TMT) but also include key positions at levels lower than the TMT and may vary between operating units and indeed over time.

This review is motivated by two key factors. First, despite the growing popularity of talent management and over a decade of debate and hype, the concept of talent management remains unclear. A recent paper concluded that there is “a disturbing lack of clarity regarding the definition, scope and overall goals of talent management” (Lewis and Heckman, 2006: 139), a view which also prevails in the practitioner literature. In this regard, a UK survey found that 51 per cent of HR professionals surveyed undertook talent management activities, however only 20 per cent of them operated with a formal definition of talent management (CIPD, 2006). Thus, the field would benefit from a clear and comprehensive definition of the concept. Second, the current state of talent management literature is exacerbated by the fact that, in addition to ambiguities around the definition of the concept, there has also been an alarming lack of theoretical development in the area (for notable exceptions see Boudreau and Ramstad, 2005; 2007; Cappelli, 2008; Lewis and Heckman, 2006).

The above highlighted shortcomings in the literature on talent management have limited both scholarly work on the topic and its practical usefulness. This weakness is significant for a number of reasons. Most notably, a significant body of strategic HRM literature has pointed to the potential of human resources as a source of sustainable competitive advantage (Becker and Huselid, 2006; Schuler and Jackson, 1987), and argued that the resources and capabilities that underpin firms’ competitive advantage are directly tied to the capabilities of talented individuals who make up the firm's human
capital pool (Cheese, Thomas and Craig, 2008; Wright, McMahan, and McWilliams, 1994). Further, a recent study of 40 global companies found that virtually all of them identified a lack of a sufficient talent pipeline to fill strategic positions within the organization, which considerably constrained their ability to grow their business (Ready and Conger, 2007). Finally, talent management activities occupy a significant amount of organizational resources. Indeed, a recent study found that Chief Executive Officers (CEOs) are increasingly involved in the talent management process, with the majority of those surveyed spending over 20 per cent of their time on talent issues, while some spent up to 50 per cent of their time on talent issues (Economist Intelligence Unit, 2006). The economic climate at the time of writing (2009), means that for firms trying to weather the current economic crisis, the challenge has shifted from organisational growth to organisation sustainability.

The issue of talent management is thus of interest to a wide range of stakeholders beyond human resource (HR) academics and professionals. Indeed, the Economist Intelligence Unit (2006) found that most CEOs explicitly argued that talent management was too important to be left to HR alone, while a Boston Consulting Group (2007) report identified talent management as one of five critical challenges for HR in the European context. The BCG findings were based not only on those capabilities that executives expect to be most important in managing human capital, but tellingly are also those they perceive their organisations to be weakest at. Thus, the area is likely to be relevant, *inter alia* for scholars and practitioners in the fields of strategic management, human resources and organizational behaviour.
The specific contribution of the current paper is in developing a clear and concise definition of strategic talent management. We also develop a theoretical model of strategic talent management. In so doing we draw insights from a number of discreet literature bases. Thus, the paper should aid future research in the area of talent management through (1) helping researchers to clarify the conceptual boundaries of talent management and (2) providing a theoretical framework that could help researchers in framing their research efforts in the area. Additionally, it aids managers in engaging with some of the issues they face with regard to talent management.

2.0 WHAT IS TALENT MANAGEMENT?

A cursory review of the talent management literature reveals a degree of debate as to the conceptual boundaries of the topic. Indeed, Aston and Morton (2005: 30) noted that there “...isn’t a single consistent or concise definition” of talent management. Notwithstanding this criticism, Lewis and Heckman (2006) identified three key streams of thought around the concept of talent management. First, those who merely substitute the label talent management for human resource management. Studies in this tradition often limit their focus to particular HR practices such as recruitment, leadership development, succession planning and the like. The contribution of this literature is relatively limited beyond the strategic HR literature, as it largely amounts to a rebranding of HRM. A second strand of literature emphasises the development of talent pools focusing on “projecting employee/staffing needs and managing the progression of employees through positions” (Lewis and Heckman, 2006: 140). Studies in this tradition typically build on earlier research in the manpower planning or succession planning
literatures. While adopting a relatively narrow focus, studies in this tradition at least provide a degree of differentiation as to what talent management is vis-à-vis HRM. The third stream focuses on the management of talented people. This literature argues that all roles within the organisation should be filled with “A performers”, referred to as “topgrading” (Smart, 1999) and emphasises the management of “C players”, or consistently poor performers, out of the organisation (Michaels, Hadfield-Jones and Axelrod, 2001). While the third approach is highly influential, we recognise limitations to this approach and argue it is neither desirable nor appropriate to fill all positions within the organisation with top performers. Equally, if the talent management system is applied to all of an organisation’s employees (i.e. including poor performers as well as top performing employees), it is difficult to differentiate talent management from conventional human resource management.

In addition to the above three streams of thought about talent management, we recognise and add an emerging fourth stream which emphasises the identification of key positions which have the potential to differentially impact the competitive advantage of the firm (Boudreau and Ramstad, 2005; Hulesid et al., 2005). The starting point here is identification of key positions rather than talented individuals per se. This latter approach informs our theoretical development. In this regard our theoretical orientation resonates with Boudreau and Ramstad’s (2007) differentiation between talent management as a decision science and traditional HR plans and strategies. Therefore, as noted above, we view an organizational talent management strategy as activities and processes that involve the systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a
talent pool of high potential and high performing incumbents to fill these roles, and the
development of a differentiated human resource architecture to facilitate filling these
positions with competent incumbents and to ensure their continued commitment to the
organization.

Our definition is premised on the idea that the starting point for any talent
management system should be the systematic identification of the key positions which
differentially contribute to an organisation’s sustainable competitive advantage. This is
consistent with an increasing recognition that there should be a greater degree of
differentiation of roles within organisations, with a greater focus on strategic over non-
strategic jobs (Becker and Huselid, 2006), or between those organizational roles which
promise only marginal impact vis-à-vis those which can provide above-average impact
(Boudreau and Ramstad 2007). This is in contrast to the extant situation in many
organisations where over-investment in non-strategic roles is common (Boudreau and
Ramstad, 2008; Huselid, Beatty and Becker, 2005).

The second element of our definition emphasises the development of a talent
pool of high potential and high performing incumbents to fill the roles that differentially
contribute to an organisation’s sustainable competitive advantage. In line with the first
aspect of our definition we also argue that organisations should differentiate between
employees who are strategic performers and those who are not. In order for strategic or
pivotal jobs to have a differential impact on organisational performance, it is important
that such jobs are filled with high performing or high potential employees. This view
stands in contrast to some of the earlier contributions which argued that all roles within
the organisation should be filled with “A performers”, referred to as “topgrading” (Smart,
It also differs with the approach advocated by the McKinsey consultants behind the war for talent approach who advocate managing “C players”, or consistently poor performers, out of the organisation (Michaels, Hadfield-Jones and Axelrod, 2001). We do not advocate the former approach as it is inconsistent with our call for a differentiation between key roles and key talent in organisations. It is neither practical nor desirable to fill all positions in an organisation with A performers. This would result in an over-investment in non-pivotal roles in the organisation. Similarly, we posit that the focus of talent management systems should be on high-potential and high-performing employees operating in key roles and not all employees in the organisation. Such an approach will facilitate a more deliberate utilization of organisation resources.

The final element of our definition recognises the importance of differentiated human resource architecture to facilitate the filling of key positions within the organisation with competent incumbents and ensuring their continued commitment to the organisation. We draw insights from the strategic human resources literature in this regard (Becker and Huselid, 2006; Huselid et al, 2005; Lepak and Snell 1999; 2002). This element of our definition overlaps with the other two elements by facilitating the identification of high potential and high performing employees, and the helping in the development of the organisation’s talent pool. Once identified, the challenge for the organisation is to deploy appropriate human resource policies to ensure these individuals are strategically deployed and supported with appropriate HR policies.

Clarifying the conceptual boundaries of strategic talent management represents an important task in the development of the topic. It provides a frame of reference for academics and practitioners in developing research in the field. It is also important in
helping to differentiate strategic talent management from strategic human resource management. In this regard we argue that in contrast to strategic human resource management, which while recently recognising the differing contribution of different groups of employees within the firm, generally focuses on all employees within an organisation; strategic talent management focuses on those incumbents who are included in the organisation’s pivotal talent pool and who occupy, or are being developed to occupy, pivotal talent positions. Finally a clear definition presents a useful point of departure in developing theory in the field. We now proceed to present a theoretical model of strategic talent management which draws insights from a number of distinct but interrelated research streams.

3.0 A THEORETICAL MODEL OF STRATEGIC TALENT MANAGEMENT

Figure 1 outlines our theoretical model of strategic talent management. The model is based on the definition of strategic talent management identified above. We now outline the model in more detail.

TAKE IN FIGURE 1 APPROXIMATELY HERE

3.1 Identifying pivotal talent positions

We argue that the identification of pivotal talent positions should be the first stage in any strategic talent management system. As noted above, while an influential stream of talent management literature emphasises the identification of ‘A performers’ and focuses
on their retention and development (Axelrod et al., 2002; Frank et al., 2004; Michaels et al., 2001) an emerging literature base advocates a focus on the identification of key positions (Boudreau and Ramstad, 2005; 2007) or “A positions” (Huselid et al., 2005) which have the potential to differentially impact on sustainable competitive advantage.

Some strategic HRM (SHRM) scholars (c.f. Lepak and Snell, 1999), adopt a bottom up focus in their theory development emphasising the idea that employees can contribute to the firm’s strategic objective simply because of their value and uniqueness (Becker and Huselid 2006). In contrast, Becker and Huselid (2006: 904) advocate a top-down focus arguing that “When employees are able to contribute to a firm’s strategic objectives they have (strategic) value” and that “…not all strategic processes will be highly dependent on human capital”. Thus, they recognise that the locus of differentiation, in terms of fit, should be the job not the individual employee. Huselid et al. (2005: 2) define these “A positions” by their “disproportionate importance to a company’s ability to execute some parts of its strategy and second…the wide variability in the quality of the work displayed among the employees in these positions”. While the organisation’s strategic human capital is encompassed in the employees of the organisation, to whom we return below, it is the organisational systems and processes which create and manage this strategic human capital and ensure that its contribution is maximised. Human capital is of little economic value unless it is deployed in the implementation of the organisation’s strategic intent (Becker and Huselid, 2006; Boxall and Purcell, 2008).

Ultimately, the key is a differentiated focus on strategic rather than non-strategic positions. However, Becker and Huselid themselves recognise their failure to adequately
quantify why certain jobs are strategically important and what determines the difference in value between jobs? Engaging with such questions requires a fairly fundamental change in how organisations think about role and job evaluation. Traditionally, jobs were differentiated in terms of inputs, such as skills, efforts and abilities and working conditions (Huselid et al, 2005). The approach advocated here emphasises evaluation in terms of potential outputs or the potential for roles to contribute to the organisational strategic intent. However, the extent to which a variation in performance between employees in strategic roles is also a significant consideration (Huselid et al, 2005).

While some roles are strategically important, regulation and standardised training or professional qualification, mean that performance in the role may be relatively standardised and the potential for differentiation is limited. Thus strategically important roles which allow for potential differentiation between performance in the role should be particularly central in organisation’s strategic talent management systems. In a similar vein, Boudreau and Ramstad (2005) differentiate between average and marginal impact and argue that although something can be highly valuable, increasing or decreasing the volume of it may have a limited impact. Thus, the term pivotal is used to describe the marginal impact of resources, activities and decisions on value to the organisation. Boudreau and Ramstad (2007) call for talent segmentation and a focus on the pivotal talent pools where a 20 per cent in quality or availability would have the greatest impact on organisational success. They argue that a lack a decision science to inform talent segmentation in most organizations means that organizations typically invest too much in talent pools which are important but not pivotal, while failing to invest sufficiently in pivotal talent pools (2007: 43).
2.2 Developing a talent pool

We utilise the term talent pool to refer to the pool of high potential and high performing incumbents that the organisation can draw upon to fill pivotal talent positions. While differing with Boudreau and Ramstad’s (2005; 2007) use of the term pivotal talent pools, to refer to the key roles within organisations which differentiate performance, our definition is consistent with authors such as Smilansky (2006), Sparrow (2007) and Stahl et al (2007). Our framework proposes that having identified the pivotal talent positions within an organisation, the key for strategic talent management system is the development of a talent pool to fill these pivotal positions.

In simple terms, this entails a shift from vacancy led recruitment toward ‘recruiting ahead of the curve’ (Sparrow, 2007). This clearly resonates with earlier contributions in the secession planning tradition. It involves the proactive identification of incumbents with the potential to fill key positions which may become available. Smilansky (2006) likens this to talent scouting in the world of professional sports. Organizations such as Zurich systematically identify future business needs in terms of knowledge, skills and capabilities that will be required in the future but are not currently available in house and recruit on this basis. Indeed, Stahl et al’s (2007) study of global talent management confirmed that the high performing organisations they studied followed a talent pool strategy- recruiting the best people and then finding positions for them.

However, it is important to introduce a note of caution here. Those employees who are likely to compose this talent pool are high achievers and may easily become disillusioned if they are appointed to roles with limited scope for the application of their
skills or development of their talent. In this regard, Hackman et al.’s (1975) research demonstrates that where jobs are more complex employees tend to be more motivated, more satisfied and even more productive. Given that those included in the organization’s talent pool will be high achievers to begin with, the impact of working in menial roles are likely to be magnified and likely to result in a reduction in employee’s perceived person organization which we return to below.

In engaging with this challenge, Cappelli (2008b: 77) draws insights from the supply chain management and argues: “how employees advance through development jobs and experiences- are remarkably similar to how products move through a supply chain”. A key failure of many traditional talent management systems is a mismatch between supply and demand. This results in an over-supply of management talent resulting in employee turnover, or layoffs and restructuring, or an under-supply where key positions cannot be filled (Cappelli, 2008a). This issue is exasperated by the emergence of boundaryless careers.

Although recognising that there are a number of meanings of boundaryless careers (c.f. Arthur and Rousseau, 1996: 6), in general terms boundaryless careers are defined as “the opposite of organisational careers- [i.e.] careers that unfold in a single employment setting” (Arthur and Rousseau, 1996: 5). The antecedents of the emergence of the boundaryless career lie to a significant degree in decreasing ability of large organisations to provide internal careers (Cappelli, 1999; Kanter, 1989), owing to flattening organizational hierarchies (Cappelli, 1999), the emergence of new organisational forms such as network organisations (Miles and Snow, 1986; Powell, 1990) and the emergence of a ‘new deal’ where individuals are more concerned with
independent rather than organisational goals (Arthur et al., 2005; Becker and Haunschild, 2003; Cappelli, 1999). An emerging theme within the literature recognises that careers can have organisational effects- a perspective which stands in contrast to much of the traditional career literature which assumes that organisations have career effects (Arthur, 1994: 301). In this regard, Currie, Tempest and Starkey (2006: 755) argue, based on their case research, that “the rise of boundaryless careers has left employers marginalized in unforeseen ways”.

This suggests that solely relying on the internal development and sourcing, with a general disregard for the external sourcing of talent, is at odds with an increasing realization that careers are more regularly characterized by inter-firm mobility in the current environment (DeFillippi and Arthur, 1994) and reduced identity with jobs and work settings (Weick and Berlinger, 1989).

We argue that there are at least two key implications at this level of analysis. Firstly, from a demand perspective, organisation should recognise the importance of the external labour market in their talent management systems. Owing to the increasing career mobility evident in the current labour market it may be possible to recruit high performing candidates from the external labour market. As Arthur (1994: 295) argues “organizational effectiveness can be enhanced by career movements across organizational boundaries” This may be particularly relevant in some specific circumstances. As DeFillippi and Arthur (1994: 315), building on the contribution of Spender (1989), note “a person hired with experience in one firm may be pre-socialised…and pre-trained…to perform similar tasks in another firm”. Indeed, over three decades ago, Pfeffer and Leblebici (1973) argued that organisations facing the
greatest threat from external sources aggressively recruited executives with experience from the external labour market. Similarly, Roa and Drazin (2002) argue that the recruitment of managers from the external labour market is an important means through which newly established and poorly connected firms can reduce the constraints on product innovation.

Drawing insights from Cappelli’s (2008a; 2008b) contribution, we recognise that the talent pool should be focused on managing the risks- the costs associated with outcomes that are difficult to predict- associated with pivotal positions. The key risks include: the potential mismatch between employees and skills, i.e. too few employees to meet business demands or too many employees resulting in redundancies; equally the failure to retain talent resulting in a loss in the investment development initiatives. These challenges are illustrated, and indeed exasperated, by the volatile nature of the global economic climate in the modern age. Since Cappelli’s work was published in early 2008, the economic climate has altered significantly and his assertions on the limited availability of talent in the external labour market seem less relevant in the current global economic crisis. However history tells us that such economic trends are cyclical and there is a strong likelihood that the situation will revert in time. Such an illustration provides further support for the idea of shorter planning horizons with regard to talent management. “Years-long programs for developing talent create a false sense of accuracy and no longer make sense” (Cappelli, 2008b: 9).

Thus without wishing to be overly prescriptive we argue that in developing talent pools the following factors would facilitate their effective development. Firstly, organisations should combine internal development and external recruitment in filling
talent pools (Cappelli, 2008a). This facilitates the management of quantitative risks associated with ensuring there is sufficient talent to meet organisational needs and not an oversupply- which represents a waste in resources. It also facilitates the management of qualitative risks associated with ensuring that the organisation has the requisite skill set required at a point in time. Secondly, it is clear that for organisations, it is more effective to develop talent within the broader context of the organisation, rather than with a particular succession role in mind. This prevents developing employees to fit narrow, specialised roles but rather, once developed employees can be developed with broader competencies which would fit a range of roles (Cappelli, 2008b).

2.3 Creating a Differentiated HR Architecture

For the past two decades, tracing a link between HRM practice and organisational performance has been an important theme in the literature on strategic HRM. This research stream reflects a transition form an early micro focus on individual HRM practices to a consideration of the extent to which HRM, as a congruent management approach, may impact on the competitive advantage of the organisation (Delery and Doty, 1996; Fey, Bjorkman and Pavlovskaya, 2000; Lengnick-Hall et al, 2009). It suggests a strategic orientation- reflecting carefully designed and congruent human resource practices focused on improving organisational effectiveness and performance (Boselie et al., 2005; Boxall and Purcell, 2008).

We identify two key streams of work within the strategic HRM literature. The first, best practice approach, assumes there is a universal configuration of HR practices can improve company profitability and is particularly associated with Pfeffer’s (1994; 1998)
influential contribution. This set of practices is applicable regardless of the organisational context. Second, authors in the ‘best fit’ tradition, recognise the impact of the particular internal and external context in which the organisation operates on HR practices (Wood, 1999). Also termed the contingent school, this approach suggests that organisations should align their HR strategies with the firm’s strategy and wider environment (Boxall and Purcell, 2008). Although acknowledging wide variations in how HRM is viewed in these studies, one key theme is relatively consistent across the studies is their tendency to assume that all employees within an organisation were managed with a single configuration of HR practices (for exceptions see Huselid, 1995; Jackson and Schuler, 1995).

More recent contributions (Lepak and Snell, 1999; 2002; Tsui, Pearce, Porter and Tripoli, 1997), however, recognise the importance of a differentiated HR architecture that acknowledges the differential contributions that specific worker groups can make to organizational performance. Indeed, organisations have long since employed multiple HR systems together (Lepak and Shaw, 2008) and this has been reflected in distinctions in some academic studies between exempt and non-exempt workers (Huselid, 1995) or managerial versus non-managerial employees (Jackson et al., 1989). Tsui et al (1997) are generally considered to be the first to distinguish between multiple HR systems within organisations and the potential for these HR systems to yield different outcomes (Legnick-Hall et al, 2009). Lepak and Snell (1999) developed the contingent configurational view in the context of SHRM and demonstrated that specific HR systems are unlikely to be appropriate in all situations but rather depend on the uniqueness of the human capital. They differentiate between four categories (explained below) of
employees based on the uniqueness and value of the worker skill and their contribution to the organization and argue that unique and valued performers should be supported through a differentiated HR architecture.

Lepak and Snell (2002) differentiate between four differentiators. First, knowledge based employment, when workers are both valuable and unique and thus have the potential to contribute to the firm’s strategic objectives. Such firms are likely to rely on a knowledge based employment mode which emphasises internal development and long-term employee commitment for this core group of workers (Lepak and Snell, 1999). Second, job-based employment, when workers have strategic value but limited uniqueness. These workers are also often employed internally. Although recognising that these employees can contribute to the success of the firm their skills are widely transferable. Thus these workers are hired to perform pre-determined tasks. Third, contract work- these workers are neither strategically important nor unique. Hence jobs in this bracket are often targets for outsourcing. Fourth, alliances/partnership- these workers are relatively unique but are of insufficient strategic value to employ internally.

Lepak and Snell’s (2002) empirical research supports this contingent configurational theoretical framework and the notion that different employment nodes are related to variations in human capital value and uniqueness. Further, their findings suggest that there appears to be a defined pattern of resource allocations and HR configurations associated with different groups of workers. Furthermore, Lepak et al (2007) found that organisations deployed high investment HR systems more for core employees than for support employees in the service organisations they studied. Similarly, Batt’s (2000) research in call centres called for differentiation in HR practices
for employees supporting higher value-added customers in organisations where customers were segmented.

The current paper does not set out to prescribe what individual HR practices may or may not be appropriate to support the development of talent pools and the deployment of key talent to pivotal positions in each organisation context. Rather, we advocate a contingency approach and argue that the key is to deploy HR practices that are appropriate to the context of the organisation. Notwithstanding this, we do recognise that for such employees a commitment-orientated HR system seems appropriate (Lepak and Snell, 2002). The emphasis for HR practices should be on building the motivation, commitment and development of those in the talent pool, and a shift from a short-term ‘transactional’ psychological contract towards a more long-term ‘relational’ psychological contract (Boxall and Purcell, 2008).

2.4 Outcomes

Clearly the objective of investing in a strategic talent management system is a positive impact on critical individual or organisational level outcomes. Following, Dyer and Reeves (1995) and Boselie et al.’s (2005) distinction between financial, organisational and HR-related outcomes, we examine a range of outcomes. Such an approach resonates with Paauwe’s (2004: 67) assertion that “the yardstick of human resource outcomes is not just economic rationality”. Hence our approach recognises the key role of employees level outcomes in the strategic talent management system and the importance of ensuring their commitment and motivation to the organisation, as
mediating variables between the strategic talent management system and organisational outcomes.

Understanding the antecedents and consequences of the factors that bridge the relationship between effective talent management and overall organizational performance is highly relevant for our framework. We shed important light on the primary factors that are proposed moderate talent management and firm performance relationship. Highlighting the intervening variables that mediate the relationship between the inputs and outputs in our overarching model is important for multiple reasons. First, it helps augment our understanding of the bridges that link the inputs and outputs in our model. We contend that it is through motivation, organizational commitment and extra-role behaviour that we can more fully understand and predict the effects of talent management on overall organizational performance. Specifically, we expect that effective talent management will have an indirect positive relationship with organizational performance, mediated by work motivation, organizational commitment, extra role behaviour acting separately or in combination with one another. Second, the structure of the framework provides an opportunity for a full and appropriate representation of the underlying mechanisms that moderate the talent management and performance relationship which should be incorporated in future research. In the following sections we discuss each of these factors in turn.

Drawing on insights from the behavioural perspective, we argue that strategic talent management systems are deployed to elicit desired role behaviours among the organisation’s talent pool and assist in realising the organisations’ strategic objectives (see Lepak and Shaw, 2008). Thus employee behaviours are theorised to mediate the
strategic talent management system- organisational and financial performance linkage. Hence we try to minimise the disjuncture or black box between the strategic talent management system and performance outcomes.

Central to our theoretical development is the idea in building organisational performance, organisations first have to focus on individual performance. In the context of strategic talent management, the question becomes how can the contribution of the organisation’s talent pool to organisational performance be maximised? Following Campbell et al (1993) we view performance as a set of behaviours that are relevant to the goals of the organisation. In this regard there is a well established stream of literature in the HR tradition which looks at the antecedents of individual performance in organisations (see Blumberg and Pringle, 1982; Campbell et al., 1993; Murphy, 1996; Neal and Griffin, 1999; Vroom, 1964). For example, writing in the 1960s Vroom (1964) theorised that performance was a function of ability and motivation. While quite influential, the model has been widely criticised owing for example to the non-inclusion of other relevant variables (Blumberg and Pringle, 1982).

Over the years research recognised the significant of context of performance. For example Blumberg and Pringle (1982: 586) posited that performance is a function of capacity (ability, health, intelligence, education ect.), willingness (motivation, job satisfaction, status ect.) and opportunity to perform (tools, equipment, working conditions, co-worker and leader behaviour ect.). Similarly, Campbell et al (1993) distinguish between the components- actual behaviours that constitute performance, determinants- human and technological capabilities required for individuals to achieve the behaviours and antecedents- factors which influence differences in each of the
required capabilities of performance (see also Neal and Griffin, 1999). Batt (2002), writing in the context of high performance work systems (HPWS) in the services industry, identifies both a direct role of HPWS in individual performance through enhancing employee skill levels and firm specific knowledge and an indirect role via lower quit rates and improved motivation.

On balance this stream of literature is reflected in the AMO framework which has become one of the dominant theoretical approaches toward exploring the HRM-performance link in recent years (Boselie et al, 2005). In essence the AMO framework, proposes that employee performance (P) is a function of the employee’s ability (A), motivation (M) and opportunity (O) to perform (Boselie et al., 2005; Boxall and Purcell, 2008). Expressed as an equation:

\[ P = f(A, M, O) \]

This equation reflects the fact that although the exact relationship between the variables has not been established, we do know that all three variables impact employee performance (Boxall and Purcell, 2008). With regard to strategic talent management, we argue that ability should to a degree be predetermined. Given the individual was selected as a high potential or high performing employee in being selected for the talent pool, they are likely to have a relatively high level of ability. Similarly, the fact that pivotal talent positions have been predetermined means that the incumbents should have the opportunity to contribute to organisational performance through their deployment in pivotal talent roles. Hence motivation, defined as “a set of energetic forces that originates both within as well as beyond an individual’s being, to initiate work-related behaviour
and to determine its form, direction, intensity and duration” (Pinder, 1998: 11), emerges as a key mediating variable in our model.

The AMO model is premised on the idea that organizational interests are best served by an HR system that attends to employees’ interests, namely their skill requirements, motivations and the quality of their job (Boselie et al, 2005). Given that the strategic talent management system is premised on identifying high potential and high performing employees, deploying them in pivotal positions and supporting them with a differentiated HR architecture, the AMO model suggest that higher levels of individual performance should be evident. In this regard it is well established that employee motivation will mediate the relationship between HRM practices and firm performance (Huselid, 1995; MacDuffie, 1995; Becker et al., 1997). Building on this body of literature we recognize the key role of motivation as a mediating variable between strategic talent management and firm performance. However motivation theory has been largely concerned with explaining task performance (see Locke, 1997) and says little about employee retention or turnover (Meyer, Becker and Vandenberghe, 2004).

Notwithstanding the discussion on the impact boundaryless careers and inter-organizational mobility on strategic talent management, we argue that it is generally in the organization’s best interest to retain members of the talent pool as opposed to loosing them due to turnover (for an alternative perspective see Somaya and Williamson, 2008). Hence a focus on factors that explain employee retention and turnover is also a relevant mediating variable. In this regard organizational commitment, defined as “the relative strength of an individual’s identification with and involvement in an organization” (Mowday, Porter and Steers, 1982), has historically focused to a far greater degree on
employee retention and turnover (Meyer et al., 2004). We argue that organizational commitment is a powerful bridge between talent management and organizational performance. Specifically, we contend that organizational commitment strengthens the positive association between effective talent management and organizational performance. As Mowday, Porter and Steers (1982, p. 27) note: “(committed employees) are willing to give something of themselves in order to contribute to the organization’s well being”. In this regard the person organisation (PO) fit literature shows that the more an individual fits into an organization the greater the organizational commitment (Kristof-Brown et al., 2005; Meglino, Ravlin and Adkin, 1989) and the more positive the performance. Vilela et al (2008: 1008) argued that “individuals who recognize a strong link between their personal values and those of the organization, have a higher level of organizational commitment”.

The final mediating variable in our framework is extra role performance. Extra-role performance is defined here as positive behaviour that plays a reinforcing effects on the association between talent management and organizational performance. While in-role performance, is an antecedent of organizational commitment, extra-role performance “functions as a consequence of it” (Mackenzie, Podsakoff and Ahearne, 1998, p. 90). Therefore, we argue that matching pivotal position with a pivotal talent would lead to high organizational commitment (Kristof, 1996) which subsequently lead to extra-role performance. Our theoretical argument is underpinned by organizational citizenship behaviour (OCB) literature (Organ, 1988). OCB “represents individual behaviour that is

1 Although there is some variance in how person-organization fit is defined, for the present paper we adopt Kristof’s (1996) definition: “the compatibility between people and organizations that occurs when: (a) at least one entity provides what the other needs, and (b) they share similar fundamental characteristics, or (c) both” (Kristof, 1996: 4-5).
discretionary, not directly or explicitly recognized by the formal reward system, and in the aggregate promotes the efficient and effective functioning of the organization” (Organ 1984: 4). We argue that OCB i.e. discretionary behaviour, has a direct positive effect on the functioning of the organization and as a result it strengthen the ties between effective talent management and organizational performance.

Extra-role behaviour refers to the “efforts voluntarily exerted beyond the call of duty in order to execute allocation decisions to the best of one’s abilities” Kim and Mauborgne (1996: 500). Over the years, a large body of research has sought to examine the antecedents and consequences of extra role performance (Bateman and Organ, 1983; George and Bettenhausen, 1990; Bateman and Organ, 1983; Organ, 1988; Organ and Ryanm 1995; Smith, Organ, and Near, 1983). There is ample evidence to suggest that extra-role behaviour has a direct positive effect on organizational effectiveness, work group cohesiveness and a negative relationship with turnover and propensity to leave the organization (George and Bettenhausen, 1990). The reasons for this are straightforward. Extra-role behaviour tends to lead to tolerance of less than ideal working conditions, participation in organizational decision making, increase concern for the success and well being of the organization, and assistance and mentoring of colleagues/co-workers (Organ, 1988). These behaviours are particularly important with pivotal positions discussed above. Pivotal positions by their very nature tend to require greater proactive initiatives and flexibility to cope with the fast changing environment and timely adaptation to new processes and innovations. We argue that work motivation, organizational commitment and extra-role performance mediate the relationship between strategic talent management systems and firm performance.
3.0 Conclusion

Given the high level of interest in the concept of talent management over the past decade, it is somewhat paradoxical that it remains relatively poorly defined and lacking in theoretical underpinning. This review of the current body of literature suggests that from a theoretical point of view, the area of talent management is in its infancy and a significant degree of theoretical advancement is required. The contribution of this paper is two fold; to develop a clear and concise definition of strategic talent management, and propose a theoretical model of strategic talent management. In doing so we draw insights from a number of discreet literature bases. The paper aims to aid future research in the area of talent management though (1) helping to clarify the conceptual boundaries of talent management and (2) providing a theoretical framework which can help in framing their research efforts in the area. Additionally, it should aid managers in engaging with some of the issues they face with regard to talent management.

This paper thus represents the elucidation of a research agenda in the area of talent management. While there have been some useful theoretical contributions to date (see Boudreau, and Ramstad, 2007; Cappelli, 2008), heretofore the theoretical foundations of talent management have been relatively sparse. If talent management is to gain more mainstream acceptance then the theoretical foundations which underpin it must be advanced.

Our definition of strategic talent management --as activities and processes that involve the systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of
high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization -- emphasises the identification of pivotal positions as the point of departure for strategic talent management systems. For an organisation to fully exploit the potential of their internal talent, they must first identify those positions within the organisation which have the potential to differentially impact on performance. It is only then that the emphasis shifts to filling those positions. In this regard we argue that the key is the development of a talent pool of high potential and high performing employees to fill these pivotal positions. Finally, we point to the requirement to support both of these stages with a differentiated HR architecture to maximise the potential for exploiting the talent pools.

We propose that organisations which apply strategic talent management systems in this way will achieve improved performance. However, rather than suggest that strategic talent management leads directly to these firm level outcomes, we introduce a number of mediating variables to reflect the significant of attitudes and behaviours of the organisation’s talent pool in achieving this outcome. These variable recognise the importance of the talent pool in achieving financial performance. We hope our definition and framework for strategic talent management will assist and motivate future researchers on talent management. Future research efforts in the area could empirically test the model presented in the current paper.
4.0 References:


FIGURE 1: STRATEGIC TALENT MANAGEMENT

- Differentiated Human Resource Architecture
  - Organisational internal labour market
    - Talent Pool
    - Pivotal Positions
  - External labour market

- Outcomes
  - Work motivation
  - Organizational commitment,
  - Extra-role behaviour

- Firm performance
A thorough discussion of these literature streams is beyond the remit of the current paper, for reviews see Boselie, Dietz and Boon, (2005); Lepak and Shaw, (2008); Paauwe and Boselie, (2003); Wall and Wood, (2005); Wood, (1999).