Chapter 60

Talent Management:
A New Perspective in Human Resource Management

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ABSTRACT

Talent management is a new concept in the scientific literature, but not in the practitioner arena. In this sense, this chapter underlines the powerful perspective of talent management integrating practices from organizations and providing a scientific approach. Some previous results from different research are expressed in relation to strategy and organizational performance. Talent Management is clearly a concept close to high performance work system, with the difference of a more strategic approach. More than practices are goals for the organization to achieve excellence at work. So Talent Management is clearly linked with a strategic approach to the organization in order to attract, develop, evaluate, and retain professionals with high capacities.

INTRODUCTION

Today's businesses have to cope with hard competition and continuous change (Hamel & Prahalad, 1994) and Human Resources Management (HRM) and Talent Management (TM) is clearly affected by this turbulent environment. As Farndale et al. (2009) confirm, competition between employers has shifted from the country level to the regional and global levels (Ashton & Morton, 2005). Indeed, as Ulrich (1997, p.304) emphasises "under environment conditions of low change, attention to HR practices had little impact on business results, but under environmental conditions of high change, executive attention to HR practices had a large impact on business results". Moreover, Lawler (2005) defend that HR "can and should add more value to corporations. The best way to do this is by being a business partner- by directly improving the performance of the business. This

can be accomplished by effective talent management" (p. 165).

In response to this situation, it is argued that organizations are flattening, relying on self-managed teams, becoming highly matrixed, and reconfiguring the structure of work (Shippman et al., 2000). Lepak and Snell (2002) argue that given pressures for both efficiency and flexibility firms are exploring the use of differentiated employment modes to engage workers and allocate work. Indeed, HRM "is under pressure to reduce costs, to improve its services, to increase its impact, and to provide a more satisfying work experience for its own employees" (Kochanski & Ruse, 1996, p. 19). Also, Calvo and Garcia (2010) in the analysis of talent management in professional services firm observed that a lack of flexibility within the organization tended to lead to a reduction in potential intellectual capital, and increased excess workload, together with a decline in the company's competitiveness within the marketplace, as seen in a drop in its level of corporate attractiveness.

In this sense, Farndale et al. (2009) according with Bhatnagar (2007) argue that "while companies are facing significant talent management challenges in several regions of the world, such as Europe and North America, the challenges are most acute for young professionals and new managers in the emerging markets such as the BRIC economies of Brazil, Russia, India, China and the economies of Central and Eastern Europe" (p.161). Indeed, there is a shortage of leadership talent (Farndale et al., 2009) and assuming talent management as a source of competitive advantage has been key in HRM (Frank & Taylor, 2004; Lewis & Heckman, 2006).

In spite of the great deal of research on HRM in the last decades, there is still a significant gap between what happens in theory and practice (Pfeffer & Sutton, 1999). This is especially the case in the area of "talent management" (TM). There is much talk about 'talent' and 'talent management', driven largely by the belief that

while traditional approaches to HRM have served MNCs well in the 20th century, the contemporary business environment requires new and innovative approaches in the development and deployment of human resources (Caligiuri, 2006; Lengnick-Hall & Andrade, 2008). However, while much is claimed for it, much confusion also surrounds it. A cursory trawl of the literature will reveal several variations on the meaning of TM: informal individually-focused talent management (Tansley, Turner & Foster, 2007); TM as a relabeling of human resource planning (Lewis & Heckman, 2006); TM as succession management (Hirsch, 2000) and strategic TM (Cappelli, 2008; Zuboff, 1998; Boudreau & Ramstad, 2005).

Talent management comes up as a new perspective from strategic human resource management (SHRM) linked more than ever with business strategy. Therefore, TM offers SHRM goals covered with different HRM practices in a configurational way. This systemic perspective have attracted practitioners more than other scientific HRM approaches.

Regardless of how it is conceived, of critical importance in this regard is the debate on TM and firm performance. If a focused talent strategy is capable of delivering a return of investment of up to twenty two points over other firms in the same sector, why it is not widespread in firms? Indeed, practices should warranty the use of talents in the organizations and this can be done not only with practices but also "cultures and systems in which these great people can actually use their talents, and even better, management practices that produce extraordinary results from almost every-body" (O´Reilly & Pfeffer, 2000, p. 63).

MAIN PURPOSE

HRM is growing as a discipline that takes information from many other fields. This multidisciplinary approach makes more complex but also richer the research in the next future. In this sense, HRM

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