Is talent management just 'old wine in new bottles'?
-------the case of Multinational Corporations in Beijing

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A thesis submitted in partial fulfilment of

the requirements of the University of Teesside

for the degree of Doctor of Philosophy

December 2008

Abstract

Talent Management (TM), as a new managerial concept with regard to Human Resource Management (HRM), has increasingly gained concern and attention from the academic as well as business world, but there are many gaps and omissions left for further theoretical development and empirical study. Hence, understanding the differences between TM and HRM becomes necessary. Given an absence of clarity in the literature, the aim of the present study is to gain a thorough understanding of TM among Multinational Corporations (MNCs) in Beijing, to explore to what extent this managerial idea represents anything new, and to find out why organisations adopt TM.

A case study method was selected as the main research methodology. The study was undertaken in Beijing, and the target companies were limited to four MNCs, respectively from the IT (two organisations), health care and education industries, and three consultancy companies.

The theoretical perspective largely draws upon the literature on TM, management fashion and institutional theory.

Findings show that the topic of TM has been enthusiastically pursued. However, there is not a single concise definition shared by all the case study organisations, even though different strands of understanding regarding TM are explored in this study. The thesis has also explored what is distinctive about TM, and the factors and purposes influencing the adoption of TM in China. Through comparing HRM with literature and empirical findings relating to TM, this thesis has found that TM seems to presage some new approaches to the management of the people resource in organisations, rather than a simple repackaging of old techniques and ideas with a new label. Meanwhile, this thesis strongly challenges the idea that TM is another struggle by HR professionals to enhance their legitimacy, status and credibility. Therefore, TM should not be considered as 'old wine in new bottles', at least with respect to the case of MNCs in China.

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Chapter 1 Introduction

In this chapter, the author will outline the thesis in terms of the following four aspects:

1) General research background
2) Research questions
3) Research design
4) Conclusion

1.1 General Research Background

A recurring topic among HR professionals has been the search for an appropriate role and status for practitioners, who have suffered the pain of trying to achieve credibility, recognition and status in the eyes of senior management groups and even employees (Shipton & McAuley, 1993; Legge, 1995). As early as the 1960s, Drucker (1961, pp. 269-270, quoted in Legge, 2005) put forward his influential assessment of personnel management by arguing that

> 'Personnel administration is partly a file clerk's job, partly a housekeeping job, partly a social worker's job and partly fire-fighting to head off union trouble or to settle it… I doubt though that they should be put together in one department for they are a hodge-podge'.

Following him, a range of academics joined the discussion and tended to believe that the personnel function had become segmented into an unfavourably isolated department, unconnected with strategic management (Marginson, 1988; Collinson, 1991). Most recently, Wright *et al.* (2001) concluded that the HR profession has been facing an identity crisis throughout its evolution. Purcell and Ahlstrand (1994) argued that the authority of personnel departments was becoming increasingly ambiguous and uncertain, simply because 'corporate personnel departments have ill-defined boundaries and muddy roles' (p. 113). Given these viewpoints, it can be said that the HR profession has an enduring problem of establishing credibility, enhancing image and gaining power inside organisations; in effect, at the operational level, the HR function has, in most cases, been considered as a cost department without direct contribution to the organisation.

Although the situation has not appeared to be favourable to HR professionals, they have never given up making efforts to prove that they are contributing to the enterprise. On the one hand, they are constantly demonstrating and convincing managers that HR is providing added-value to the bottom line (Wright, *et al.,* 2004; Ulrich and Beatty, 2001); on

the other hand, they sometimes show a willingness to adopt different roles and rhetorics to impress other managers as to their credibility and status (Berglund, 2002).

Following this train of thought, it can be seen that the HR profession has been exposed to a host of new and constantly changing ideas and approaches, from the original Personnel Management, to the following Human Resource Management (HRM), and afterwards Strategic Human Resource Management (SHRM), until the current Talent Management (TM) (Iles, 2007; Chuai, *et al.,* 2007, 2008a, 2008b, 2009). Within such a context, some critics believe that the majority, if not all, of the changing rhetorics found in the HRM area are just management fashions (Huczynski, 1993), because they describe the same area and are not significantly distinguished from each other (Lorenz, 1986; Legge, 1995). Meanwhile, other academics have argued that effective personnel practices are surprisingly stable and not particularly faddish (Pfeffer, 1994). What is more, the adoption of such practices will contribute to enhanced financial performance (Huselid, 1995).

In order to explore these arguments, academics have undertaken comparison studies between different managerial models and concepts in the HR profession, and it is not a surprise to see that there are always contradictory viewpoints arising. For example, when HRM started to diffuse in the literature and gain more acceptance among practitioners (at least in terms of using the label), a host of researchers focused their research interests on the comparison between HRM and personnel management. Some scholars argue that relabelling of various forms and functions of people management does not necessarily mean that either the approach or the content has changed (Sisson, 1995). More scholars join the criticism by explicitly arguing that there is no substantive difference between HRM and personnel management (Foulkes and Livernash, 1982; du Gay and Salaman, 1992; Price, 1997; Guest, 1987; Fowler, 1987; Armstrong, 1987) and that 'the rhetoric has outstripped the reality' (Blyton and Turnbull, 1992, p. vii). On the contrary, some other academics portray HRM as being 'a radically new approach to managing people, demarcated sharply from traditional personnel management' (Storey, 1989, p. 4).

Similarly, when the term HRM had the prefix 'strategic' attached, comparisons between HRM and strategic HRM were also explored by some researchers. Some scholars argued that strategic HRM added new strategic components (Fombrun, *et al.,* 1984); some researchers pointed out that many of the key messages of the strategic HRM movement were not new, just old elements repackaged (Beaumont, 1992; Mabey *et al.,* 1998).

More recently, TM as a new label with regard to the HR function has increasingly attracted attention from academics and practitioners. A large number of books, articles, and surveys on the topic of TM have been published, and consulting firms have been attracted by the

market potential of TM, setting up their special business lines to advocate TM programmes. Hence, TM has become a key theme driving HRM throughout organisations. Sadler (2006) even identifies TM as top of the list of HR critical issues for organisations in his survey.

Notwithstanding these initiatives, there are many gaps and omissions left for further theoretical development, not least because of TM's novelty (Cooke, 2008; Chuai, *et al.,* 2007; 2008a; 2008b; 2009). For instance, to the best of the author's knowledge, there has not been a systematic comparison between TM and traditional HRM practices, and thus debates are emerging regarding whether TM is just a re-packaging of old ideas and not distinct from traditional HR practices or disciplines. Hence, identifying the differences between TM and HRM, linked to corporate objectives, becomes necessary (Likierman, 2007).

1.2 Research Questions

Given the increasing numbers of consulting firms involved in TM, and the growing number of references on the topic, it is clear that TM has been put firmly into the spotlight of the HR profession. As any managerial concept emerging in the HR profession experiences comparison studies with previous techniques, TM also seems to be under intense debate regarding whether it is fundamentally different from HRM. In general, there are two conflicting opinions. On one hand, some scholars believe that TM is simply a repackaging of old stuff with a fresh name (e.g. Adamsky, 2003). On the other hand, some researchers reject this idea and assert that there is fundamentally new content under this name; thus TM is by no means as simple as a management fashion phenomenon. Moran (2007), for example, argues that TM is not just another trendy human resources term; it is more than the latest management fad, because it is crucial to business success. Duttagupta (2005) also observed that 'TM is a lot more than yet another HR process; the talent mindset is not just another HR fad' (p. 2).

Given an absence of clarity in the literature, systematic research over the comparison between TM and HRM becomes essential. In this study, the author asks three key research questions:

1) Whether TM is fundamentally different from traditional HRM; that is, whether TM is just a management fashion or fad, as some people argue;
2) Why organisations adopt TM;
3) Whether TM is another struggle by organisations to achieve symbolic or socially institutionalized meanings.

1.3 Research Design

This research study is, in essence, a comparison study between two managerial concepts. In order to enhance the validity of the overall research, the comparison was conducted in terms of the literature as well as through original empirical study. Figure 1.1 demonstrates the basic procedure and structure of the research.
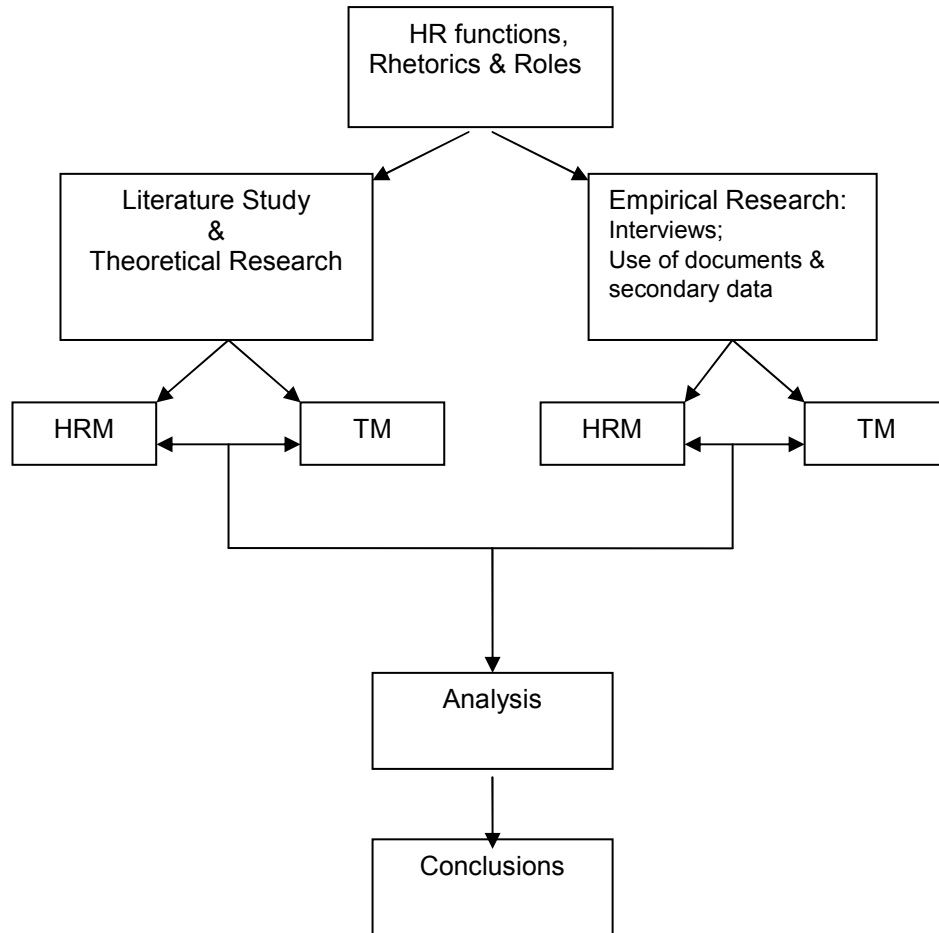
Figure 1.1: Structure of the Research

During the literature study, the author not only reviewed TM, HRM and the research context in order to identify the convergence and divergence between TM and HRM, but also introduced relevant theories which provide the necessary theoretical support to the whole research.

Given the exploratory and explanatory nature of the questions and the issues outlined above, a case study method was selected as the main research methodology. This was supplemented by documentary analysis wherever possible. The study was undertaken in Beijing, and the four target companies were limited to MNCs, which are well exposed to Western management ideology, and more likely to explicitly establish their own TM strategies. If TM is not being practised in those organisations, it is unlikely that it is being

practised elsewhere in China. In addition, in order to explore different perspectives and insights, the researcher conducted case studies with three consulting firms, which help companies establish TM strategies and assist them to accomplish TM programmes.

The interviews were semi-structured, controlled to last from thirty minutes to one hour and, with the permission of the interviewees, were tape-recorded. The interviewees were provided with an interview schedule, including a set list of questions. They were also encouraged to explore other interesting lines of enquiry, as they may occur during the interview. The researcher ensured that all the 'set' questions were addressed, and, other than with permission from the interviewees to the contrary, within the one-hour time limit. Subsequently, the author conducted a verbatim transcription and content-analysis of the interviews. Twenty-two interviews were carried out across the case study organisations with a range of stakeholders, including at least one HR specialist (the senior HR professional wherever possible), senior and functional managers, and non-managerial staff.

1.4 Conclusion

The purpose of this thesis is to explore what TM represents in terms of new knowledge and the reasons behind the adoption of TM. By comparing HRM and TM in terms of the literature review and empirical findings, the researcher has found that TM does represent something new, rather than a simple repackaging of old techniques and ideas with a new label. Therefore, TM should by no means be simply considered as 'old wine in new bottles' with respect to the case of China. Since the emergence of the HR profession, several labels have been employed, including Personnel Management, HRM, strategic HRM and the latest concept TM (Iles, 2007; Chuai, *et al.,* 2007, 2008a, 2008b, 2009). Some researchers argue that these concepts are short of distinctiveness from each other, and just represent a struggle by HR professionals to enhance their legitimacy, status and credibility in the organisation. This study challenges such an idea, seeing TM as a new managerial ideology that can make a difference to the success and the competitive advantage of the organisation, given that TM is tightly integrated with business strategy, and its emergence and implementation fundamentally conforms to enterprises' demand for further development. Hence, the researcher predicts that TM will sustain its popularity in the future.

Chapter 2 Literature Review

In this chapter, the researcher will review the relevant literature in relation to the following six areas:

1) The emergence of TM
2) TM in China
3) Management fashion
4) HRM
5) The HR profession and legitimacy
6) The HR profession in China

2.1 The emergence of TM

2.1.1 Background

In recent years, talent management (TM) has become a phrase that is readily circulating in many organisations. However, this phrase did not appear on the HR scene until the late 1990s, when McKinsey & Company consultants first coined the term in their report *The War for Talent* (1997). Therefore, the review of the literature concerning the development of TM cannot miss out the earliest discussion from this landmark study, which exposed the 'war for talent' as a strategic business challenge and a critical driver of corporate performance. TM is argued to be critical to every company's success, and the only remaining competitive edge for organisations is in their human resources. The greatest focus and largest impact on the organisation is in the identification, development and redeployment of talented employees, as they constitute a smaller group, are easier to measure, and are critical to the organisation's success.

Since then, TM has come to be seen as a key theme driving HRM throughout many organisations. Books, articles, white papers as well as extensive research reports have recently been written on this topic. Relevant products and services have also been constantly explored and advocated. In a nutshell, the term TM has become increasingly common in the academic and business world. According to Oakes (2006), if TM is going to take off, corporate receptivity will work as a catalyst during the process. For example, one CIPD study reveals that there is a high level of belief in the contribution of TM. Over 90% of the respondents agree that TM activities can positively affect an organisation's bottom line, and more than half of the respondents have already undertaken TM activities (Clake and Winkler, 2006). In addition, one IOMA (Institute of Management and Administration) survey

indicates that nearly three-quarters of the respondents identified TM as at the top of their HR critical issues (Sandler, 2006).

Overall, more and more people are coming to see talent as the major source of competitive advantage and scarcest resource in the knowledge-based global marketplace. The management of senior managers and 'high-potential' people who are identified as strategic human resources and seen as critical to the company's survival, has been gradually recognized as a key role for the corporate HR function, especially in the international firm (Sisson and Scullion, 1985; Marginson *et al.,* 1988, 1993; Hendry, 1990; Scullion and Starkey, 2000). As the knowledge economy continues to develop, the value of outstanding talent will continue to be recognized (Martin, 2008).

The growing interest in TM is the result of dramatic changes in terms of demography, economy, technology, and so on. Those changes have made the management of a talented workforce, which is more mobile, informed and in higher demand than ever before, become the focus of current HR issues, and helped fasten the pace of research into TM and the adoption of TM among organisations. Some of the key changes in context are discussed below:

First of all, due to demographic shifts, organisations across the globe face an immense and potentially long-term struggle to fill job vacancies with sufficiently skilled employees. Of paramount importance when discussing changing demographic patterns is the dwindling number of talented workforce due to the current ageing trends and the shrinkage of the number of skilled employees. The impact of labour and talent shortages has been felt globally. For instance, the Bureau of Labour Statistics expects a labour shortage of 10 million workers in 2008 (U.S. Department of labour, Bureau of Labour Statistics, 2003); in Europe, in order to maintain the current workforce, the birth rate required is 2.1 children per mother, while the current rate is only 1.2 on average (Whiteford, 2004). Some developing countries are also suffering the pain of talent shortage. For example, in China, the working population will begin to dwindle in just 10 years (Jackson & Howe, 2004). Therefore, Hewitt (2001) argues that the major social crises of the twenty-first century will be the by-product of labour shortages.

Secondly, with the demographic shift and globalization process, the nature of the psychological contract has changed. For one thing, talent shortages mean that the buyer's market for the employer today is temporary, and the job market will swing back towards the job-hunter's advantage (Jamrog, 2004). For another, the globalization of the workforce leaves highly professional and managerial talents in an unstable state of employment, because they can easily obtain employment information and job opportunities globally.

Hence, talented workers play a dominating role in the labour market and are more able to choose employers based on issues such as career development, compensation, work-life balance, etc. They then become 'volunteers' for organisations, and view themselves more as investors in their organisations, rather than assets (Gratton & Ghoshal, 2003). Thus, as a McKinsey and Company report (2001) vividly described: 'today's high-performers are like frogs in a wheelbarrow: they can jump out at any time' (http://www.mckinsey.com/features/frogs/index.html, retrieved in 2006). Sullivan (2003) similarly claimed that 'it appears every man, woman and child is ready to quit their current job at the first opportunity' (http://www.ere.net/articles/db/39C2962A653E4C1CBFA60A919F72034C.asp, retrieved in 2007).

Thirdly, promising economic growth may deteriorate the problem of talent shortage to some extent. Although certain people argue that the economic patterns of the past are not a good predictor for the growth of the so-called 'new economy', the majority of economists firmly hold a view that based on the past performance, the new economy will create more jobs in the near future (Horrigan, 2004). This means that employers have to recruit more employees to keep up with the increasing demand for their products and services (Jamrog, 2004).

Fourthly, as technology infiltrates nearly every facet of the workplace, the implications for TM are profound. In general, the increasing impact of technology in the workplace has changed the face of HRM and made the boundaries between organisations more permeable (Preece, 1995; Reed, 2001; Martin, 2005). As for TM, Schweyer (2004) analyses and explains its evolution and development from a technological perspective. According to him, the initial ideas of TM came into being in the late 1980s when client/server technology, optical character recognition software and equal employment opportunity reporting made job applicant tracking possible and necessary for most large corporations. They took off in the mid-1990s with the advent of the Internet, web browsers and database technology, and went mainstream in the late 1990s with the explosion of online job boards, E-recruiting companies and corporate employment Web sites. Nowadays, the technological advancements have helped hasten the pace of globalization by creating a global labour market. Highly skilled individuals are no longer limited to marketing their skills within one country or region, instead they can market themselves to organisations based anywhere in the world. Therefore, Williams (2000: 108) claimed that

'The universal shift from 'industrial age' managerial thinking and practices to a necessarily very different 'information society' leadership mindset has seen the management of knowledge and talent evolve as critical competences, at all levels, within businesses'.

With knowledge and technology as the new economic currency, its impacts over TM will become significant.

Boudreau and Ramstad (2005) observed that 'digitization, labour shortages, simultaneous downsizing and expansion, and globalization are only a few of the trends that have made talent a top priority' (p.33). In view of these shifts in nearly every aspect of social and economic life, it is predicted that organisations will experience a hard time in terms of the war for talent. In such a context, the competition for talents will globally intensify, and the debates over how talent is recruited, retained, developed and managed will gain more attention.

2.1.2 What is Talent?

Tansley, *et al.,* (2006) have observed that ''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'' (p. 2). It is necessary to define 'talent' before studying TM, because it could influence how talents are identified and how TM approaches are underpinned.

It is widely acknowledged that talent not only has become more important 'among all the factors that could influence the effectiveness of organisations in the future' (Buckingham & Vosburgh, 2001), but also remains in limited supply (Michelman, 2003; Jamrog, 2004; Frank, *et al.,* 2004). Yet those who advance such views find it difficult to define highly talented employees. In fact, different organisations find greater value in formulating their own meaning of what talent is than accepting a universal or prescribed definition (CIPD, 2007b). Thus, they tend to have different talent targets. For instance, Bill Gates once said, 'take our twenty best people away from us and I can tell you that Microsoft would be an unimportant company' (Gates and Lowe, 1998, p. 42). Another survey conducted by Towers Perrin (2003) found that 87% of participants had a definition of 'talent' used consistently across their organisation; however, none of the 32 companies surveyed used the same definition. Hence, it is difficult to find a one-size-fit-all talent solution that is right for every organisation, because each organisation has its unique culture and each position has specific requirements. For instance, Duttagupta (2005) found:

* Microsoft UK focuses attention on its A list, top 10 per cent of performers, regardless of role and level.
* Six Continents targets executives below board level and high potential individuals, as the two cadres likely to provide their leaders of tomorrow.

* Philips is upgrading its culture and talent to shape its vision of being a high-growth technology company.

Hence, even though talent can be categorized as valuable, rare, and hard-to-imitate, the specific descriptions regarding talent are still not clear, and there is no universal definition of great talent (Brown and Hesketh, 2004). The definitions of talent will depend on an organisation's business strategy, type of firm, overall competitive environment, and so on (Ingham, 2006). Therefore, the definitions of talent should be tailored to individual organisations (Towers Perrin, 2004b), and each company should be encouraged to 'understand the specific talent profile that is right for it' (Michaels, *et al,* 2001, p. xii). An in-depth and concise assessment of the key elements of organisation culture and job structure, followed by a matching with candidates who have specific backgrounds, work experiences, and inner personal qualities, becomes crucial in the process of talent identification.

The above literature review on comprehending talent leads to the conclusion that there is no single definition of talent. One opinion goes a little bit further by stating that 'defining great managerial talent is a bit more difficult; a certain part of talent eludes description: you simply know it when you see it' (Michaels, *et al*, 2001, p. xii). Some authors such as Tulgan (2001: 28) see little point in trying to define 'talent' because:

> 'You know very well that a single truly great person on your team is worth two, three, four, or five mediocre ones. The difference in value is hard to quantify, but the truth of the matter is clear: Nobody is more valuable than that person you can rely on without hesitation. That person almost always gets the job done right and ahead of schedule, takes exactly the right amount of initiative without over-stepping, makes the tough judgement calls as well as the easy ones, and makes it look routine'.

Notwithstanding the diversity in understanding 'talent', many conceptions can still be found to share similar themes and fall into similar patterns. The following three main perspectives are extracted from recent publications.

(1) Exclusive perspective by viewing key people with high performance and potential as talents (non-position-related understanding);

(2) Exclusive perspective by viewing right people in key positions as talents (position-related understanding);

(3) Inclusive perspective by viewing everyone as talent.

(1) Exclusive perspective by viewing key people with high performance and potential as talents (non-position-related understanding).

The first strand takes a relatively narrow sense of the definition: individuals who have the capability to make a significant difference to the current and future performance of the company (Morton, 2006). A wide range of academics and practitioners adopt this point of view. For example, Wall and Aijala (2004) refer talent to 'critical talent'--- groups and individuals who drive a disproportionate share of an organisation's business performance and generate greater-than-average value for customers and shareholders.

The authors of one of the most influential publications---*the War for Talent* (2001)*,* elucidate talent as

> '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' (Michaels, *et al,* 2001, p. xiii)*.*

Williams (2000: 35) describes talent as those people who do one or the other of 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, i.e. potential'.

Fishman (1998: 104) identifies talent as

> 'The most important corporate resource over the next 20 years, and they are smart, sophisticated business people who are technologically literate, globally astute, and operationally agile'.

Iles (2008: 215) sees talent as the employees,

> ''who are particularly valuable to an organisation---either in view their 'high potential' for the future or because they are fulfilling business/operation-critical roles''.

Most recently, Tansley, *et al.,* (2007) distil the nature of talent as follows:

> 'Talent consists of those individuals who can make a difference to organisational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential' (p. xi).

Chowdhury (2002) perceives talents as the 'spirit' of an enterprise, being temperamental, creative, rule-breakers and change-initiators. Berger (2004) offers an equivalent definition

of talent as 'superkeeper', based on a classification of employees according to their actual and/or potential for adding value to the organisation:

> 'Superkeepers are a very small group of individuals, who have demonstrated superior accomplishments, have inspired others to attain superior accomplishments, and who embody the core competencies and values of the organisation; their loss or absence severely retards organisation growth because of their disproportionately powerful impact on current and future organisation performance' (Berger, 2004, p. 5).

The above definitions of talent all see talented individuals as to the companies' competitive advantage, because they drive companies forward through their outstanding competence and ability. In this sense, it is not possible for everyone in the organisation to be considered as a talent; talented employees are fundamentally different from the others in terms of their current and past performance as well as their evaluated potential and competence. Consequently, this approach to comprehending talent takes both a short-term and long-term perspective. Branham (2005) takes this view further by postulating the Pareto Principle of Factor Sparsity, i.e., that 20% of the workforce can contribute 80% of the value. Organisations will then be able to accomplish their TM process that will truly deliver 80% value from 20% talented individuals.

Because TM is a strategic and holistic approach, the talent definition should include dimensions not only related to performance but also to potential (Towers Perrin, 2003; Ashton & Morton, 2005). According to Mucha (2004), performance is measured against specific objectives and performance reviews that describe current and past behaviour, and may or may not be an indicator of potential. Potential, on the other hand, is about looking forward and predicting what an employee may be capable of in the future. It is determined by a combination of observations, assessments, and discussions, and is more difficult to determine because it requires inferring future contribution based on current data. In brief, TM strategy implies both performance and potential, and one focus of TM is to align existing performance appraisal processes with the creation of potential identification processes. Therefore, the first strand of definitions shows a tendency to assert that talent is neither title-related nor position-related. One implication here is that there will be two groups of talents---those in place and their potential successors.

This first strand of definitions of talent is essentially based on segmentation, which is the division of the workforce into parts that are to be treated differently. TM is impractical without segmentation. Without segmentation, managers would treat all employees as equally valuable, regardless of performance, competence, potential, or other characteristics that distinguish one employee from another. This will potentially cause unnecessarily high costs for recruiting, hiring, training, developing, and compensating

employees. Therefore, it is both fair and essential to invest scarce developmental assignments and resources on the most promising talent, although this should not be at the expense or neglect of all the other employees (Walker, 2002). In this sense, segmentation is a practical version of labour economics. The controversial segmentation of A (the top 10-20%), B (the middle 70%), C (the lowest 10-20%) players in GE (Ledford & Kochanski, 2004; Walker, 2002), and the segmentation of 'superkeepers' (those who greatly exceed organisation expectations), 'keepers' (those who exceed organisation expectations), 'solid citizens' (those who meet organisation expectations) and 'misfits' (those who fail to meet organisation expectations) (Larson & Richburg, 2004) contribute a practical illustration of this strand.

(2) Exclusive perspective by viewing right people in key positions as talents (position-related understanding).

Even though the second strand of understanding of talent also takes a narrow sense of the definition, it tends to comprehend it from a different perspective. Huselid *et al*. (2005) are the most influential figures in the second strand on defining talent. According to them, talents are by no means non-position-related, as the first strand perceives. On the contrary, the talent defining process is closely coupled with the identification process of 'key positions' in the organisation. The starting point here is to identify strategically critical jobs (A positions) at the outset. Only the right people (A players) occupying those positions can be considered as talents, and get a disproportionate level of financial and managerial investment, guaranteeing the maximum opportunities for their development. A perfect match of 'A players' and 'A positions' is expected to contribute to 'A performance'. Huselid *et al*. (2005) argue that given the limited financial and managerial resources to attract, select, develop and retain top performers, companies simply cannot afford to have A players in all positions; thus, a portfolio approach is strongly suggested, which is to place the very best employees in strategic positions, good performers in support positions, and eliminate nonperforming jobs and employees that do not add value. Hence, following the identification of A, B, and C positions, the right people who do the right things in those positions are respectively considered as A, B, C players. It will be noticed that this talent defining method shares something in common with the first strand by emphasizing 'workforce differentiation' (Huselid, *et al.,* 2005, p. 114). Obviously, this method asserts that A, B, and C players should get disproportionate concerns and investments according to the strategic importance of their positions for the organisation. One tenet is that A players in A positions should be looked after with close attention, but B and C players should be managed intelligently. Huselid *et al.* (2005: 117) put it:

'We all know that effective business strategy requires differentiating a firm's products and services in ways that create value for customers; accomplishing this requires a differentiated workforce strategy, as well'.

(3) Inclusive perspective by viewing everyone as talent.

In contrast to the above two 'exclusive' approaches, only targeting the elite high-potential few, the third strand of understanding of talent adopts a more 'inclusive' approach, which is inclined to assume that everyone is talent. It asserts that everyone in an ideal optimal organisation has a clear role to play, and consequently contributes to the success of the business; hence, every single person should be viewed as a source of competitive advantage. Even though the inclusive 'whole workforce' approach to TM remains comparatively rare in practice (Clake and Winkler, 2006), some researchers are in support of such a view. For instance, Bones (cited in Warren, 2006: 25) argued that 'an inclusive talent management strategy is a competitive necessity'.

Similarly, Buckingham and Vosburgh (2001: 17-18) claim,

'The talent is inherent in each person…HR' s most basic challenge is to help one particular person increase his or her performance; to be successful in the future we must restore our focus on the unique talents of each individual employee, and on the right way to transform these talents into lasting performance '.

Stainton (2005) notes that there has been a fundamental debate regarding whether TM should take an inclusive or exclusive perspective. According to him, TM may adopt a broader approach by recognizing everyone as having the capability and potential to display talent; therefore, everyone can achieve opportunities to be considered and developed, and everybody basically can go through the same talent identification process. Hence, Stainton (2005) supplements the argument by pointing out that opportunities are essential, because talent requires an opportunity to be displayed. Employees may have the abilities, but they may not be given the opportunity to display them in the workplace. It is critical to provide continuous opportunities for everyone to learn, to grow, and to strive to fulfil one's potential (Walker, 2002).

2.1.3 What is Talent Management?

New technologies, rapidly changing business models, and the globalization of markets have all increased the demand for highly skilled people. Meanwhile, the workforce ageing problem, together with an inadequate supply of younger talent, will leave a huge gap in the labour market. All the current discussions about skill shortages and population ageing

problems mean that organisations, if they have not done so already, should be reviewing their approach to TM.

TM has been around for a while and worn many guises, since McKinsey first attached the label 'The War for Talent' to their report on the limited supply of talented senior executives, and gained the attention of the media as demonstrated by the front cover treatment by Fortune Magazine in May 2000 (Stumpf & Tymon, 2001). Holistically, it is a concept whose time has come. However, a review of the literature focused on TM reveals a disturbing lack of clarity regarding the definition and scope of TM, because it seems that TM means a host of different things to different people. For instance, some researchers offer their understandings of TM as in Table 2.1.

Table 2.1: Definitions of TM from the perspectives of academics

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TM refers to a continuous process of external recruitment and selection and internal development and retention.

(Knez, *et al*, 2004)

A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organisational needs. TM involves individual and organisational development in response to a changing and complex operating environment. It includes the creation and maintenance of a supportive, people oriented organisation culture.
(Source   from

http://derekstockley.com.au/newsletters-05/020-talent-management.html)

(Stockley, 2005)

In the broadest possible terms, TM is the strategic management of the flow of talent through an organisation. Its purpose is to assure that supply of talent is available to align the right people with the right jobs at the right time based on strategic business objectives.

(Duttagupta, 2005: 2)

Clearly, there isn't a single consistent or concise definition of TM. It is the integration of different initiatives, or constructs, into a coherent framework of activity.

(Ashton & Morton, 2005: 30)

TM encompasses six human resource services: staffing, leadership development, succession planning, performance management, training and education, retention.
(Source from www.humancapitalmag.com)
(Fitz-enz, 2005)

TM is encompassing all HR processes, administration and technologies. It commonly refers to the sourcing (finding talent), screening (sorting of qualified and unqualified applicants), selection (assessment/testing, interviewing, reference/background checking, etc., of applicants), on-boarding (offer generation/acceptance, badging/security, payroll, facilities, etc.), retention (measures to keep the talent that contributes to the success of the organisation), development (training, growth assignments, etc.), deployment (optimal assignment of staff to projects, lateral opportunities, promotions, etc.) and renewal of the workforce with analysis and planning as the adhesive, overarching ingredient. In other words, talent management is what occurs at the nexus of the hiring, development and workforce management processes and can be described alternatively as talent optimization.

(Schweyer, 2004: 38)

TM is best seen not as a set of topics, but as a perspective or a mindset. A TM perspective presumes talented individuals play a central role in the success of the firm. All corporate issues are seen from the perspective of 'how will this affect our critical talent?' and 'what role does talent play in this issue?'

(Creelman, 2004: 3)

TM is the systematic attraction, identification, development, engagement, retention and deployment of those individuals with high potential and who are of particular value to an organisation.

(Tansley, *et al*., 2006)

TM can be understood as referring to the identification, development, engagement/retention and deployment of those employees who are particularly valuable to an organisation---either in view of their 'high potential' for the future or because they are fulfilling business/operation-critical roles.

(Iles, 2008: 215)

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Beyond the variety of academic's definitions, TM also finds a range of definitions in the management consultancy literature, as illustrated in Table 2.2.

Table 2.2: Definitions of TM in the management consultancy literature

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TM is the integrated set of processes, programs, and technologies designed to develop, deploy and connect key talent and critical skill sets to drive business priorities.

(http://www.sapfinug.fi/downloads/2005/ccc/CCC_DELOITTE032005.pdf)

(Sistonen, 2005)

TM should include:
*strategic workforce and competency assessments;
*implementation of recruiting, staffing, career development, and performance management strategies;
*identification and development of highest potential technical and leadership talent;
*bench strength assessment and succession planning for key positions

(www.conocophillips.com/careers/careerdev/talentmgmt/index.htm)

(Source from ConocoPhillips, retrieved in 2006)

The process of ensuring an organisation has a continuous supply of highly productive individuals in the right job at the right time. This includes implementing strategies designed to increase workplace productivity and improve processes for attracting, developing, retaining and utilizing people with the required skills and competencies to meet current and future strategic business needs.

(http://www.vurv.com/eng/whatwevelearned/terminology.cfm)

(Source from Vurv, retrieved in 2007)

TM is a practical way of managing performance, potential and capability, which can be seen as an ongoing change initiative. TM is the means of identifying, nurturing and using high potential/high performing people for strategic benefit and the process from recruitment through the whole HR cycle, which provides enhanced work experiences for individuals and benefits for the organisation.

(www.crforum.co.uk)

(Source from CRF workshop, 2005)

Highly effective TM means:
*A measurable return on investment;
*Individual talent is understood and utilized;
*Identify people with diverse qualities;
*The talent required for business success is understood and seized;
*Roles are filled as they become available (internally where appropriate).

(www.ase-solutions.co.uk/counsultancy.asp)

(Source from ASE Consultancy Services, retrieved in 2006)

Even though 'there isn't a single consistent or concise definition' (Ashton & Morton, 2005, p. 30), two main strands of thought regarding TM can be explored.

(1) Collective of HR practices
(2) Talent continuity

(1) Collective of HR practices

The first strain defines TM as a collection of typical HR practices and activities covering various HR functions, such as recruitment, development, deployment and retention of talented individuals. In this sense, the components of a TM system have been widely discussed without producing much new thinking. Different component models of TM put forward by different authors are, in essence, quite similar to each other. For example, Morton (2006) depicts the eight categories of activities of TM as recruitment, retention, professional development, leadership development, performance management, feedback/measurement, workforce planning and culture. Fitz-enz (2005) argues that TM encompasses six human resources services: staffing, leadership development, succession planning, performance management, training and education and retention.

In consideration of these models, a more generalized version of TM activities can be developed here as: attracting, retaining, developing and transitioning talent.

1. Attracting talent.

When it comes to attracting new employees, two main activities are normally included.

Employee attraction: the successful attraction of talents to the organisation is seen to happen at the very beginning stage of a whole TM process; moreover, it is quite often introduced as a critical and immediate reason for companies to be involved in TM-related activities, simply for survival in the intensifying competition for talents. In addition, when discussing talent attraction, a strong and easily identifiable brand image in the overall labour market is also quite often advocated. Employment branding is a key talent strategy that should start from the corporate culture and involve systematic efforts to strengthen the corporate image in order to help attract potential talent. According to Sullivan (cited in Levoy, 2007, p. 20), employment branding is a process of developing an image of being a 'great place to work' in the minds of the targeted candidate pool; therefore it generally results in a steady flow of talented applicants. Thus, when developing employment branding, organisations have to make their talent requirements clear in order to promote an appropriate match between a potential applicant, the organisation culture and the role.

Recruitment and selection: Talented individuals should be recruited on the basis of careful and systematic screening and selection methods. Thus, when considering any form of recruitment and selection, it is essential to define a visible process across the organisation during which particular activities and responsibilities at each stage are made clear. One critical theme during this process should be to make sure that no talents are overlooked, for the benefit of the whole organisation.

2. Retaining talent

An essential part of TM strategies is to retain talented individuals. Today, employees' overall expectations have changed. If their work is not challenging, meaningful, and focused on growth and development, they will not stay (Kaye and Jordan-Evans, 2002). Taking account of the time and expenses spent on nurturing and rewarding talents, retention has recently gained even more attention than the attraction and acquisition of talents. Retention is defined as the effort by an employer to keep desirable workers in order to meet business objectives (Frank & Taylor, 2004). According to Carey and Ogden (2004), there are a number of defensive measures companies normally take to retain valuable talents that they may have spent years training and cultivating, and they fall into three categories. Firstly, traditional financial incentives, which are still the most widely used means to keep talents. Collision and Burke (2003) claim that the most common employee retention program is tuition reimbursement, followed by competitive vacation and holiday benefits, and then competitive pay. Second, organisational incentives, where companies make structural changes to allow talents greater latitude in exercising their skills, effectively giving them authority over their 'own' work. Last but not least, there are psychological incentives, where companies work to increase the personal job satisfaction of talents. A recent discussion on retaining and engaging talents claims that psychological *engagement* will be the main retention, because 'the heart is a tougher battlefield than the mind' (Bates, 2004: 47). Talents will stay with a company only if they feel it has the right culture and provides them with self-fulfilment, a sense of accomplishment and fun (Osborn-Jones, 2001). Without the right mix of values, attitudes, terms and benefits, talented individuals are likely to leave. Thus, emotional attachment should be brought into the range of retention strategies.

However, it is worth noting that employees' emotional connections to work can be both positive and negative (Towers Perrin, 2003). Today, emotional attachment has been widely recognized as a driving force for employees to make a long-term commitment to an organisation. Meanwhile, employees' complex emotions can also be negative, which brings trouble to employers, particularly in terms of the retention of their most valued

employees. For instance, according to the Towers Perrin's (2003) study, among those who are intensely negative about their current experience, 28% are actively looking for a new job or are poised to leave when a new opportunity arises. This means that the company could have a large segment of disaffected workers simply 'hanging on' to their jobs and potentially adversely affecting other employees and customers with their negative attitudes. Furthermore, those negative emotions may bring about a decline in productivity and performance. Therefore, it is imperative to transfer current negative emotion into positive emotion. According to Stainton (2005), a successful transformation can be achieved by undertaking the following activities:

* Recruiting and developing employees who share the same values, attitudes and beliefs that the organisation's success is built upon;
* Developing those employees so that they have true commitment and a sense of belonging to the organisation;
* Ensuring talented individuals achieve a sense of fulfilment and accomplishment in their employment;
* Fostering relationships via mentoring/coaching and also encouraging networking between business departments.

These endeavours are expected to help employers build up a stable team with an emotional attachment to the organisation, and then further develop their talented employees in the long-term interests of the organisation.

3. Developing talents

Developing talents can involve activities such as development and training, coaching and mentoring, and performance management.

Development and training: Since 'talent rarely arrives fully developed' (Stainton, 2005, p. 42), they are expected to continuously develop and then apply the skills the company needs. Therefore, after the talent identification and selection process, organisations need to provide support and assistance to maximize the potential and performance of their employees. In spite of the argument that the employer may enable its workforce to become employable by other companies by supporting the development of their skills (Akehirli & Lau, 2002), it is widely believed that employee personal development is an effective measure for companies to retain the most valuable talents as discussed above.

Coaching and mentoring: The development of talents does not stop after training sessions. In order to stretch individuals' potential, appropriate coaching and mentoring is also

essential, because coaching and mentoring is an ongoing development process. Therefore, a succession of coaches, mentors, and counsellors will be needed during the course of successful personal career development. Coaching and mentoring is normally seen as a personal development process designed to enhance a talent's success in achieving personal objectives within the context of an organisation's values and business goals. Hence, although talent coaching and mentoring focuses on the individual, its successful implementation brings benefits to both the individual and the organisation. These benefits can include retention of valued talents, increases in productivity, development of high-potential performers, greater job satisfaction for the participant, and achievement of organisation objectives.

Performance management: Whether TM activities focus on developing specific pools of talent or more broadly developing organisational capability, a transparent performance management system that supports the provision and continuous development of talent is necessary. It is also critical to recognize that a performance management system has two primary parts: performance appraisal (the process of measuring performance) and performance review (the process of communicating the results of the performance appraisal to the person whose performance was measured) (Wolf, 2004). In addition, according to Ellis and Saunier (2004), a performance management process should be designed to achieve one (or more) of the three basic objectives as below:

*   * *Drive results:* The intent of performance management is to drive improvement in business results through individual, group, and enterprise goal alignment, measurement, and rigorous performance information sharing.

*   * *Build capability:* The intent of performance management is to drive organisation and individual capability development by clarifying role-specific competencies, establishing an environment of constructive feedback, and using formal coaching/mentoring.

*   * *Carve up consequences:* The intent of performance management is to differentiate performers and yield a defensible performance assessment/rating that can be used to make reward decisions involving compensation, work assignments, career development, and recognition.

4. Transitioning talent

TM also stresses paying as much attention to transitioning talents out of the company as the other main functional activities mentioned above. The benefits of a successful implementation of talent transition can be significant. It can help set up a sound

relationship between employees and companies, contribute to a happier workforce who are more content, and consequently bring in a considerable improvement in performance. Some researchers label this process as 'Exit Management' (Stainton, 2005; Kobayshi-Hillary, 2005). Exit management plays a critical role in the overall discussion of talent transition strategy. On the one hand, employees who are leaving or have left are more likely to be open, honest and frank in appraising their ex-employers; thus, the learning gained from exit management can be a driver for organisational change and improvement from an employee's perspective, and eventually help improve how talent is managed in the future. In contrast, those organisations that do not conduct exit management will miss a great opportunity for achieving a more objective opinion from those departing talents. Moreover, if talented individuals leave on good terms, there will be an opportunity to stay in touch with them, and possibilities in the future to recruit them into the organisation again.

On the other hand, Reed (2001) argues that each former employee released into the world can work as a walking, talking word-of-mouth advertisement for the company. Good exit management practice may lead to former employees being willing not only to rejoin the company someday in the future, but also introduce more talents to replenish the company's talent pool. Therefore, 'talent that leaves should not be forgotten, and contact can and should be maintained' (Tansley, *et al.,* 2007, p. 52).

In a nutshell, the first perspective perceives TM as highlighting and supporting a set of carefully selected employees, referred to as 'talented' individuals, who are seen as critically valuable to the success of the organisation. The central issues are thus to attract, recruit, develop and retain such individuals and the concept extends through a wide range of activities in these different phases. Therefore, 'developing, redeploying and retaining top employees' serves as a general definition of TM. TM is an umbrella phrase which includes employee recruitment, retention, performance management, skills and competency management, succession planning, redeployment, learning management, training, career development processes, internal career centres and internal career paths. However, defining TM in terms of the functions of traditional HR seems to add nothing new to the understanding of how to manage talent. Recently, with technological advances, managing talents through recruiting, developing, and deploying talent via the Internet may require the in-put of some new skills to an HR practitioner's skill-set, but does not fundamentally change the principles underlying good recruiting, developing and deploying. Thus, if organisations or authors are unclear about what they mean by talent and tend to concentrate on sub-disciplines or specialist areas within HR, the use of TM will be superfluous, and meanwhile there will be the possibility that TM and the traditional term HRM are used interchangeably. As Barlow (2006) asserts, TM could almost become a new

label for HRM for many managers. In such a situation, defining TM may satisfy the demand of re-branding HR practices to keep them seemingly new and fresh, but it does not advance the understanding of the strategic and effective management of talent.

(2) Talent continuity

The second perspective on TM focuses primarily on the concept of talent continuity. TM, to some people, is a set of practices to ensure a smooth continuity of talented employees into roles throughout the organisation (Kesler, 2002; Pascal, 2004). Since TM programs are quite often designed to create talent pools that feed particular job classifications and focus on the individual skills, competencies, and behaviours that make those jobs and employees successful in the future, those approaches which tend to define TM by simply emphasizing much of the work done in succession and workforce planning are often quite close to what is typically known as 'Succession Planning' or 'Human Resource Planning' (Jackson & Schuler, 1990; Rothwell, 1994), but they can also include typical HR practices and functions such as recruitment and selection (Lermusiaux, 2005).

According to Rothwell (1994), succession planning is a formal concept which was initially related to family businesses, in which the management of the business could be passed down from generation to generation. When corporate world first became interested in this concept, people only focused their concerns on the CEO position. As time went on, corporations began realizing that the ongoing stability of their entire senior management teams was just as important as ensuring a plan for the CEO role. More recently, succession planning has expanded again, as organisations have also begun seeking external individuals to be part of an organisation's future plans. Through effective talent relationship management, that is an organized ongoing relationship with potential hires, this option enhances the chances of organisations having a wider choice of those who will make a significant contribution. Thus, Sambrook (2005: 580) defines succession planning as

> 'The attempt to plan for the right number and quality of managers and key-skilled employees to cover retirements, death, serious illness or promotion, and any new positions which may be created in future organisation plans'.

It can be seen that on the one hand, succession planning has gone beyond the reactive replacement of exiting employees to proactively enabling the deployment of an organisation's talent, on demand, as needed, now and in the future. As Carey and Ogden (2004) argue, succession planning has successfully turned into a forward-looking process, and one of its primary assumptions is that the future will be different from the present. On the other hand, succession planning has also become a proactive management of the

corporation's entire talent pool; it is no longer appropriate to focus on a small pool of talented employees only from the upper ranks. It is believed that such a transformation in succession planning will have a significant impact, which will create a demand for it in order to respond to the business-planning process. Therefore, enlightened corporations are seen as more willing to integrate succession planning into their strategic planning processes and corporate policies.

Economics, competition, globalization, technology and other factors play a role in the design of business strategy. However, enlightened organisations know that in today's fiercely competitive marketplace, a well-designed and executed talent strategy, which enables people to meet business goals and helps organisations realize their vision, is imperative (Lubitsh & Smith, 2007; Sandler, 2006). The goal of the talent strategy is to ensure that an organisation has the right people with the right skills and expertise available at the right time and place to achieve goals. Therefore, succession planning is the end goal of effective TM (Towers Perrin, 2006). According to Sambrook (2005), succession planning forms part of human resource planning, which should contribute to the overall business plan. Beaver and Hutchings (2004) hold a similar view that traditional human resource planning, which attempts to ensure a match between the demand and supply of labour, from the internal and/or external labour markets, helps the organisation to estimate the critical resources required, and incorporates succession planning and the personal career pathing of employees. Therefore, the second perspective of TM, concentrating on talent pools and succession, has to some extent, the same problems as the first strain of understanding of TM, and therefore seems to provide no obvious additional meanings to the theories or practice of HRM.

In summary, the topic of TM has been enthusiastically pursued in the trade and popular press. However, it has been defined largely in ways that have not contributed to a common understanding of managing talent in theory or practice.

2.1.4 Implications TM brings for HR professionals

Throughout the history of the HR profession, its world has witnessed several concepts; in more recent years, a lot of focus has been put on the concept of TM with respect to the HR function. An extensive number of publications regarding TM and consulting firm TM-related services have emerged. Although some critics argue that different concepts always describe the same thing, and do not extensively differ from each other (e.g. Legge, 1995; Abrahamson, 1990; 1996), TM as the latest trend within the HR profession is projected to be the top issue in the future (Sandler, 2004). This argument has been enthusiastically backed up by some other researchers. For instance, according to an IDC study (2005), TM

is projected to be the next core competency in HR domain expertise. Stkoystad (2004) also identifies TM as being at the top of organisational priorities. In this sense, TM approaches to HRM should be considered as the next popular effort to manage the human elements of an organisation, and TM competencies should be valued and viewed as the next critical competency for the HR function. Hence, it is expected that TM will bring forward implications for HR professionals.

In effect, many academics and researchers have joined the discussion by arguing that TM adds new dimensions to HR functions. For example, Lawler (2005) succinctly expressed that 'HR can add more value by effective TM' (p. 144). Chambers *et al.* (1998) claim that the role of human resources should be redefined and its capabilities should be strengthened in order to support the talent building challenge; meanwhile, they assert that more than process managers, HR executives need to be effective, proactive counsellors with personal and business credibility and strong relationships with other business units. Farley (2005) argues that the demands to effectively manage talent are consistently placing new emphasis on strategic requirements of the HR function. Boudreau and Ramstad (2005) contend that TM requires a new paradigm for HR, in which HR should learn more about strategic decision science in order to play a powerful and decision-supporting function. Scullion and Starkey (2000) posit that a key integration role for the corporate HR function in the international firm will be the strategic management of talent on an international basis. Berger (2004) brings the discussion further forward by arguing that TM will become the primary responsibility for the HR departments of the future, while traditional HR activities will be outsourced, directly transferred to employees through the use of technology, or delegated to line managers. Only those HR functions will remain which are mainly dealing with talent issues and the nurturing of a sound work climate that fosters and stimulates talented individuals by offering the tailored employment packages that provide both individual freedom and the empowerment required by highly skilled workers. Furthermore, she stresses that HR professionals should become more knowledgeable not only about HR issues; in order to more effectively manage talents in an intensifying global market, they are expected to become more skilful, also with budgetary and financial activities as well as the organisation's products, markets and strategies. This is supported by Evans (1999), who contends that given the increased demands for expertise and knowledge in finding, attracting, retaining and developing the best people in the organisation to get things done, the roles for HR professionals are experiencing a series of fundamental shifts in this century. They are not limited to taking care of people, they are also required to develop their consulting skills and business analysis skills. Overall, as Bersin (2007) generalizes, TM has brought a real business meaning for HR professionals, and people enter a new era with the role of HR as the 'steward of the organisation's talent management process' (p. 15).

2.2 TM in China

China remains in the spotlight on the global economic stage, as its rapidly expanding economy continues to create opportunities for companies both inside and outside China. During this unprecedented period of development and growth, MNCs have recognized the potential of this vast country and have gradually focused their company resources on China and set up their operations there. However, in order to fuel its current levels of growth in the long term, China needs to develop internally a vast pool of talented human resources.

2.2.1 Why is TM so critical in China?

There is a very popular misunderstanding shared by foreign companies as they make a move to China, which is that there is an abundant amount of inexpensive, qualified workers. However, the reality is miles away from this conception. Within this vast country, which boasts a population of 1.3 billion people, even though it is hard to believe, the fact is that China is hampered by a critical talent shortage. Maybe the following statistics could provide a hint on how challenges remain in finding the right talents who are employable in the types of positions required by foreign companies:

- The projected supply of Chinese university graduates between 2003 and 2008 is estimated at 15.7 million; only about 1.2 million of these graduates will be suitable for employment in MNCs. Meanwhile, China will need 75,000 managers with some form of global experience over the course of the next decade, but currently has only about 5,000 such people (McKinsey Global Institute, 2005).

- China's baby boomers are producing children significantly below the rate necessary to maintain the country's population; the rate required is 2.1 children per mother compared to the actual rate of 1.3 to 1.8 children (Kahn, 2004). In just 10 years, the working population in China will begin to shrink (Jackson & Howe, 2004).

- According to a Hewitt Associates study (2003), 45.10% of the companies in China report an acute skill shortage in leadership, in contrast to the average of 19.82% in Asia Pacific area.

In view of these statistic numbers, a threatening shortage of talents for the MNCs now in China and for the growing number of Chinese companies with global ambitions can be identified. According to Buxton *et al.* (2007: 1),

> '**The single largest brake on the growth of the life sciences sector in China is the struggle to attract, and even more importantly, retain an executive workforce that possesses the right skill sets**'.

This is also the case with every industry and market in China. The task for HR departments in China is to anxiously hire and retain talents.

Talent shortages are particularly acute in managerial and professional roles in contemporary China. For one thing, old managers between 40 and 50 years old are products of the Cultural Revolution, and, most likely, they are from the working backgrounds in state-owned enterprises with traditional values, lacking Western-style management experience (Li and Nimon, 2008; Deng and Treiman, 1997). For another, the majority of relatively young Chinese employees are also short of necessary skills and experience required by MNCs, such as English language skills, communication skills and Western cultural knowledge, etc. There is a growing recognition that the success of global business depends most critically on recruiting the desired quality of senior management in MNCs (Schuler, 2000). Hence, the looming talent shortage is causing a major problem for MNCs, which is to find the right people to fill their vacancies, and consequently putting a halt on their business growth.

TM does not just stop with the recruitment of talents. In fact, retaining skilled talents is often as challenging as attracting them; in most cases, it is an even more challenging job. This is due to a number of factors, such as demographic changes, the globalisation of the workforce and the growth of the Internet, which have enabled employees to become more knowledgeable and sophisticated about employment and job searches (Hansen, 2001), thus making the most talented employees more vulnerable to employment turnover. As Frank and Taylor (2004: 37) claimed, 'perhaps no talent management issue will have greater importance in the years to come than employee retention'.

According to a Deloitte study (2007), roughly one-third of the executives reported that holding on to qualified employees is very difficult in China, even more than the often reported problems in hiring. The major force which makes the retention problem critically important in China is talent shortage, which is also depicted as the causal factor of many social crises (Hewitt, 2001). On the one hand, MNCs in China have to compete for the limited pool of talents with some domestic enterprises which demand managers with the same skills and cultural attributes relevant to MNCs. On the other hand, the talent training and development process is time-consuming and costly. For example, according to Burley (2005), the actual cost of replacement metrics shows an average-performing staff member costs about 90 percent of their salary to replace, while high performers can cost anywhere

from 300 percent to 2,000 percent. Thus, MNCs often resort to hunting or poaching from each other. In this sense, retention is much more cost, time and business effective than recruitment. In order to build up a highly skilled, motivated and stable workforce to face the increasingly acute war for talent in a post-WTO period of China, MNCs must make every effort to understand what makes employees more productive, more satisfied with their jobs, and more likely to stay and grow with companies.

So, if attracting and recruiting talents is the very first challenge, how to retain and make them highly motivated and have a good understanding of business culture will be the following ones. This echoes Li's (2007) argument that top talent is subjected to a never-ending stream of calls from corporate recruiters. China is now experiencing an exciting time, when some of the best business opportunities in the world are available within this country. However, for MNCs trying to attract and retain talented individuals, the battle for talents is getting fiercer.

2.2.2 Reasons for the talent shortage in China

In consideration of the current situation in China, several reasons can be explored to help explain the huge talent gap emerging in the labour market.

First of all, China's economy is booming, with different economic sectors witnessing prosperity in their own way. As a result, the demand for talent has outstripped the supply. Since the open-door policy in 1978, China has undergone significant changes and enjoyed continuous economic growth. For example, according to a report by OECD (2004), China contributed one-third of global economic growth in 2004. A latest Bank of China report estimates that China's economy will grow at a robust pace of 10.5 percent in 2008 (Xinhua Agency, 2008). In addition, according to another report by PricewaterhouseCoopers (2006), by the year 2050, China will have outstripped the current G7 by around 75 percent when using purchasing power parity exchange rates. This growth has been partially fuelled by the dramatic growth in foreign direct investment. According to the *People's Daily* (2006), ninety percent of the world's top 500 multinationals from 200 countries and regions have invested in China, more than 30 of which have regionally headquartered in China. The rapid growth of the emerging market in China (UNCTAD, 2003, 2004) implies an increasing need for managers with distinctive competencies, and also a desire for foreign companies to successfully manage in this culturally and economically distant country (Garten, 1997). Therefore, foreign-invested companies find it more and more difficult to get enough people with the right sets of skills to fill their vacancies.

Secondly, localizing management teams in China also plays a role in intensifying the war

for talent. Twenty years ago, only a handful of MNCs extended their business in China; at that time, the MNCs filled their senior positions with expatriates. During the course of the nineteen nineties, foreign-invested companies based in China started to realize the necessity to adapt to the local environment and take Chinese culture into account (as well as to respond to localization pressures) by drawing in Chinese employees. Therefore, localization of management teams became a trend, which created a huge demand for indigenous Chinese talents. Meanwhile, as a wide range of industry sectors opened in China, a flood of additional MNCs started entering China's market, all chasing the same small pool of talent with the necessary skills required. More recently, according to a Manpower (2006) report, even though the competition for managerial talents may ease a little when current young graduates gain enough work experience and skills in the next six to eight years, there will not be a fundamental change in the overall situation, and the problem will deteriorate rather than get better in the long term.

Thirdly, demographic changes and historical reasons have conspired to create a major obstacle for companies to source enough talented individuals to guarantee stability and growth in the future. For example, the low birth rates driven by the nationwide famine between 1959 and 1961, and the one-child policy beginning in 1979, have led to a situation where China's population of managerial and professional talent will decline. As a result, China now has become one of the fastest ageing nations in the world, and faces another potential management gap. Moreover, the Cultural Revolution of 1965-1975 interrupted the education of an entire generation, consequently the generation that would be expected to provide leadership and management today has found it hard to produce the numbers and calibre of leaders and professional workers demanded by China's economic performance (Li and Nimon, 2008; Egri and Ralston, 2004; Lu and Treiman, 2005). Thus, the generation of the Cultural Revolution is also identified as the 'lost generation' (Kleinman and Keinman, 1991; Yang, 2003). According to a Heidrick & Struggles report, many MNCs expanding in China have begun to feel the effects of the country's shifting demographics---in rapidly rising compensation expectations of top talents, rapidly rising turnover among top talents, and an inability to fill positions with qualified talents (Chen and Pfau, 2007). Thus, in a country of 1.3 billion people, it is a paradox that there are nowhere near enough managerial and professional talents to satisfy the demands of further development of companies in China.

Fourthly, China's new graduates are often lacking the necessary skills required by MNCs. According to a McKinsey Global Institute study (2005), fewer than 10 percent of graduates in China have the skills to work for a foreign company in nine occupations: engineers, finance workers, accountants, quantitative analysts, generalists, life science researchers, doctors, nurses and support staff. On the one hand, few of the graduates have the

necessary foreign language skills, communication skills, and experience, or are culturally fit to work in a multinational company; on the other hand, their education is generally biased towards theory, and they get very limited practical experience in projects or teamwork (Farrell & Grant, 2005). As a result, despite seeming so numerous, the pool of university graduates considered suitable for work in MNCs can still not get to grips with increasing demands in China.

Fifthly, China is in a state of rapid growth and development, and many new and hi-tech industries have come into being recently. Those emerging industries are hungry for a vast amount of experienced managers and specialists who are in limited supply because of fast-paced growth. Li (2007) notes that many key sectors are new to China, such as retail, finance, and luxury goods, and there are simply no seasoned professional available. Moreover, China has joined the knowledge economy along with global shifts; in a knowledge-based economy, organisations and even nations are believed to compete on the basis of the knowledge and skills of their workforces (Meisinger, 2006; Zeng, 2005). Hence, the importance of talents, in whom knowledge is deemed to reside in terms of experience, skills and creativity, is getting more and more emphasized in today's knowledge-driven business environment in China. As a result, the demand for highly skilled knowledge workers will experience a significant increase, and then unavoidably worsen the already fierce challenge.

Finally, China's entry into the WTO (World Trade Organisation) has also had an impact on the war for talents. For one thing, accession to the WTO has brought many more MNCs to China, which further enhanced the demands for local talents with enough skills and experience. For another, the elimination of trade restrictions and increased domestic market access as a result of China's entry into the WTO mean that foreign and domestic companies become rivals from the same starting line for limited resources, certainly including valuable human resources. For instance, according to a Bó Lè study (2006), 80 percent of Chinese graduates in 2003 preferred to join international companies with global brands such as Philips and Nokia among others; however, in 2004 this fell to 60 percent, with more and more graduates saying that they wanted to be involved in creating Chinese 'super brands' such as Haier, Huawei and TCL. Harvey *et al.* (1999) observe that there is greater competition between MNCs and local organisations in the emerging markets for managers with context specific knowledge of how to do business in such countries. Black *et al.* (1999) similarly argue that host country managers who receive training and development are very attractive to other multinationals and local organisations, and that there is often competition for their services. Patel (2002) contends that the intensifying competition for talent involves international firms competing with each other, as well as with

leading local organisations. Thus, with continuous development and evolution of the economy, local Chinese enterprises will join in and escalate the war for talent.

Overall, these are the realities facing today's MNCs operating in China. It should be said that the battle for managerial and professional talents will be tougher than at any time in China's history, and this is why TM has gained so much concern and become one of the hottest issues in management practices, as well as in academic fields in a post-WTO China marketplace (Chuai, *et al.,* 2008a; 2008b; 2009). The current situation in China means that it will continue to be difficult for MNCs to find enough talents to fill their vacancies; consequently, everything that a MNC can do to attract and retain talents will become crucial. The right people can provide a competitive advantage; thus, the efficient management of talents can help to maximize the company's business performance, and can by no means be overlooked or neglected for any reason. This echoes Zhang and Carter's (2007) argument that foreign companies cannot afford not to have TM.

2.3 Management fashion

2.3.1 Management fashion and aesthetic fashion

Modes, vogues, fads, fashions, rages, and crazes frequently revolutionize many aspects of cultural life, such as popular music (Hirsch, 1972), men's beards (Robinsin, 1976), and the field traditionally associated with women or children---not only dresses (Barthes, 1983; Richardson and Kroeber, 1940), but also interior design, cuisine, children's names and toys (Lauer and Lauer, 1981). However, when words like 'fashion' and 'fad' are used in the technical realm, they may connote the unimportant and trivial, due to their previous use in the aesthetic realm. Nevertheless, the fashion phenomenon in the technical realm has still attracted an amount of critical attention, and is quite often discussed in comparison with aesthetic fashion. For instance, some researchers, such as Blumer (1969) and Abrahamson (1991), tend to conflate managerial and aesthetic fashion by stating that fashion demand is guided by managers' collective aesthetic tastes. Meanwhile, some other researchers (Dunnette and Bass, 1963; Woodward, 1965; Lawler, 1971; Rumelt, 1974; Mintzberg, 1979; Nystrom and Starbuck, 1984; Abrahamson, 1996a) believe that 'management fashion', as a term used for a long time to describe swings in the popularity of management techniques is, in effect, different from aesthetic fashion, and it should not either be treated as a special case of aesthetic fashion.

According to Abrahamson (1996a), management fashion differs from aesthetic fashion in two main ways. First, whilst aesthetic fashion need only appear beautiful and modern, fashionable management techniques are expected to appear both *rational* (efficient means

to important ends) and *progressive* (new as well as improved relative to older management techniques). The focus on rationality suggests that managers cannot adopt management techniques for an apparently technically irrational motive such as simply appearing fashionable. Moreover, it is not expected that aesthetic forms will improve, while norms of technical progress create the expectation that management must progress towards some ultimate ends. In this sense, old management techniques are doomed to be replaced by newer and better ones. Managers, consequently, must appear to use rational as well as innovative and improved management techniques. Second, whereas socio-psychological forces alone shape the demand for aesthetic fashions, such forces compete with techno-economic forces to shape the demand for management fashions. Put in other words, managers do not adopt management fashions only because of socio-psychological forces. They also adopt management fashions in pursuit of a good grasp of management techniques that are expected to help them bridge organisational performance gaps opened up by real technical and economic environmental changes.

2.3.2 Defining management fashion

Management fashions may not be a recent phenomenon. In fact, since as early as the beginning of the 20th century, certain management techniques have been noticed to repeatedly gain and lose popularity in publication (Abrahamson, 1996a). Employee Stock Ownership might be a good example to show the recurrent swings in terms of the number of articles published between 1914 and 1986, which are manifestly depicted in Figure 2.1 (Abrahamson, 1989: 120).
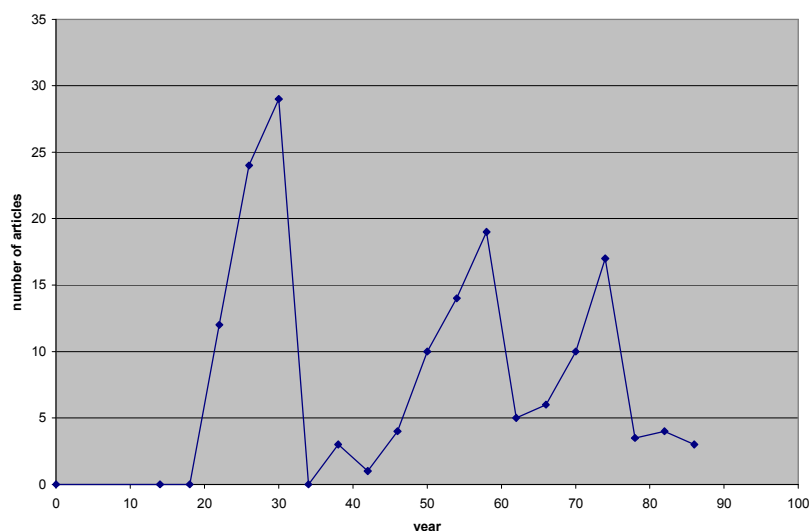
Figure 2.1 Prevalence in the Number of Articles on

Employee-Stock-Ownership Programs

(Source: Abrahamson, 1989, p. 120)

Nowadays, finding, adopting and then abruptly dropping the 'latest and greatest' organisational improvement programs has become a phenomenon that is widely recognized in everyday discourse at work and in the business media (Byrne, 1994; Economist, 1997, 2000; Farnham and Kover, 1996). For instance, Pascal (1990) believes that over two dozen managerial techniques had waxed and waned between the 1950s and 1980s. Brickley *et al.* (1997) identify a bell-shaped curve when plotting the percentage of the published business articles regarding eight management fashions between 1970 and 1996 (TQM, benchmarking, JIT, outsourcing, reengineering, activity based costing, quality circles and economic value added). Gill and Whittle (1993) identify an 'organisational life-cycle' for management ideas, which uses a 40-year 'panacea cycle' covering the four stages of birth, adolescence, maturity and decline. Gibson and Tesone (2001) acknowledge that there is a cycle to management fashion based on the observation of management fads, which came and went in the last half of the 20th century. Kieser (1997) brings the discussion further that the cycles of management fashions are becoming not only shorter, but their peaks are also getting higher.

Most notably, *Business Speak* promises on its cover--- '4,000 business terms, buzzwords, acronyms and technical words: all you need to get ahead in Corporate America' (Schaaf and Kaeter, 1994). Business journalist Byrne (1986: 40) joins the discussion by stating that:

> 'Business fads are something of a necessary evil and have always been with us.
> What's different---and alarming---today is the sudden rise and fall of so many
> conflicting fads and how they influence the modern manager'.

CIPD has listed 'fads and fashions' over the period 1969 to 1994, and has noted a significant increase after 1990 (1994).

Hence, it can be noted that 'management fashion' has become a conspicuously fashionable topic, which appeals to both scholarly and business interest. When evaluating the literature on management fashion, one representative figure---Abrahamson (1989, 1991, 1996a, 1996b) --- cannot be missed out. He defines management fashion as:

> 'A relatively transitory collective belief disseminated by management fashion setters,
> that a management technique leads to rational management progress' (1996a: 257).

In addition, because management fads and management fashions are terms that are often used interchangeably, a very similar definition describing management fads could be found as:

'Managerial interventions which appear to be innovative, rational and functional and are aimed at encouraging better organisational performance' (Carson, *et al.*, 1999: 321).

Abrahamson (1996a) further explains that his definition has two implications. First, management fashions can differ in *scope*: the collective belief that a management technique is at the forefront of management progress can be either large or small. Second, management fashions can also vary in *duration*: the belief that a management technique is at the forefront of management progress can be more or less transitory.

He describes the phenomenon in terms of rapid, bell-shaped swings in the popularity of management techniques. The 'swings' can only be labelled as 'management fashion' when they are the products of a management-fashion-setting process, involving particular management fashion setters and fashion followers (Abrahamson, 1991). Abrahamson (1996a: 257) then defines management fashion setting as:

'The process by which management fashion setters continuously redefine both theirs and fashion followers' collective beliefs about which management techniques lead to rational management progress'.

'Fashion setters' or 'fashion leaders', are defined as actors who dedicate themselves to producing and disseminating management discourses that make management techniques appear fashionable and their users appear legitimate (Abrahamson, 1996b). Various scholars have claimed that a variety of organisations and individuals can work as fashion setters: management consultants, business schools, and business press organisations (Abrahamson, 1991; DiMaggio & Powell, 1983; Hirsch, 1986; Kimberly, 1981; Meyer, 1992; Mintzberg, 1979; Strang & Meyer, 1994) as well as academic gurus, consultant gurus, and hero managers (Huczynski, 1993). Abrahamson (1996b) also defines 'fashion followers' as actors who translate the fashionable techniques when the legitimating discourse becomes fashionable (Abrahamson, 1996b). According to Abrahamson (1996b), management fashions do not spontaneously emerge as a result of the inventive behaviours of managers. They are cultural commodities deliberately produced by fashion setters in order to be marketed to fashion followers.

2.3.3 Abrahamson and management fashion

Abrahamson (1996a) systematically puts forward his model of the management-fashion-setting process covering the creation, selection, processing and dissemination phases where the fashion suppliers of rhetorics champion certain management techniques. The model is illustrated as Figure 2.2 below:

The Management-Fashion-Setting Process

Management Fashion Market
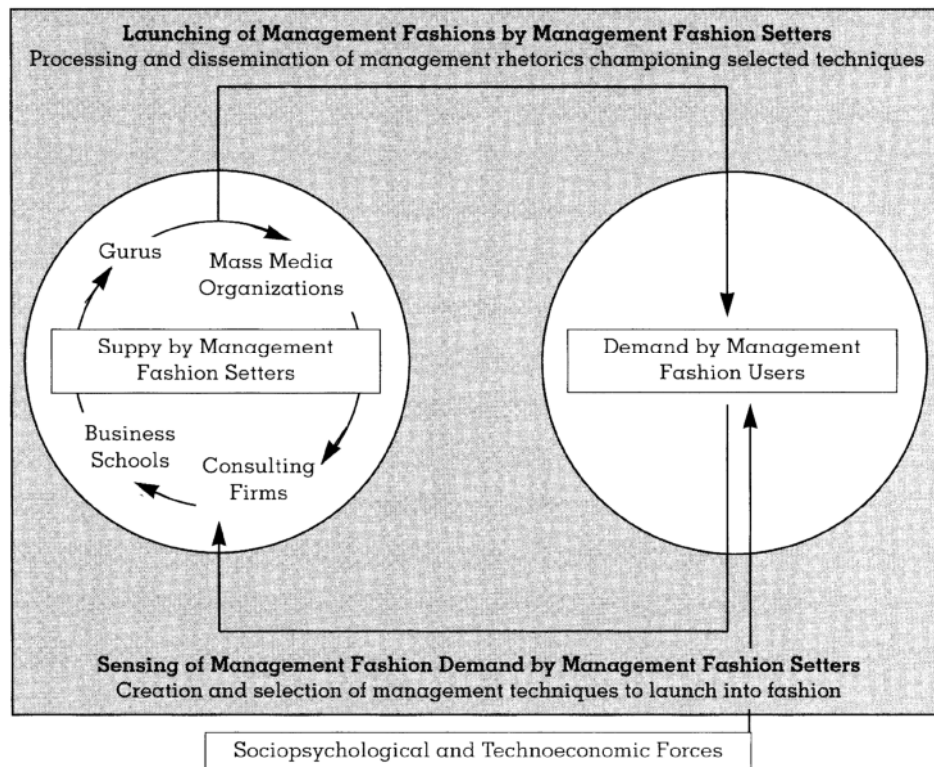
Figure 2.2 The management-fashion-setting process

(Source: Abrahamson, 1996a, p.265)

In the diagram, the right circle stands for the demand for management fashion by fashion users. The arrow leading out of the right circle signifies that during the creation stage, fashion setters sense incipient preferences which will guide fashion demand, and create management techniques accordingly. Abrahamson (1996a) believes that the management techniques chosen in the creation stage are not necessarily more technically efficient than those in use. However, because they have to be distinguished from current ones in order to be further introduced and disseminated, fashion setters will produce collective beliefs that their managerial techniques are both innovations and improvements, at least in terms of the state of art in management. In some cases, these beliefs may be accurate; however, in some situations these techniques may represent nothing but old techniques, which were invented previously and forgotten, but have been reinvented or rediscovered by fashion setters (Abrahamson, 1996a). This is echoed by the 'old wine in new bottles' phenomenon propounded by Kimberly (1981). Sahlin-Anderson and Engwall (2002) also support this reasoning. They argue that management fashions are expected to disappear and become obsolete; nevertheless, their basic ideas will be repackaged and come back. In the next stage, it is reasonable to assume that fashion setters would select the techniques from a broad variety of fresh, recently created management techniques, as well as from a range of old, forgotten ones.

The left circle stands for the supply of management fashion. The arrow leading out of the circle indicates that during the processing stage, fashion setters deliberately articulate a rhetoric that can convince fashion followers that those management techniques chosen in the selection stage are both rational and progressive. Normally, fashion setters successfully achieve such a goal in two ways. In some cases, they would highlight or even exaggerate organisational performance gaps, which can only be narrowed up by their selected rhetorics. Chen and Meindl (1991) also give strong backing to this argument by stating that fashion setters are always ready to frighten managers by revealing possible managerial demise if the organisational performance gaps are ignored, and then to induce them with the rhetorics by promising a sublime solution to bridge those gaps. In some other cases, fashion setters would describe a promising future for managers by presenting the accomplishment of several successful companies which are currently making use of the techniques their rhetorics exploit. During the dissemination process, the selected techniques are launched into the management fashion market by fashion setters, which can be business schools, academics, management gurus, consulting firms, management consultants, or business-press journalists (Abrahamson, 1991; DiMaggio & Powell, 1983; Hirsch, 1986; Kimberly, 1981; Meyer, 1992; Mintzberg, 1979; Strang & Meyer, 1994; Huczynski, 1993).

In addition, Abrahamson (1996a) deliberately elaborates the forming process of management fashion demand. He believes that socio-psychological and techno-economic forces compete with each other to shape management fashion demand.

The fundamental assumption of socio-psychological explanations is that fashion followers are rendered vulnerable to fashion by one or more of four social social-psychological states:

1) Collective frustration

A variety of explanations suggest that fashions are in demand because they satiate individuals' psychological needs. Frustration and despair among managers renders them vulnerable to management fashions, which gratify competing psychological drives for the relief of frustration. Nevertheless, a management fashion can easily give way to a new round of frustration and despair by showing receptivity for a new hope-inducing fashion.

2) Collective boredom explanation

Organisational life is routine, and new management techniques can break this routine, generate excitement, relieve boredom and satiate individual needs for appearing different and novel. Management fashions will always be in demand, simply because they can feed managers' insatiable appetites for individuality and novelty.

3) Collective status seeking explanation

Fashionable management techniques serve not only to symbolize management individuality and innovativeness, but also to symbolize those managers and organisations that are progressive and those that not (Simmel, 1957). When extended to management fashion, it means that, when organisations imitate the adoption decisions of organisations that have higher reputations than their own (DiMaggio & Powell, 1983; Fombrun & Shanley, 1990; Mohr, 1969), then managers of organisations with higher reputation will adopt management fashions in order to distinguish their organisations from lower ones.

Meanwhile, Abrahamson (1996b) concludes that the above three explanations tend to be pessimistic accounts of management fashion. He believes that fashion setters lead psychologically vulnerable and gullible fashion followers. As a result of fashion setters' opportunism, the vast majority of fashionable management techniques are technically inefficient, and fail to solve all or most problems for all or most organisations. Therefore, these techniques lose popularity, and create receptivity for new, equally useless streams of fashionable management techniques. His viewpoint gains support in a bevy of publications, for instance, *Wall Street Journal* (1993) advocated that fashion setters launch fashions with little attention, or even with active disinterest in their staying power; *Business Week* (1986) announced that fashion setters generate unrealistic hopes, with the consequence that these hopes are easily dashed.

4) Collective taste explanation

Besides the above three explanations, Abrahamson (1996b) cites Blumer's (1968) collective taste theory, and gives a more optimistic socio-psychological explanation of management fashion. In line with Blumer (1968), he believes that managers' collective taste could be another drive for fashion demand. Collective taste 'is like an appetite in seeking positive satisfaction; it operates as a sensitive selector, giving a basis for acceptance or rejection' (Blumer, 1968, p. 344). However, because Blumer (1968)'s points are quite ambiguous about who actually launches collective taste for fashions, Abrahamson then adds that collective taste theory is too vague to serve as a strong explanation for management fashions.

Technical and economic forces can also shape management fashion demand. Abrahamson (1996a) classifies these forces into three groups:

1) Macro-economic explanations

Abrahamson believes that long-term macro-economic fluctuations could create sudden surges of demand for certain types of management ideas. This echoes Barley and Kunda (1992)'s hypothesis that long-term, 50-year cycles of economic expansion and contraction (Kondratieff, 1926; Schumpeter, 1935) parallel broad changes in managers' preferences for different types of management discourses.

2) Political-contradiction explanations

Abrahamson stresses that the contradiction of different political forces in the structure of organisations can cause the ebb and flow of management fashions. Neo-Marxism, which claims the existence of the inherent, irreconcilable, structural conflict between management and workers strata, provides the basic theory support. Abrahamson asserts that management fashions are seen as so many forms of control that emerge to suppress this inherent, unsolvable conflict, which implies that all management fashions are doomed to fail eventually.

3) Technical-contradiction explanation

Abrahamson believes pendulum swings exist in managers' preferences for contradictory techniques, for example, between centralization and decentralization, employee motivation and control, product cost and quality, etc. The unsolvable contradictions with a technical nature can cause changes in fashion demand (Blau, 1971).

2.3.4 Interpretive viability

'Interpretive viability', a term coined by Ortmann (1995), deserves a more elaborate discussion in the study of a fashionable management technique. Eccles *et al.* (1992: 26) describe this rhetorical perspective of 'interpretive viability' as:

> 'To recognize that: the way people talk about the world has everything to do with the way the world is ultimately understood and acted in, and that the concept of revolutionary change depends to a great extent on how the world is framed by our language'.

Interpretive viability allows for the possibility of different interpretations and uses of a concept. As stated in Roger's (1995) work, *The Diffusion of Innovations,* innovations have both an ideational (software) as well as a material (hardware) component. The problem with most managerial concepts is that they lack a concrete material component. Fashionable concepts are characterized by a certain degree of conceptual ambiguity and it is difficult to pinpoint their exact meanings. As a result, they have been criticized for not being much more than container concepts formulated in highly general terms (Kieser, 1996). However, some scholars assert that interpretive viability should not be partially understood as negative, because to some extent it is inevitable for being applicable in many situations and for making the concepts acceptable to different parties (Ortmann, 1995; Astley and Zammuto, 1992; Benders, *et al.,* 1998). Therefore, Kieser (1997) argues, fashion setters should keep their product ambiguous to a certain degree in order to increase the chances of gaining popularity. Swan (2004) echoes that the 'malleability' and 'plasticity' of popular management ideas and the ways in which their meanings are re-articulated across different domains make them even more popular (p. 308). When a particular concept quickly gains considerable attention, different interpretations can come into being. Such interpretive viability is a prerequisite for a concept to 'flow' (Røvik, 1998), and therefore, could greatly broaden the size of the potential market for a popular managerial technique, because different adopters could interpret its core idea according to their own situations, and eclectically select those appealing elements to organize their own version of the concept for their own purposes. Thus, what exactly is believed in a fashionable concept, and later how these beliefs shape organisational changes is not simply the result of fashion setters imposing beliefs on fashion followers; fashion followers also use their own judgements and start from their own interests to decide how to enact fashionable rhetoric (Watson, 1994). Managers are not in blind faith adopting and applying management fashion as it is presented, but produce new contents and associations in their own situations.

Interpretive viability allows that different adopting organisations can each recognize their own version of the concept. However, an analysis of the core ideas underlying a new concept, as well as a systematic comparison of old and new approaches, becomes essential in order to get a better understanding of management fashion. Thus, based on the early literature review, a comparison analysis between TM and HRM is necessary. Through such a comparative study, one can explore the very core elements of TM. The comparison will be elaborated in Chapter 5.

2.3.5 'Substantive' and 'symbolic' perspectives

A range of academics have expressed their concerns about the effectiveness of management fashions to meet their stated objectives. For instance, Ashforth and Gibbs (1990) put forward two general means by which organisations seek legitimacy: substantive management and symbolic management. Pfeffer (1981) echoes that the analysis of management or leadership in organisations must proceed on substantive and symbolic levels; on the substantive or instrumental level, decisions are largely the result of external constraint and power-dependence relations, on the symbolic or expressive level, symbolic action serves to legitimate and rationalize organisational decisions and policies. Therefore, in order to obtain legitimacy, organisations can either undertake real, material change in organisational goals, structures, and processes or socially institutionalized practices; or, rather than actually change their ways, organisations might simply portray---or symbolically manage---them to appear consistent with social values and expectations. Symbolic management, in short, transforms the meaning of acts (Richardson, 1985). According to Reich (1991), most companies' value cannot be calculated by studying the income statement and balance sheet alone, since much of the market value is embedded in abstractions such as brand image; hence, it is necessary to be good at symbol manipulation. Peters (1978, p.10) remarked that 'symbols are the very stuff of management behaviour; Executives, after all, do not synthesize chemicals or operate fork lift trucks; they deal in symbols'. Organisations might adopt certain highly visible and salient practices that are consistent with social expectations while leaving the essential machinery of the organisation intact. Meyer and Rowan (1977, 1978) term this 'ceremonial conformity', which is enacted strictly for its symbolic quality. As Oliver (1991, p. 155) noted, 'the appearance rather than the fact of conformity is often presumed to be sufficient for the attainment of legitimacy'. Similarly, Meyer and Rowan (1977, p. 349) suggested that 'by designing a formal structure that adheres to the prescriptions of myths in the institutional environment, an organisation demonstrates that it is acting on collectively valued purposes in a proper and adequate manner'. In brief, symbolic actions such as the adoption of legitimate formal practices and the use of socially accepted language can play a role in the social construction of market value (Westphal & Zajac, 1998). As Nohria and Berkley (1994: 128) put it:

"Adopting 'new' ideas became a way for companies to signal to the world that they were progressive, that they had come to grips with their misguided pasts, and that they were committed to change".

As far as the HR profession is concerned, it is believed that 'HRM did seem to perform useful symbolic functions for many line managers' (Glover and Hallier, 1993, p. 5).

In addition, Røvik (2000) parallels his accounts by distinguishing 'tool perspectives' and 'symbolic perspectives'. He believes that managers may adopt new concepts under two

situations: first, organisations aim at finding an effective 'tool' to facilitate improvements; second, new concepts can be used as a 'symbol' to appear modern and innovative. It appears that managers may draw upon a wide variety of practices in attempting to legitimize the activities and ends of their organisations. These practices shade greyly from the substantive (or 'tool' in Røvik's model) to the symbolic.

Further, one potentially troublesome theoretical issue, according to Pfeffer (1981), is to distinguish substantive outcomes from symbolic results, because these two aspects are 'clearly linked' (Pfeffer, 1981, p. 6), and the distinction between substantive and symbolic legitimation may blur over time as symbolic practices become embedded in the culture and generate complementary structures and processes (Riley, 1983). As was illustrated earlier, management gurus and consultants trade in fashion, depending on powers of persuasion and image manipulation (Bloomfield & Danieli, 1995; Clark, 1995); they also rely on developing new ideas into applicable methodologies and techniques (Fincham & Evans, 1999). Those consultant techniques are not immune to fashion, nor does a fad necessarily have a superficial effect on organisational processes; management gurus and consultants may propagate short-lived fads, but they create appetites for solutions with strong underlying themes (Abrahamson, 1996a; Huczynski, 1993; Watson, 1994). As Lee and Skarke (1996: 10) observed,

> 'A strong role for the consultant is to keep abreast of management fads, to stay current with the latest fads, to try out those that are truly new to us, and to recommend them when our clients can benefit from the concepts. An even stronger role for the consultant, however, is to help translate the fads into management's body of knowledge. Throughout the history of management thought, fads have sparked out interest, spurred out thinking into new areas, and ultimately peaked as fads and become the eternal truths of management'.

When the ideas, concepts, tools, and techniques of the fads lose their identity as an intervention strategy at some point, they do not simply go away. If their knowledge is not innovative in any strictly technical sense, they may still develop tangible solutions of a sort (Alvesson, 1995; Fincham, 1996). The fads that are based on anything substantive will undoubtedly fit into the changing fashion demands (or managerial environment) of tomorrow, be incorporated into the general body of managerial thought, and morph into stable management practices, albeit maybe under new names (Gibson & Tesone, 2001). In this sense, management fads or fashions do not completely distinguish from management practices. In fact, many fads are rooted in strongly established foundations of solid management practice, theory and philosophy (Worren, 1996). According to Abrahamson and Fairchild (1997), many management techniques originated as fads, which include: management by objectives, T-groups, matrix management, managerial grid, job enrichment, quality circles, centralized corporate strategy, matrix organisations, total

quality management, just-in-time inventory management, self-directed teams, empowerment, business process reengineering, and even downsizing. Management fads or fashions are discovered or created by someone, after which they either evolve into new management practices or are abandoned as failures. Therefore, the point of differentiation between a fad and a practice is sometimes related to the age or newness of the practice---new practices are often old fads (Gibson & Tesone, 2001). Carson *et al.* (1999) advance a similar idea that fads may evolve into trends or collective wisdom.

Røvik (2000) then further states that the two perspectives are often interpreted with opposite emotions; either as a reliable tool that organisations could depend on to improve performance or simply as a symbolic icon of fads and fashions without any practical meaning for organisations' economic performances. According to him, it is necessary for organisations to distinguish between symbols and 'real' tools, between fashion dealers and real organisational doctors, and between rhetoric and reality.

In support of his theory of classifications, Røvik (2000) lists three main motivations that drive organisations to adopt new concepts:

1) Adoption motivated by 'real' organisational problems;
2) Adoption motivated by externally created problem descriptions;
3) Adoption as a way of strengthening the corporate identity.

1) Adoption motivated by 'real' organisational problems

When organisations encounter problems, or their internal or external contexts open gaps between organisations' actual and desired performances, managers will enthusiastically look for new methods to sort out those problems in order to boost their economic performances. Therefore, a new technique can be perceived as a solution to critical company problems, such as declining profitability, efficiency, effectiveness and market share, or rising absenteeism, turnover, etc. This perception can be sufficiently explained from a 'tool perspective'. According to Røvik (2000), the process of adopting new concepts has its own logical order, starting from the identification of an organisational problem, to searching for possible solutions and finally adopting a fashionable managerial technique. Huczynski (1993) echoes that fashion creation and replacement by other fashions could be explained in several ways, one of which is that there is a widespread perception of a problem that can be fixed by adopting the fashion.

Røvik (2000) presents three ways in which an organisation may come up against problems:

* Current concepts and solutions that do not work as desired;
* Organisations have not grasped the knowledge of a new concept that is expected to validate an implementation;
* Organisations are experiencing fundamental changes in their environment.

2) Adoption motivated by externally created problem descriptions

Under this subtitle, Røvik (2000) tends to stress the problems described by the external institutional environment as another driving force for organisations to adopt popular concepts. In contrast to the 'tool perspective' that believes organisational and objective problems push companies to search for and adopt popular management concepts, Røvik's (2000) 'symbolic perspective' asserts that the institutional environment is also a vital contextual factor for an organisation to decide whether to accept particular problem definitions for a period of time, and also whether to adopt popular concepts as solutions driven by these problem definitions. Mitroff and Mohrman (1987: 69) support this argument by stating that with growing international competition,

> 'U.S. business easily fell prey to every new management fad promising a painless solution, especially when it was presented in a neat, bright package; but all simple formulas are eventually bound to fail. By definition, simple formulas cannot cope with complexity, and complexity is what today's world is about'.

This argument premises that managers are psychologically vulnerable. When they come up against problems, even though those problems sometimes are just descriptions originating from the institutional environment, they will easily fall into despair and frustration, and then tend to look for new methods to resolve the problems in order to relieve their source of frustration.

Røvik (2000) further gives three reasons why the problem descriptions could be accepted by organisations:

* They provide simplicity and clarity of the problems;
* They enhance the impression that one organisation should be uniform to the others and then logically share the same kind of problems;
* They are depicted as scientific.

3) Adoption as way of strengthening the corporate and individual identity

Ernst and Kieser (2002) argue that management fashions not only symbolize the corporate image, but also symbolize those individual managers regarded as innovative and modern. A group of scholars hold a similar view. For instance, Carson *et al.* (1999) believe that some firms certainly do implement fads primarily for the sake of reputation and status enhancement through differentiation. Abrahamson (1996b), as was seen earlier, argues that collective status seeking is a main motive for organisations to adopt management fashions, simply because fashions can satiate individuals' psychological needs. Simmel (1973) also asserts that managers and organisations have demands to be both individualistic and innovative. Therefore, the adoption of new techniques or ideas may act as a career enhancer. If managers could appear more innovative and active in the eyes of observers (top management, investors, or other managers who compete for careers) than other managers, they raise their chances of promotion (Kieser, 2002). In this sense, the adoption of management fashions is a very effective strategy: it is less risky than inventing completely new solutions. In addition, Abrahamson (1996a) cites a classic article by Sapir (1937) which argues that fashions gratify competing psychological drives for individuality and novelty, on the one hand, and conformity and traditionalism, on the other hand. He explains that management fashion can fulfil managers' psychological needs to be individualistic and novel, relative to the mass of managers who are out of fashion, meanwhile keeping in conformity and traditionalism with the managers who are in fashion. This echoes Blumer's (1969) collective taste theory of fashion, mentioned earlier. However, everything new and individualistic inevitably becomes old and common with the lapse of time, thus management fashion will always be in demand to feed managers' insatiable appetites for individuality and novelty.

Røvik's (2000) third explanation addresses two different ways in which an organisation is motivated to employ a new managerial technique to strengthen its status and identity. First, organisations are motivated to imitate others through continuous comparisons, concerning how they want to be perceived in the future. The experience of successful organisations encourages others to adopt the same managerial techniques which are believed to bring the same success, and meanwhile also strengthen corporate identity. Second, it has been widely acknowledged that organisations wish to distinguish themselves from others by applying new concepts; in other words, their need for individuality and novelty helps them create a willingness to adopt new rhetorics.

Sahlin-Andersson and Engwall (2002) put forward their point from a strategic perspective, which is that the adoption of certain management techniques can be regarded as an appealing strategy that should be incorporated within the whole business strategy for companies, because it may help companies to appear modern and maintain legitimacy in their environment.

2.3.6 Management fashion from the perspective of institutional theory

Managers need to both stand out and be part of something for the sake of security and autonomy; they want to be seen to be using a new technique 'both before and at the same time as everyone else' (Huczynski, 1993, p. 187). Thus, the influences of institutional determinants on firms' decision-making process will be discussed here.

In the 'Old Institutionalism' of the 1950s, 1960s and 1970s, issues of influence, coalitions and competing values were central, along with power and informal structures. DiMaggio and Powell's work (1983), which Greenwood and Hinings (1996) label as 'New Institutionalism', puts an emphasis on legitimacy, the embeddedness of organisational fields and the centrality of classification, routines, scripts and schema. DiMaggio and Powell (1983) particularly introduce the process of homogenization, where rational actors make their organisations increasingly similar to each other as they try to change them. According to them, the concept that best captures the process of homogenization is isomorphism, which is believed to be a constraining process that forces one unit in a population to resemble the others that face the same set of environmental conditions.

DiMaggio and Powell (1983) assert there are two types of isomorphism: competitive and institutional. Competitive isomorphism assumes a system of rationality that emphasizes market competition, niche change and fitness measures, and is most relevant where free and open competition exists (Hannan & Freeman, 1977). However, DiMaggio and Powell (1983: 67) argue:

> 'It (competitive isomorphism) explains parts of the process of bureaucratization that Weber observed, and may apply to early adoption of innovation, but it does not present a fully adequate picture of the modern world of organisations'.

In addition, Aldrich (1979: 265) stated that 'the major factors that organisations must take into account are other organisations'.

Therefore, the external environment where a firm interacts with other organisations should include not only the organisational field but also the general environment. The organisational field consists of a network of competitors, suppliers, customers, regulators, trade associations etc. (DiMaggio & Powell, 1983). In this context, firms face institutional pressure from government regulators, professional associations and social networks as well as competitive pressure from other rivals. The general environment consists of other organisations outside the organisational field and socio-cultural, technological, economic and other trends (Porter, 1980), in which institutional forces could work on different firms.

Consequently, for a full understanding of organisational change, it is necessary to turn the focus onto the other perspective: institutional isomorphism. Organisations compete not only for resources and customers, but also for political power and institutional legitimacy, for social as well as economic fitness. According to DiMaggio and Powell (1983), three institutional mechanisms are said to influence decision-making in organisations:

1) *Coercive mechanisms*, which stem from political influence and the problem of legitimacy, include the influence of social partners, labour legislation and government. Coercive isomorphism could also result from both formal and informal pressures exerted on organisations by other organisations upon which they are dependent and by cultural expectations in the society within which organisations function. Such pressures may be felt as force, as persuasion, or as invitations to join in collusion (Meyer and Rowan, 1977). Coercive mechanisms 'signal' the fitness---the apparent willingness and ability---of the organisation to fulfil constituents' role expectations (Meyer, 1979).

2) *Normative mechanisms*, which are associated with professionalization, refer to the relation between management policies and the professional background of employees in terms of educational level, job experience and craftsmanship. This mechanism assumes that the degree of professionalization of employees affects the nature of the management control system and its related practices. DiMaggio and Powell (1983), following Larson (1977) and Collins (1979), interpret professionalization as the collective struggle of members of an occupation to define the conditions and methods of their work, to control 'the production of producers' (Larson, 1977: 49-52), and to establish a cognitive base and legitimacy for their occupational autonomy. In many cases, the influence of professions is as powerful as the state. According to DiMaggio and Powell (1983), there are two sources of isomorphism here. One is from formal education, such as universities and professional training institutions, because these organisations are key actors for developing organisational norms among professional managers and their staff. The other is professional networks, such as professional and trade associations, which could be another vehicle for defining and promulgating normative rules about organisational and professional behaviours. According to Perrow (1974), normative mechanisms create a pool of individuals who not only share common expectations, but also occupy similar positions across a range of organisations and possess a similarity of orientation and disposition that may override variations in tradition and control that might otherwise shape organisational behaviour. DiMaggio and Powell (1983) also argue that normative isomorphism can be reinforced by the process of filtering personnel, because many professional career tracks in organisational fields are so closely guarded, both at the entry level and throughout the career path, that individuals who take the same positions tend to be virtually identical in terms of education, skills, work experience, action mode and even ideology.

3) *Mimetic mechanisms*, which result from standard responses to uncertainty, refer to imitations of the strategies and practices of competitors as a result of uncertainty, or fads in the field of management. Therefore, they are most often involved with the discussion of management fashion. Uncertainty is a powerful force that encourages imitation. When organisational technologies are poorly understood (March and Olsen, 1976), when goals are ambiguous, or when the environment creates symbolic uncertainty, organisations may model themselves on other similar organisations in their field that they perceive to be more legitimate or successful. Therefore, modelling is a response to uncertainty (DiMaggio and Powell, 1991). Later on, fashionable managerial techniques may be 'diffused unintentionally, indirectly through employee transfer or turnover, or explicitly by organisations such as consulting firms or industry trade associations (DiMaggio and Powell, 2002, p. 172).

In Figure 2.3 the three institutional mechanisms of DiMaggio and Powell (1983) can be translated into the field of HRM. It is assumed that the mechanisms influence HRM strategies, goals and policies.

Coercive:

Implementation as a result of institutional forces

HRM Strategies/ policies/goals

Mimetic:

Imitation as a result of uncertainty;

Imitation as a result of trends/hypes

Normative:

Management control system depending on the professionalization of an employee category
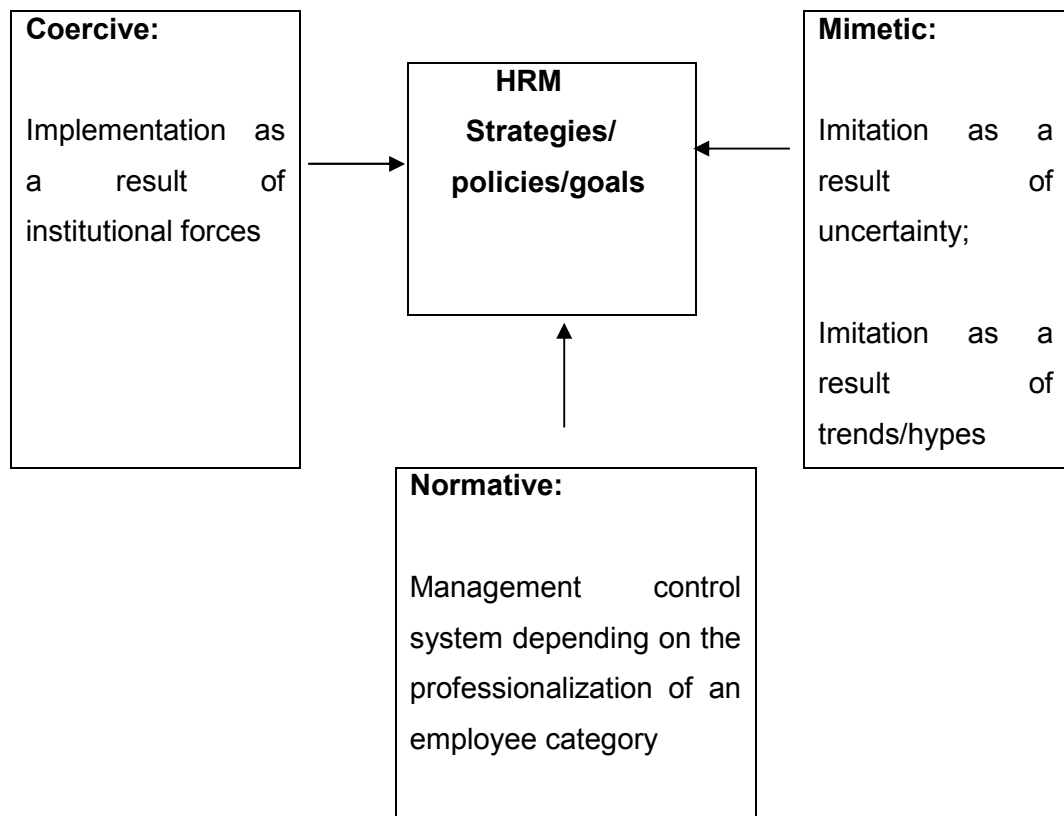
Figure 2.3 HRM and new institutionalism

(Source: Boselie, Paauwe, and Jansen, 2001, p. 1120)

Besides DiMaggio and Powell (1983, 1991, 2002), a range of other researchers and scholars have also joined the discussion on the adoption of management fashion from the perspective of institutional theory, especially from the perspective of the institutional environment.

In the new economy, environmental factors have become important, not simply as an end in themselves, but as a prerequisite for organisations to conform to and gain support. The environment is viewed as an instrumental social reality in which organisation construction is created through interaction. From this point of view, the concept of institutional environment, where there are socially defined and legitimized norms for how organisations should appear with respect to structural arrangement, procedures, routines and ideologies, has been increasingly emphasized in institutional theory. According to Scott (1995), institutional environments are characterized by the elaboration of rules and requirements to which individual organisations must conform in order to receive legitimacy and support. Meyer and Rowan (1977) argue that modern societies have many institutionalized rules which 'provide a framework for the creation and elaboration of formal organisation' (p. 117). Many of these rules originate and are sustained through public opinion, the education system, laws, etc. Thus, in most cases, many environmental forces on organisations are not based on efficiency or effectiveness but on social and cultural pressures to conform to a given structural form. In support of this point, Røvik (2000) argues that organisations might adopt fashionable managerial concepts readily when they feel pressure from their institutional environment, even though they might meanwhile realize that these concepts are extensively vague and simply designed for their purpose. This implies that organisations always fall into the dilemma of whether to pursue effectiveness and efficiency, or whether to adopt new concepts and ideas that are currently in fashion. Røvik (2000) further states that many organisations tackle this dilemma by adopting the concept, but remain disengaged from it so that the concept does not affect routine operations to a great extent. He defines disengagement as the separation of organisational talk and organisational practice, which means that organisations can superficially accept new concepts while refusing to make any fundamental changes to practical operations. However, Røvik (2000) adds that in the long term, organisations that have adopted new concepts will often gradually start to change their processes, because organisations do not want to be perceived as inconsistent.

2.3.7 Summary

Since the end of the Second World War, personnel management and HRM have been exposed to a host of new and constantly changing ideas and approaches. However,

Torrington (1998) argued that 'in contemporary management thinking, nothing is more important than to latch onto the latest fashionable idea' (p. 27). Therefore,

> 'recent technological changes, managerial interventions, and organisational experiments, many of which have been hailed as revolutionary or paradigm-breaking in both the academic and popular press, are merely fads' (Jermier, 1998, p. 236).

Collins (2001) concurs with this argument by claiming that many of the recent developments in management knowledge provide only faddish remedies that distort and undermine the practice of management.

As for the HR profession, 'HR professionals are notorious for latching on to and spreading new buzzwords and fads that more often than not have an extremely short shelf life' (Sullivan, 2004, p. 1), so the majority of the changing fads found in the HRM area are management fashions (Huczynski, 1993). 'There's absolutely nothing new whatsoever between the covers. It was a translation of ideas and materials that had been around for up to 50 years; all it added was brilliant timing and packaging' (Lorenz, 1986, p.8). On the contrary, Pfeffer (1994) contends that effective personnel practices are surprisingly stable and not particularly faddish. There is growing evidence that the adoption of innovative work practices contributes to increased financial performance (Huselid, 1995). Some authors mediate these accounts and argue that what Abrahamson discusses has as much to do with linguistic labels as with actual management principles (Worren, 1996).

As far as the particular managerial discourse of TM is concerned in this study, there are also two contradictory opinions. On the one hand, some scholars believe that TM is simply a repackaging of old ideas with a fresh name---for instance, Adamsky (2003) argues that TM is nothing new. Stewart (2008: 4) 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'.

On the other hand, some researchers are against this idea, asserting that there are fundamentally new contents under this name---TM is by no means simply a management fashion phenomenon. For example, Moran (2007) claims that TM is not just another trendy human resources term, it is more than the latest management fad, because it is crucial to business success. Duttagupta (2005) also argues that 'TM is a lot more than yet another HR process,…the talent mindset is not just another HR fad' (p. 2).

Therefore, this study questions whether TM as a new managerial discourse is purely another linguistic game for companies to appear fashionable, or that it does bring something new to companies' body of knowledge.

2.4 Human Resource Management

2.4.1 Origins and history of HRM

The emphasis on 'human resources' as an organisational asset goes back at least to Drucker (1954), who saw the need for creative leadership and clear goal setting as a spur to commitment and a creative employee contribution. Meanwhile, he criticized the traditional personnel management view of employees as being based on the assumption that employees were not motivated in their work and therefore had to be controlled. McGregor (1960) stressed the need to see people management as an integral part of the management of the organisation as a whole. This was later elaborated in the theory of 'human capital' by Schultz (1963) who was concerned to describe the benefits of education as a 'production good', enhancing the economic resources of society, and by others, like Becker (1964) who argued for the benefits to economic growth of a well-trained workforce.

According to Wren's (1994) research on the evolution of management thought, 'Edward Wight Bakke appears to be the first individual to refer to the notion of a human resources function in an enterprise' (Wren, 1994: 376). Bakke stated that the human factor should not only be incorporated into the resources that all managers managed, but should also be given more emphasis on its importance in order to make it commensurate with the other resources of money, materials, and so forth. The central issue of the HR function was not 'personal happiness', but 'productive work', and humans had to be integrated into the total task of every organisation. HR work was the responsibility of all managers, not just those in personnel or labour relations departments. Bakke advocated broadening and elevating the concept of the importance of human resources instead of the elimination of the personnel staff (Wren, 1994).

From the humble beginnings in the 1960s, the vocabulary for managing the employment relationship has undergone a huge change, from what French (1974) termed a 'personnel-minded concept of management' to 'personnel management', and thereafter to 'human resource management' (HRM) or, to 'strategic human resource management' (SHRM). The evolution process may be charted first in the writings of US academics and managers (see, e.g., Tichy, *et al.,* 1982; Fombrun, *et al.*, 1984; Beer, *et al.,* 1985). Quickly, it was taken up by both UK managers (see, e.g., Armstrong, 1987; Fowler, 1987) and UK academics (see, e.g., Hendry and Pettigrew, 1986; Guest, 1987; Storey, 1987; Torrington

and Hall, 1987). By the beginning of the 1990s, the floodgates had opened. Legge (1995) noticed that not only were job advertisements in the professional magazines and in the appointment pages of the quality press as likely to ask for a 'Human Resource' as a 'Personnel' manager, but also 'personnel management' courses were being re-titled and the content refocused, 'new' courses in HRM were being set up, guided by the incumbents of newly established professorships in HRM, and a substantial literature had emerged to explore both the theoretical debates and empirical manifestations associated with this term (Storey, 1989, 1992a, 1992b; Guest, 1987, 1989a, 1989b, 1991; Hendry *et al.,* 1988; Hendry and Pettigrew, 1990). Furthermore, as the concept diffused in the literature and gained more acceptance among researchers, a series of laws about hiring practices, the use of employment tests, compensation, pension plans, health and safety, and other aspects of the staffing job of the manager burgeoned, which lead to the impression that HRM has evolved into a vital part of mission accomplishment in every organisation. Reflecting and reinforcing this interest in HRM was the emergence of two new academic journals in 1990, respectively the *Human Resource Management Journal* and the *International Journal of Human Resource Management.*

HRM has become a common label for various forms and functions of people management (Blyton and Turnbull, 1992; Storey, 1995a); however, and particularly at practitioner level, 'relabelling does not necessarily mean that either the approach or the content has changed' (Sisson, 1995:87). A group of researchers have argued that there is no distinctive difference between HRM and personnel management. For example, Blyton and Turnbull argued that 'the rhetoric has outstripped the reality' (1992, p. vii), and they further observed:

> 'In the UK, there is a widespread agreement that, in one way or another, the adoption of HRM has so far been limited…in many cases to a mere relabelling of existing activity and positions' (Blyton and Turnbull, 1992, p.1).

In a footnote to their 1982 text entitled *Human Resource Management,* Foulkes and Livernash assert that these two terms are being used synonymously, and there are no fundamental differences in meaning intended.

du Gay and Salaman (1992: 19) stated:

> 'What HRM did……was to provide a label to wrap around some of the observable changes while providing a focus for challenging deficiencies in attitudes, scope, coherence and direction of existing personnel management'.

Price (1997: 12) put it thus:

'Often it is nothing more than a cosmetic exercise, changing the nameplate on the Personnel Office door to Human Resources'.

Guest (1987: 506) claimed that:

'A number of personnel departments have become 'human resource departments' without any obvious change in roles, just as the new editions of several longstanding textbooks have changed title but little else'.

Fowler (1987: 3) similarly argued that substantively there is little new in HRM:

'What is new about the view that employees give of their best when they are treated as responsible adults? Haven't these been at the heart of good personnel practice for decades? To which the answer is, of course, yes'.

Armstrong's (1987: 32) comments echoed these views:

'It could indeed be no more and no less than another name for personnel management, but, as usually perceived, at least it has the virtue of emphasizing the need to treat people as a key resource, the management of which is the direct concern of top management as part of the strategic planning processes of the enterprise. Although there is nothing new in the idea, insufficient attention has been paid to it in many organisations. The new bottle or label can help to overcome this deficiency'.

On the other hand, some academics argue that significant differences do exist between HRM and personnel management. For instance, Storey (1989: 4) portrayed HRM as being 'a radically new approach to managing people, demarcated sharply from traditional personnel management'. He further argues that 'personnel' is a detached and neutral approach to staff, while HRM is more proactive and strategic, looking at people in economic terms as assets and liabilities to be actively managed.

Other researchers have identified differences between personnel management and HRM. Legge (1991) is just one of those who has systematically examined the convergence and divergence between the two approaches. She notices that the shift from personnel management to HRM is not exclusively confined to the followers of fashion--- the commercial management consultants. Through literature analysis and empirical observation, she detects similarities and differences between these concepts. Even though Legge (1991: 27) believes that there is '*not a lot*' of difference between personnel management and HRM, she revealed the general differences as follows:

1. In most cases, management activities of personnel management focus on non-managers; HRM not only emphasizes the importance of employee development, but also focuses particularly on the development of management teams;

2. Although both personnel management and HRM highlight the role of line management, the focus is different. As far as personnel management is concerned, all managers are involved in the process of managing people; while in HRM models, HRM is vested in line management, as business managers are responsible for coordinating and directing all resources in the business unit in pursuit of bottom-line results;

3. HRM emphasizes the management of the organisation's culture as the central activity for senior management; while personnel management ignores the function of senior management in reinforcing or changing organisational values.

Legge also identified the clear similarities between the two (1991: 26):

1. Both models emphasize the importance of integrating personnel/HRM practices with organisational goals;

2. Both models vest personnel/HRM firmly in line management;

3. Both models, in the majority of instances, emphasize the importance of individuals' development of their abilities for their own personal satisfaction and to make their best contribution to organisational success;

4. Both models identify placing the 'right' people into the 'right' jobs as an important means of integrating personnel/HRM practices with organisational goals as well as individual development.

Legge believes that personnel management and HRM are 'not dissimilar' (1991:39); the real difference between them is 'little' (1991:40): 'many of the techniques of HRM can be found in personnel management textbooks of a decade ago' (Legge, 1991: 40). Overall, Legge (1991) concludes that many of the initiatives described and undertaken under the term of HRM are more likely to be 'old wine in new bottles'.

Whilst the term HRM has gradually replaced the term 'personnel management', the prefix 'strategic' has been increasingly attached to it, as 'full-timers in the personnel world---whether academics or practitioners---have been seduced by the concept of strategy because it is sexy' (Sparrow & Marchington, 1998: 28). Subsequently, an extensive literature has developed to describe and highlight the integration of corporate strategies and people management issues. A defining point in the development of HRM is undoubtedly the book edited by Fombrun and his colleagues in 1984, in which the concept of strategic HRM was introduced. The simple idea that people management issues could be strategic, as opposed to operational, was novel. Thereafter, it became the start for a series of other theoretical contributions on the HRM concept with an added strategic component.

Some academics argue that HRM is different from personnel management, primarily because of its emphasis on the link between people policies and overall business strategy. For example, Guest distinguished traditional personnel management from HRM by stating that 'by virtue of the way in which the former ignored, the latter embraces strategy' (1993:213). Hendry and Pettigrew (1986) list four key elements of 'strategic' HRM as:

1) The use of planning;
2) A coherent approach to the design and management of personnel systems based on an employment policy and manpower strategy, and often underpinned by a 'philosophy';
3) Matching HRM activities and policies to some explicit business strategy;
4) Seeing the people of the organisation as a 'strategic resource' for achieving 'competitive advantage'.

Strategic HRM's claim to take a strategic approach to employment touches a particularly raw nerve among personnel managers. However, some researchers argue that 'of course' personnel management has 'always' advocated a strategic approach (Hendry, 1995: 12), even though those strategies are not always easy to identify. For example, Marginson *et al.,* (1988) found that 80 per cent of senior people managers claimed to have overall HR strategies, but few could describe what those strategies were. Hendry (1994) also acknowledged that strategy is the dominant theme in HRM, but is also a misunderstood concept. Hendry (1994) concluded that 'the perspective HRM writers offer on strategy is often glib and lacking in sophistication' (p. 2), and he attributed this to HR theorists being 'strategically illiterate' (1994: 2).

In addition, according to Mabey *et al.* (1998), strategic HRM shares the same intentions as traditional HRM from its birth with the notion that people management could be an important source of sustainable competitive advantage. They observed that 'the elements and the values of strategic HRM are not new', and 'the power of strategic HRM resides in the combination of old elements in a new package, which resonates with key extra-organisational values and frames of reference' (Mabey, *et al.,* 1998: 36). This also echoes Beaumont's (1992) review of the American strategic HRM literature. Beaumont (1992) contends that many of the key messages of the strategic HRM movement (and indeed of HR) are not new.

Hence, it is problematic to allow the choice of simply embracing a strategic component to work as an effective way of identifying differences in the exact meanings between the concepts. It may turn out to be another rhetorical trick, emphasizing that people can make a difference in distinguishing successful organisations from others.

2.4.2 What is human resource management?

What exactly is 'human resource management'? Many interpretations can be found in various articles and books, as 'HRM is an elastic term' (Storey, 1989:8). It covers a wide range of applications that vary from book to book and organisation to organisation. Therefore, Price (1997) argues that many people consider HRM as a vague and elusive concept because it seems to have a variety of meanings. Notwithstanding those controversies, a mass of researchers still dedicate themselves to offering an acceptable definition. For example, Fombrun, Tichy and Devanna (1984) first formulated values and prescriptions of HRM, and then set out the proposition that HRM has the following generic functions:

*Selection of the most suitable people to meet business needs;
*Performance in the pursuit of business objectives;
*Appraisal, monitoring performance and providing feedback to the organisation and its
   employees;
*Development of the skills and knowledge required to meet business objectives;
*Rewards for appropriate performance.

They indicate the relationship between those functions in Figure 2.4
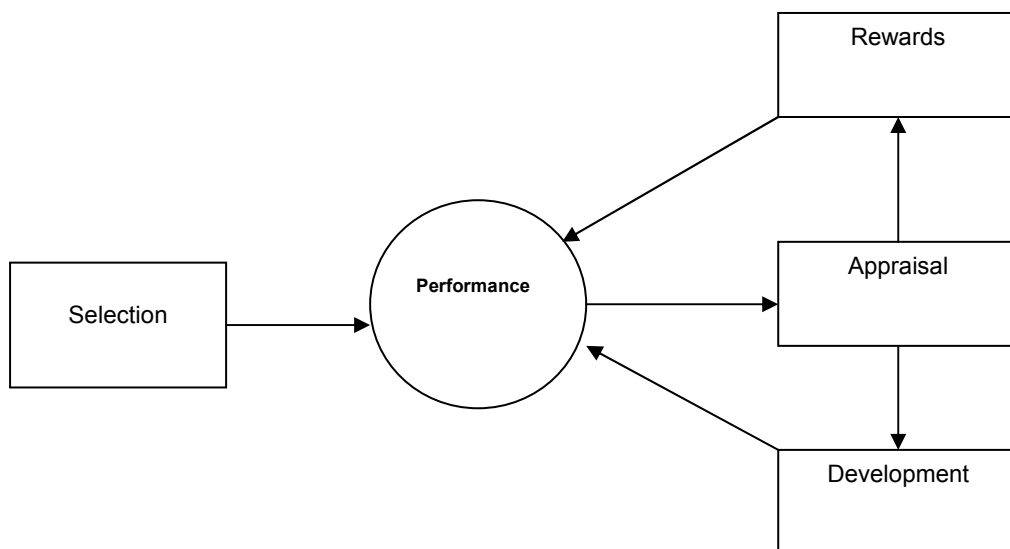
Figure 2.4 Human Resource Management cycle

(Source: Fombrun, *et al.* 1984, p.41)

Although their HRM model seems like elementary personnel management, it adds their interpretation that all of the functions are directed at performance; thus, HRM is no more

about administrating employment, it is focused on the deployment of performers. Likewise, Torrington and Hall (1987: 9) offered their understanding of HRM as:

> 'Human resource management is directed mainly at management needs for human resources (not necessarily employees) to be provided and deployed. There is greater emphasis on planning, monitoring, and control, rather than on problem solving and mediation. It is totally identified with management interests, being a general management activity and is relatively distant from the workforce as a whole'.

Following them, other researchers also joined the discussion of defining HRM, and propounded their concepts as follows:

> *Human resource management involves all management decisions and actions that affect the relationship between the organisation and employees---its human resources (Beer, *et al*., 1984:1).

> *A method of maximizing economic return from the labour resource by integrating HRM into business strategy (Keenoy, 1990: 3).

> *A strategic, coherent and comprehensive approach to the management and development of the organisation's human resources in which every aspect of that process is wholly integrated within the overall management of the organisation. HRM is essentially an ideology (Armstrong, 1992:9).

> *Perhaps it is best to regard HRM as simply a notion of how people can best be managed in the interests of the organisation (Armstrong, 1994)

> *A diverse body of thought and practice, loosely unified by a concern to integrate the management of personnel more closely with the core management activity of organisations (Goss, 1994: 1).

> *HRM is a discourse and technology of power that aims to resolve the gap inherent in the contract of employment between the capacity to work and its exercise and, thereby, organize individual workers into a collective, productive power of force (Townley, 1994: 138).

> *HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic development of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques (Storey, 1995b: 5).

> *HRM is the attraction, selection, retention, development and use of human resources in order to achieve both individual and organisational objectives (Cascio, 1998: 2).

> *HRM activities involved in getting the right person on the right spot (employee skill and organisational structures) to contribute to higher productivity and market value of the company (Huselid, 1995).

These definitions share something in common --- that human resources are valuable assets and a source of competitive advantage, and that human resource policies should be integrated with strategic business planning.

Storey (1989) has distinguished between 'hard' and 'soft' forms of HRM. 'Hard' HRM, which is associated with the Michigan Business School (Fombrun, *et al.,* 1982), focuses on the resource side of human resources. It emphasizes costs in the form of 'headcounts' and places control firmly in the hands of management. Their role is to manage numbers effectively, and keep the workforce closely matched with requirements in terms of bodies and behaviour. The 'hard' model has a harder, less humanistic edge, holding that employees are resources, which are largely factors of production, in the same way as any other business resource, and an 'expense of doing business', rather than 'the only resource capable of turning inanimate factors of production into wealth' (Tyson and Fell, 1986: 135). It also stresses the crucial importance of the close integration of human resource policies, systems and activities with business strategies (Legge, 2005: 105). In essence, the 'hard' model emphasizes the 'quantitative, calculative, and business strategic aspects of managing the headcount resource in as 'rational' a way as for any other economic factor' (Storey, 1987: 6).

In contrast, other interpretations were being developed at Harvard. This view of HRM first gained prominence in 1981 with its introduction on the prestigious MBA course at Harvard Business School. The Harvard MBA has provided a blueprint for many other courses throughout the world, making its interpretation of HRM, which is best known as the 'soft' model, particularly influential (Beer *et al,* 1984; Guest, 1987; Poole, 1990). 'Soft' HRM stresses the 'human' aspects of HRM, advocates that employees are valued assets, a source of competitive advantage through their commitment, adaptability and high quality (of skills, performance and so on), that they cannot be managed in the same way as other resources. It still emphasizes the importance of integrating HR policies with business objectives, meanwhile asserting that employees are proactive rather than passive inputs into productive processes---they are capable of 'development', worthy of 'trust' and 'collaboration', which is to be achieved through 'participation and informed choice' (Beer and Spector, 1985). The stress is therefore on generating commitment via 'communication, motivation and leadership' (Storey, 1987:6). In the 'soft' model, the focus is on HR policies to deliver 'resourceful' humans (Morris and Burgoyne, 1973). Price (1997: 15) identified four general strategic policies, which aim to strengthen employees' commitment, competence, cost-effectiveness of delivering performance, and congruence with the organisation's goals:

1. Human resource flows---managing the flow and performance of people:

Into the organisation by means of effective recruitment programmes and selection techniques which result in the most suitable people;

Through the organisation, by placing them in the most appropriate jobs, appraising their performance and promoting the better employees;

Out of the organisation, by terminating the employment of those no longer required, deemed unsuitable or achieving retirement age.

2. Reward systems, including pay and benefits designed to attract, motivate and keep employees;

3. Employee influence, controlling levels of authority, power and decision-making;

4. Work system, defining and designing jobs, so that the arrangement of people, information and technology provide the most productive and efficient results.

2.5 The HR profession and legitimacy

A recurring topic in the HR profession has been the search for an appropriate role for its practitioners, who have suffered the pain of trying to achieve credibility, recognition and status in the eyes of other stakeholders (Shipton & McAuley, 1993; Legge, 1978; 1995). For example, forty years ago, Crichton (1968: 58) observed that 'personnel specialists have been concerned about their inability to contribute effectively to the formation of management objectives'. More recently, Donkin (1999) argued that

> 'Personnel remains largely a support function that is still finding it hard to establish a place in the boardroom; for many years now the personnel profession has been seeking greater recognition in the boardroom' (*Financial Times*, 25th June).

Farley (2005) claimed that 'HR is put into the difficult position in many organisations of having a strong mandate without the credibility to fulfil it' (p. 55). A *Personnel Management* report also 'highlighted a conflict over who is best suited to manage the human resource issue of the future' and noticed that 'there was a growing recognition among senior line managers that …key (personnel) factors in the organisation's chances of success… could be too important to be left in the hands of the personnel department' (1992:5). Hunt and Boxall (1998) concluded that 'while there is some divergence of opinion, the dominant view in the international literature is that HR specialists, senior or otherwise, are not typically key players in the development of corporate strategy' (p. 770).

Karen Legge's book *Power, Innovation and Problem-Solving in Personnel Management,* published in 1978, offers a systematic analysis of personnel roles which lack the power to implement many of the personnel 'solutions' advocated in the textbooks and need to find new ways of dealing with the challenges they face. Drawing on the work of Ritzer and Trice (1969), Legge highlights three widely recognized ambiguities in personnel roles. Firstly,

there is an ambiguity in the overlap between personnel management as a set of activities for all managers, and as a specialist function with a defined area of activity and its own department and specialists. Secondly, ambiguity occurs because it is often difficult to define success in personnel management, to determine who or what is responsible for success or failure and to identify the unique contribution of the personnel function. Thirdly, personnel managers sit uncomfortably in a position where they are seen as part of management but also have a special relationship to, and responsibility for, the workers. Legge (1978)'s argument has been strongly supported by Freidson (1993), who asserts that personnel professionals, as a relatively weak occupational group, face some very specific challenges relating to the inherent role ambiguities that have characterized their functional position.

To overcome the ambiguity in their role, Legge argues that personnel managers need authority (legitimate power) in their organisations. The concept of authority has been defined as a form of power through which the actions of individuals or groups are concerted for the collaborative attainment of goal(s) through commands which are effective because their recipients regard them as being legitimate or acceptable (Duncan, 1968). Further, authority has been seen as being both vested in roles and as the personal property or attribute of the individual within a role. This is somewhat similar to Shipton and McAuley (1993)'s definition of success in personnel, which is the achievement of four powers: *status power* (position on board), *personal power* (through the reference to patronage), *resource power* (in the command of communications and information systems), and *legitimate power* (in the context of role contract). According to Legge (1975: 59), 'a guarantee only goes with being professional, and professionalism does ensure legitimacy at a minimum level'.

Torrington (1989) also contributes to the discussion of the reasons why personnel managers experience ambiguity, which, he believes, originated from the emergence of the role he termed 'consensus negotiator' after the Second World War and its aftermath of relative full employment (p. 58-9). This, in effect, echoes Legge's (2005) analysis that personnel specialists oscillate between the 'personnel' and 'management', between 'caring' and 'control' aspects of the function, and mediate a major contradiction embedded in capitalist systems: the need to achieve both the control and consent of employees. The role of personnel managers as 'mediators' or 'negotiators' between employers and employees, contributes to the HR profession's ambiguous legitimacy, because personnel managers have to be viewed respectively from both the employees' and management's perspectives, not truly belonging to any one of these groups. Marginson *et al.* (1988: 76) pointed out that:

> 'Personnel is seen as an essentially operational responsibility unconnected with strategic management. It has primarily a gatekeeper function: the act of divorcing trade unions from strategic management considerations is undertaken at the cost of personnel itself being excluded from, or seen as having little contribution to make to, strategic management'.

Consequently, personnel specialists are quite often seen to split off from management decision making, and fall into an unfavourably isolated position.

However, according to Watson (1977), even though personnel managers are commonly identified as the 'man in the middle', 'placator', 'oiler of the works', 'buffer' or 'safety valve' (p. 62), and are normally recognized to play 'in-between', 'mediating', or 'on the fence' roles, they will 'always side with management' 'in the final resort', which means their appearance as a neutral mediator is not the 'reality' (pp. 175-7).

Given the tensions of seeking to achieve both control and consent of employees, holding a balance between 'personnel' and 'management', it is not surprising then that the HR profession has an enduring problem of establishing credibility, enhancing image, and gaining power. A number of scholars argue that personnel managers have become victims of status ambiguity, because they used to be perceived as an administrative support group that deals with salaries, employment contracts, etc, with no direct visible contribution to the company' profit. For example, in the early 1960s, Drucker (1961: 269-70, quoted in Legge, 2005) put forward his famous assessment of personnel management:

> 'Personnel administration…is largely a collection of incidental techniques without much internal cohesion. As personnel administration conceives the job of managing worker and work, it is partly a file clerk' job, partly a housekeeping job, partly a social worker' job and partly fire-fighting to head off union trouble or to settle it…the things the personnel administrator is typically responsible for---safety and pension plans, the suggestion system, the employment office and union's grievances---are necessary chores. I doubt though that they should be put together in one department for they are a **hodge-podge**…They are neither one function by kinship of skills required to carry out the activities, nor are they one function by being linked together in the work process, by forming a distinct stage in the work of the managers or in the process of the business'.

Marginson *et al.,* (1988: 76) made a similar point in discussing how the personnel function became segmented into an isolated department:

> 'Personnel is thus seen as an essentially operational responsibility unconnected with strategic management. It has primarily a gatekeeper function: the act of divorcing trade unions from strategic management considerations is undertaken at the cost of personnel itself being excluded from, or seen as having little contribution to make to, strategic management'.

Collinson (1991: 62) also noted:

'Line managers are usually elevated in importance as 'providers' and producers of wealth and profit. By contrast, the personnel function in many companies is downgraded, even dismissed, as a 'welfaristic soft option', whose role is best confined to administration. This asymmetrical relationship between personnel and line management could be said to mirror the conventional domestic division of labour, since the status of the organisational breadwinner is elevated above the 'unproductive' welfare and administrative function'.

Purcell and Ahlstrand (1994) argued that the role and authority of personnel departments was becoming increasingly ambiguous and uncertain, because 'corporate personnel departments have ill-defined boundaries and muddy roles' (p. 113). Wright and his colleagues (2001) conclude that the HR profession has been facing an identity crisis throughout its evolution. Thite (2004) observes that the in-built difficulties in the HR profession unavoidably generate a natural doubt about HR professionals' credibility. He argues that, compared to all other management functions, people management is intrinsically more sensitive, personalized, and context-dependent, and cannot be managed through a set of predefined techniques. The nature of people issues makes it difficult to measure HR's contribution to the bottom line, and HR practitioners are under increasing pressure to demonstrate that they could add value to the bottom line (Pilbeam & Corbridge, 2006). Thus, at the operational level, the HR function has, in most times, been considered as a cost department to the organisation, and perceived as a stumbling block in quickly and effectively responding to a fast-changing business environment.

However, despite the inability of the HR profession to resolve its credibility problem, the situation has never been as favourable to HR professionals as it is in demonstrating and convincing managers that HR is providing added-value in order to gain equal footing in the decision making process (Wright *et al.,* 2004). Ulrich and Beatty (2001, p. 306) observe that 'HR professionals become valued contributors at the strategic decision-making and strategy execution meetings within organisations'. During the whole process, knowledge management is believed to offer the much-needed opportunities that the HR profession so desperately needs. For example, according to Berglund (2002), thanks to the fast developing knowledge economy, an increasing optimism among HR professionals had been noticed during the beginning of the 1990s. Berglund (2002: 71) argued:

'Thanks to the knowledge economy, the employees have grown in importance, and traditional personnel management practices like employee learning and development as well as recruitment have become increasingly important for companies, thus it is now seen as a key factor to attract, develop and keep competent individuals'.

People management, it is argued, is no longer just a support function but a strategic tool for competitive advantage. With the view that employees can be a source of sustainable

competitive advantage, and given that the way they are managed is critical to the success of a firm (Mueller, 1996; Barney & Wright, 1998), some researchers argue that the significance of HRM will grow further in the future (Anderson, 1997; Ulrich, 1998). Kelly (2001) sees the personnel/HR function as having steadily increased its power and influence at corporate level since the 1968 Donovan Commission recommendation that company boards appoint a director to its board of directors with responsibility for the reform of its industrial relations institutions and procedures. He depicts his viewpoint as in Figure 2.5.

Corporate Personnel/HR

(Power & Influence)

| 1960s | 1970s | 1980s | 1990s | 2000 |
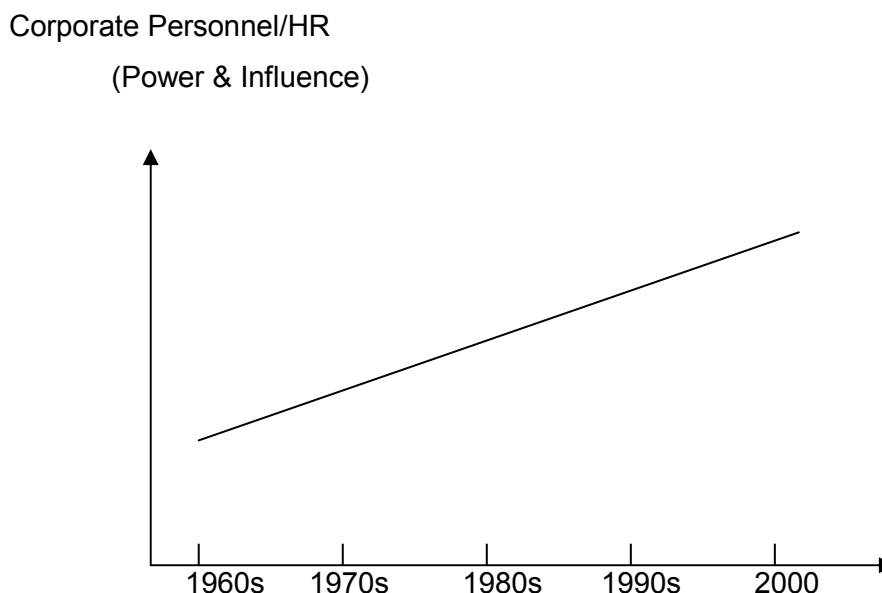
Figure 2.5 The model of the corporate personnel/HR function

(Source: Kelly, 2001, p. 537)

The reconfiguration of the HR role appears to have a clear direction of travel from a function historically focused on rules, administration and service provision to a function based on business issues and working with line managers to deliver performance targets (CIPD, 2003). Brown and Emmott (2003, p.16) expressed something similar: 'the traditional, reactive, fire-fighting mode of HR is being eroded in favour of a more high powered function displaying specialist expertise and a clear business strategy mission'. HR managers have shown a willingness to adopt different roles and explore new functions, especially with the emergence and popularity of the 'knowledge economy', where more light has been shed on the strategic value of HR (Meisinger, 2006). This has echoes of Drucker' s assertion as far back as 1954 that the constant worry of all personnel administrators is their inability to prove that they are making a contribution to the enterprise; their preoccupation is with the search for a '*gimmick'* that will impress their management associates. Legge (1995) believes that HR professionals' role ambiguities contribute to their 'willingness to adopt different roles and rhetorics to suit the contingencies of the times and to exploit possible bases of power' (p. 53). Caldwell (2003: 984) also contended that

'Personnel managers have been past masters at reinventing or reinterpreting their role in their efforts to maintain their credibility and status within a changing world of work…the constant search for occupational legitimacy has certainly underpinned the professional self-images of the personnel function'.

Burglund (2002) stresses that, along with the development of the knowledge economy, most HR professionals have realized the need for a new rhetoric to assert credibility. He adds that HRM has been inevitably chosen to carry the message. Today, according to Dempsey (2007), 'strategy' has become a buzzword in HR circles---one of the ways for HR to demonstrate its status and credibility is to fulfil a strategic, value-added role in the future, and not to be restricted to a transactional, mainly outsourced role. This time, TM has been chosen to show off the strategic skills of HR.

2.6 The HR Profession in China

In the face of ever-encroaching globalization, the People's Republic of China has enjoyed nearly three decades of economic growth---an average of around 10 per cent per annum over the years since Deng Xiao Ping launched the 'Open Door' and 'Four Modernizations' policies in 1978 (Newton and Subbaraman, 2002). From the onset of the reforms, dramatic changes have taken place in China's enterprise structure and its management, including the decentralization of planning and decision-making processes, the introduction of responsibility systems that enhance individual accountability for performance, and the encouragement of private and foreign-invested enterprises. Allied with these changes, the Chinese labour-management system is currently in a state of transition (Warner, 1997a; Shen, 2007) as well. China's billion and a quarter population and its vast labour force, the largest in the world (Warner, 1995) puts human resources particularly high on the agenda as far as WTO entry is concerned (Warner, 2002a). HRM, seen by some as an essentially American concept, is one of the critical tools for improving productivity and competitiveness at grass-roots levels (Warner, 1995; Poole, 1997). HRM has previously mainly developed in Western settings (Mahoney & Deckop, 1986), even when transmitted across the Atlantic to a cousin-economy like the British, its applicability may be seen as controversial (Storey, 1989). Therefore, when it was introduced into China, given the idiosyncratic political, economic and cultural context, it is not difficult to understand that the average Chinese enterprises have developed their own human resources profile (Warner, 1993).

In order to gain a better understanding of the transformation of the HR system in China, it is necessary to highlight the differences between the pre-reform and reform periods.

2.6.1 Pre-reform Period (1949-1979)

During this period, China had a mixed ideological environment, which included both traditional thinking, such as inherited Confucianism and other philosophies, as well as 'Marxism-Leninism', 'Mao Zedong thought', and the 'Deng Xiaoping idea' and so on. Thus, the Chinese system had been described as 'Confucian Leninism' (Pye, 1985).

'During the 1950s, China had an injection of scientific management under the influence of Russian experts, but this was confined to the heavy industrial sector, largely in the north-east of the country' (Child, 1991: 97). Therefore, China had itself virtually developed a 'distinctive' model of personnel management, which was basically a bureaucratic device to run the large state-owned enterprises, since 1949 at least (Warner, 1993; 1995). It originated in the Soviet industrial model that was adopted after the so-called 'Liberation' (Kaple, 1994). It was for many decades, from the late 1940s to the early 1980s, the predominant 'employment relations model' for most Chinese enterprises, an essential element of the planned economy. The most obvious characteristics of this model could be generalized as three 'irons'---'iron rice-bowl', refers to lifetime employment, 'iron wages' refers to the fixed wage system, and 'iron chair' refers to the inflexibility of changing positions of managers (Ding and Warner, 2001). These three irons were implemented through the *danwei* (or work unit) in an enterprise-based employment system which guaranteed Chinese workers (or at least urban workers) jobs for life and 'cradle-to-the-grave' welfare protection, including housing, medical care, schools, etc. (Ding, *et al,* 2000; Ding and Warner, 2001; Shenkar and Chow, 1989; Lu and Perry, 1997). Hence, this system was vividly described as 'everyone eating out of one big pot'. Walder (1986) further characterizes this system as one of 'organized dependency'. In effect, the details of 'three-iron' employment model were believed to signify so-called 'socialist superiority' values, and could be reflected in the following significant ways:

1. Lifetime employment security, seniority, social welfare, and the Party management (central control) were labelled as the 'advantages' of the 'socialist system';
2. Trade unions were basically distinct from the Western concept, because theoretically speaking, the predominant state-owned enterprises, in the official jargon, mean 'owned by the whole people' (Warner, 2004). This explained why trade unions mainly had a 'window dressing' role, in contrast with the ones in the Western world.
3. Egalitarian pay with little wage difference was central in the whole pay system; meanwhile a seniority-based wage system with lifetime employment was also emphasized.
4. The goals of the work-unit *(danwei)* not only required individual sacrifice for the unit but also for the nation. Since this employment relations system overemphasized the collective interests, it did not always necessarily benefit individual employees and

work.

5. Political interests replaced economic interests as dominating influences in the employment relations system; consequently, workers lost their economic motivation for production.

In a word, under the old 'iron rice bowl' employment system, personnel departments had primarily an administrative and controlling role (Mitsuhashi *et al*., 2000; Goodall and Warner, 1997), and the field of people management focused heavily on very basic personnel management (Hassard, *et al.,* 2004). Thus, the form of people management during this period can be dubbed as personnel management *(renshi guanli)* (Warner, 2004).

2.6.2 Reform Period (1979-Present)

In the reform period, market efficiency has been put at the top of the agenda, and has now taken precedence over political considerations--- the role of the Party has been gradually reduced in enterprise-level decision making. In contrast to the early description of 'Confucian Leninism', 'Confucian Capitalism' has often been heard these days (Warner, 2002b). The main task during this period is transforming the pre-reform employment relations system into a new employment system. The reform has taken place in the following aspects:

1. New policies are mainly centred on the reform of wages, employment, welfare and management (Zhu, 1995). The major reforms are the 1992 Three System Reforms and the 1994 Labour Law. The Three System Reforms provided new personnel legislation in three key areas, namely, the introduction of labour contracts, performance-related rewards and social insurance reforms. The Labour Law was intended to support a labour system compatible with a social market economy (Warner, 1997b).

2. The reforming initiatives of the government have been broadly defined as breaking the 'three irons'. As a result, more flexible systems, such as the labour contract system, floating wage system, and employee engagement system have been established (Yuan, 1990).

3. Under Deng's new ideological position, policy has shifted to launch the principle of 'distribution according to work' and to link individual performance, skills and position to their income in order to boost individuals' motivation for greater production (Zhu and Campbell, 1996).

4. New types of wage systems were introduced, such as the 'piece-work wage system', the 'bonus system', the 'structural wage system', the 'floating wage system' (Li, 1992)

and later 'post-plus-skills wage system' (Warner, 1997a). This wage policy broke one of the three irons---'iron wages', and also enhanced employees' motivation for production.

5. With the introduction of individual labour contracts, the creation of a 'labour market' in China was also promoted (Ng and Warner, 1998; Shen, 2007). New initiatives were to encourage labour mobility from less productive firms to more efficient ones.

With the deepening of these reforms, a fresh terminology of HRM came into contemporary China in the mid-1980s (Child, 1994). Initially, HRM as an academic concept was introduced by joint teaching programmes between Chinese and foreign universities, as well as in management practices in foreign-owned enterprises, mainly from Japan, the USA and Europe (Warner, 1995). The adoption of HRM has been viewed as an efficient way to legitimize the displacement of the 'iron rice bowl', and thus as part and parcel of the adaptation to the new market-led environment (Warner, 2004). However, whatever concepts evolve in China, they have to adapt their practices to Chinese conditions, and they have perforce to be endowed with 'Chinese characteristics'.

According to Tung (1991), Chinese enterprises can be categorized into four forms:

1) State-owned enterprises;
2) Collectively-owned firms in cities, townships and rural areas;
3) Individually-owned enterprises;
4) Others, such as joint ventures with foreign businesses, and MNCs.

She (1991: 342) further argues that because 'China has become one vast social laboratory where organisational and motivational policies are experimented with to determine the impact on organisational efficiency and effectiveness', those enterprises with different natures seem to interpret HRM into different ways. In this sense, enterprises are most likely to differ in the extent to which they adopt a certain HR practice, and therefore it is reasonable to perceive Western-style HRM practices as a continuum from high to low, which can be typified by Goodall and Warner's (1997: 590) model   illustrated in Figure 2.6:

A	C
Pure iron rice bowl	Hybrid Ⅱ (mostly imported)
B	D
Hybrid Ⅰ (mostly iron rice bowl)	Pure imported

Figure 2.6 A typology of HRM practices in China
(Source: Goodall & Warner, 1997, p. 590)

In box A, the 'pure iron rice bowl' means typical practices in state-owned enterprises in China in the pre-reform period. Today under the intense competitive pressures, along with the series of employment reforms, such as the introduction of labour contracts, the endorsement of financial rewards, and contributory social insurance (Ng and Warner, 1998), changes in HRM practices have inevitably taken place. Therefore, whatever the nature of an organisation is, it is unlikely that its HR practices will not expect to sit in this category.

In box B, 'mostly iron rice bowl', refers to the organisations where the majority of HR practices are of the 'iron rice bowl' type, with a minority of different practices. These days even with the changes associated with the creation of an institutional framework within which changes in HRM practices could take place, the transition process is slow, the form of older personnel management practice is still very common and a fair degree of conservatism continues to pervade the administration of personnel in such enterprises. HR directors are still frequently taken as 'the policemen of the *danwei'* (Warner, 2004: 3), and in most cases their role is as simple as applying personnel rules and regulations to the control of employee behaviour. Certainly, it is still somewhat far from the initial concept of HRM as understood in the international business community (Poole, 1997).

Box C, 'mostly imported', represents an organisation where the majority of HR practices are not of the 'iron rice bowl' form. These organisations are most likely the foreign-funded and overseas wholly owned enterprises, mostly MNCs. These firms rely heavily on standard methods of authority and control, so most of them will establish their business operations in China where the more so-called 'international standardized HRM' policies and practices will be implemented, unavoidably with certain modifications. Therefore, Warner (1995: 145) drew the conclusion that

'The (Western) notion of HRM is normally not present in Chinese enterprises. HRM 'with Chinese characteristics' is the most appropriate term to be used, mostly in JVs to date'.

Box D, 'pure imported', refers to an organisation with no vestiges of 'iron rice bowl' practices, which means the 'pure' Western concept of HRM. Goodall and Warner (1997) believe that it is unlikely that any organisation in China, for many years to come, will have totally 'pure imported' HR practices, in consideration of the influence from the Chinese government, for instance.

However, Western notions of 'people management' always tend to differ from Asian ones. In fact, given the wide range of cultures and cross-cultural factors across the continents, these extensive variations are logical. Western ways of dealing with people in the workplace have not only often been contrasted with the Asian ones, such as the Japanese model; but also always been compared with each other between themselves. For instance, according to Storey (1989), the applicability of HRM in the UK does not seem to be identical with that in the USA, even though both of the countries have similar economic patterns. Some researchers (e.g. Evans & Lorange, 1990; Easterby-Smith, *et al.,* 1995) argue that HRM practices are more or less culture-sensitive, which may result in the divergence in people management across the nations. Hence, it is understandable that organisations in China do not exactly fit with the pure Western concept of HRM.

In addition, there has not been a homogeneous model of HRM in Chinese enterprises. Western corporations through their practices have induced changes in Chinese society. However, in state-owned enterprises, the labour management system is as yet a 'hybrid' creature, half-way between the old-style Maoist model and a market-driven one, but which has not fully evolved either on Western or East Asian lines (Chan, 1995). In individual and collective enterprises, it is more likely that they are reforming their HRM systems differently, based on their existing conditions and the respective impact of economic reform. Meanwhile, in the more prominent Sino-foreign JVs and MNCs, particularly the larger ones, the term HRM is in fact mostly *de rigueur* (Zhu, *et al.,* 2007). As mentioned above, even if HRM in its strictest sense might not remain such a 'Western ideal type' in these enterprises in China, it is worth noting that as 'marketization' advances and as enterprise autonomy increases, a more complex management system is emerging. In fact, it is believed that MNCs significantly contribute to the diffusion of Western-style HRM practices, and the HRM system in Sino-foreign JVs and MNCs seems to converge with the Western mindset of HRM. For example, Zhu (1995) and Campbell (with Zhu, 1996) assert that the work practices of personnel managers in JVs have become more recognizably 'Western'. Easterby-Smith and Brown (1993) draw a similar conclusion in their field research in China---that some career and manpower planning procedures are at least as sophisticated

as the most advanced in the UK. In addition, based on empirical research, Jolly (2002) found that the distribution of roles for decision-making observable in Sino-foreign JVs appears to be no different from the traditional pattern existing in the West.

2.6.3 Summary

To sum up, given that very distinct tradition-based cultural differences cannot be effaced, it is not appropriate to assume that there will be 'complete convergence' between Chinese and Western management models. However, there may be a significant degree of 'relative convergence', or even 'cross-vergence' (that is, values overlapping between cultures) involved here (Ralston, *et al,* 1996). Therefore, leaving out the most controversial state-owned, private and collective enterprises, as far as MNCs alone are concerned, given the ever-changing personnel practices in China, the future trajectory of their personnel practices seems to lay in the direction of convergence with their Western counterparts. In addition, given that TM is a lately emerging managerial concept, MNCs, which are well exposed to Western management ideology, are more likely to establish explicit TM strategies. Hence, the research target will be limited to MNCs in China.

The HR function has evolved along with the sophistication of the organisation in general (Schweyer, 2004). The changing political environment, reformed legal frameworks and economic pressures have continuously added new dimensions of HRM (Poole, 1997). Most recently, with the widely recognized importance of the intangible resources in today's knowledge economy, much focus has been put on the newly arising concept of TM. Since the onset of economic reforms, China has bought into not only the 'hardware' of modern plants and equipment, but also the 'software' of new people management policies and practices (Ding *et al*, 2000; Warner, 2001). Moreover, it is worth stressing that Chinese enterprises are influenced by norms and cultures, but are not bounded by them; they too adopt new concepts in response to their particular context (Easterby-Smith and Brown, 1993). Nowadays, it is the exacerbating shortage of talents and the subsequent aggravating pressure from the competition for them which helps speed the pace of adopting TM in China, and put the topic of TM at the top of the business agenda. TM, as a newly emerging managerial term, has become the latest trend within the field of people management in the Western world as well as in China, particularly MNCs in China.

Chapter 3---Methodology

This chapter will outline and discuss the choice of research approach, with a focus on the interpretive paradigm and abductive reasoning. It will also reflect on the concept of pre-understanding, which is essential in reporting on qualitative research, and explain the adoption of particular models in the theoretical framework.

The chapter will move on to report upon the interview arrangements for this study, including the choice of and access to interviewees, and the interviewing and data collection process. The data collected will be presented in Chapter 4 and analyzed in Chapter 5.

3.1 Research approach

There have been debates about what is the 'correct' research method for the social sciences. Those debates can generally be viewed as being about whether qualitative or quantitative methods or both of them should be used. Indeed, according to Flick (2002), there is good and bad research on both sides of the quantitative and qualitative domains, so the debates about the 'right' understanding of science will not be easily settled.

> 'Qualitative and quantitative methods are (just) tools. As tools they require different competencies, with differences among researchers in their abilities to and interest in carrying out quantitative computations or conducting linguistic or empathic analysis of qualitative data, and their utility simply depends on their power to bear upon the research questions asked' (Kvale, 1996, p.69).

Thus, 'every research approach has its strong points and drawbacks' (Taylor and Bogdan, 1984, p. 79). No method is equally suited for all purposes. Hence, the choice of research method should be determined by the research interests and questions.

According to Williamson *et al.* (2000: 26), 'qualitative approaches to research are mainly, but not exclusively, linked with interpretivism and quantitative approaches are linked with positivism'. 'The term positivism derives from the belief that society will become even more perfect as a result of advances in science, including social science' (Wynn, 2001, p. 21). One implicit understanding here is that scientific method is the best tool to assist people to understand the world. Quantitative methods originated from the natural sciences (Myers, 1997) and were adopted within the social sciences by those who wished to be seen to be producing 'objective results', which at that time sciences were thought to be doing (Tesch, 1990). As Tesch explains, there is also a very definite 'scientific method' enshrined in the "respectable and hopeful sounding 'positivism' " (1990, p. 9) which emphasizes the use of objective measurement and deductive reasoning to produce theories linking cause and

effect. One of the objectives of the scientific method is to establish general laws from the empirical measurements that are being taken on objects existing in the real world. This is the approach taken by social scientists who adopt the quantitative method and label it as 'positivistic' (e.g. Filmer *et al.,* 1972). In quantitative research, isolated relationships are among a set of variables defined before the study. The role of a human being is reduced to an element subject to the influence of a set of forces.

'The central ideas guiding qualitative research are different from those in the quantitative approach' (Flick, 2002, p. 4). Qualitative research asserts that human beings are more than mere elements responding to the world. It enables researchers to explore social or human problems, and permits them to understand the social and cultural contexts in which participants are embedded (Miles & Huberman, 1994; Myers, 1997). As Miles and Huberman state 'qualitative data have always been the staple of certain social sciences, notably anthropology, history, and political science' (1984, p. 15). According to Patton (2002), through studying a very limited number of people and cases, qualitative approaches may produce a wealth of detailed information, and increase the depth of understanding of the cases and situations studied, but reduce generalisability. In contrast, quantitative research adopts different methods, whereby standardized categories are predetermined and measures devised so that people's varying perspectives and experiences are coded to these categories as numeric responses (Leedy, 1997; Patton, 2002). Quantitative methods allow the researcher to test a wider range of variables at the expense of depth, which means that fewer variations in response can be allowed for. However, the outcomes of the research will be generalisable (Patton, 2002). As for a qualitative study, the basic aim is to approach the empirical world, to interpret and examine data that may not be presented in numbers, and to achieve a thorough understanding of a phenomenon, (Taylor & Bogdan, 1984). Furthermore, given that the researcher's interpretation and understanding guides the bases for the presented results, qualitative studies may function as introductions to new areas of research interest. In fact, it is recommended that one should conduct a qualitative study before undertaking a quantitative one in order to capture what is relevant and interesting in the phenomenon to be researched. For instance, Meinefeld (2004: 154) argues

> 'A number of authors saw the requirement for doing without hypotheses as a precondition for an interpretative type of social research and elevated the openness of its methodology to a core belief in qualitative research'.

Hence, in the current study, due to its explorative and explanatory nature, a qualitative methodology seems to be the most appropriate. With the adoption of a suitable qualitative method, it is anticipated that the interviewees' motives will be sufficiently interpreted and an in-depth understanding of TM will be effectively achieved.

3.2 Structure of the research

Figure 1.1 in Chapter One illustrates the basic procedure and structure of this research. As it indicates, the comparison between TM and HRM in terms of practices, ideas and structures forms the skeleton of the whole study.

First, the literature of HR functions, rhetorics and roles was reviewed, with a particular focus on TM and HRM. Light was then shed on the history of the HR profession and its struggle for status and legitimacy. Given that the empirical research was undertaken in Beijing, an overview of the evolution process and the current situation of the HR profession in China was also provided. Since the thesis also addresses the question of whether or not TM is, as some people argue, a management fashion (Adamsky, 2003; Warren, 2006), as well as the rationale behind the adoption of TM, the characteristics and traits of management fashion were presented, together with some possible explanations drawing upon institutional theory.

As far as the empirical research is concerned, the data was collected mainly from interviews with a range of selected MNCs, supplemented by documentary analysis wherever possible.

In the last phase, the conclusion was drawn based on an exhaustive analysis of the literature findings and empirical materials presented in this thesis.

3.3 Longitudinal bibliometric data collection technique

In the early literature review chapter, the researcher reviewed two theories which were expected to provide theoretical support in the following analysis. Scholarly publications have been accessed from databases such as Emerald, British Source Premier. Inspired by a range of scholars (e.g., Abrahamson,1989,1996; Abrahamson & Fairchild, 1999; Spell, 1999, 2001; Mazza & Alvarez, 2000; Rüling, 2005), who use article counts as a common proxy for tracing the popularity of particular management concepts over time, the author searched for journal articles with the key word 'talent management' respectively in Emerald and British Business Premier, and derived the numbers of TM-related articles published in Emerald and British Business Premier between 1985 and 2006 (see Figure 3.2 and 3.3). There is a dramatic increase in the numbers of articles relating to TM during this period.

Numbers of TM-related articles
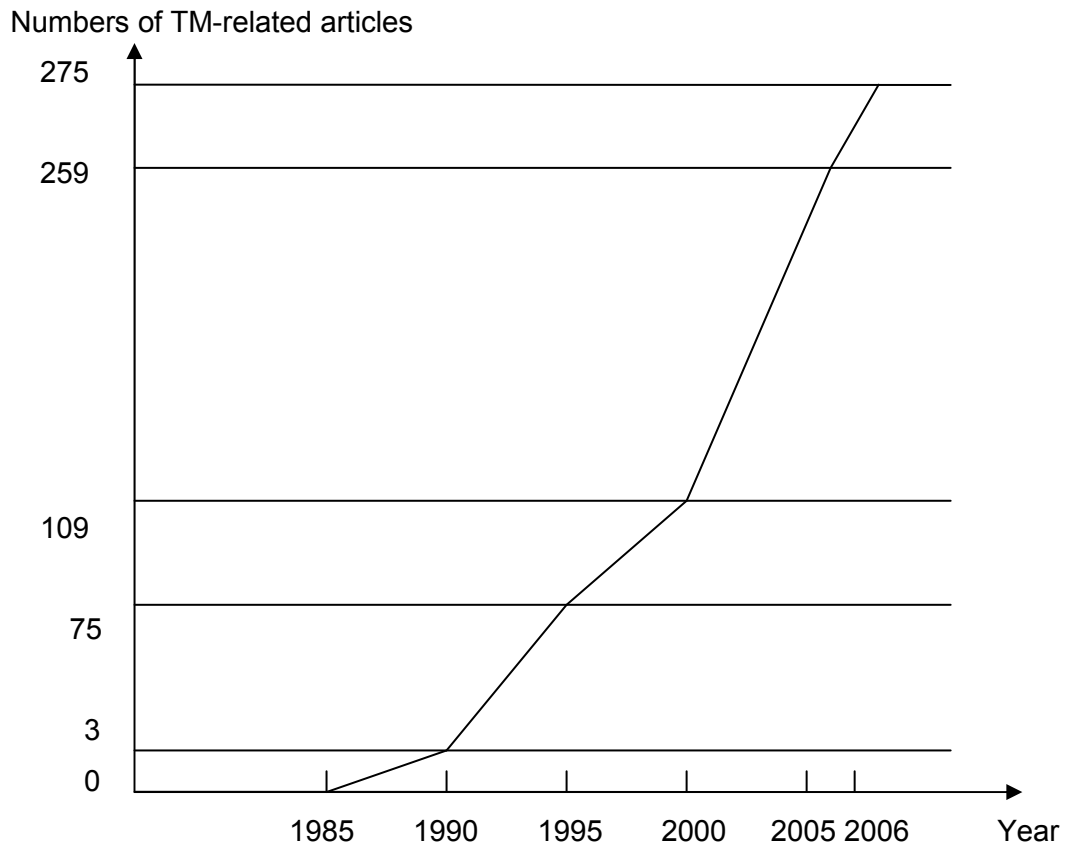
Figure 3.2 TM-related articles published in Emerald (1985-2006)

Numbers of TM-related articles
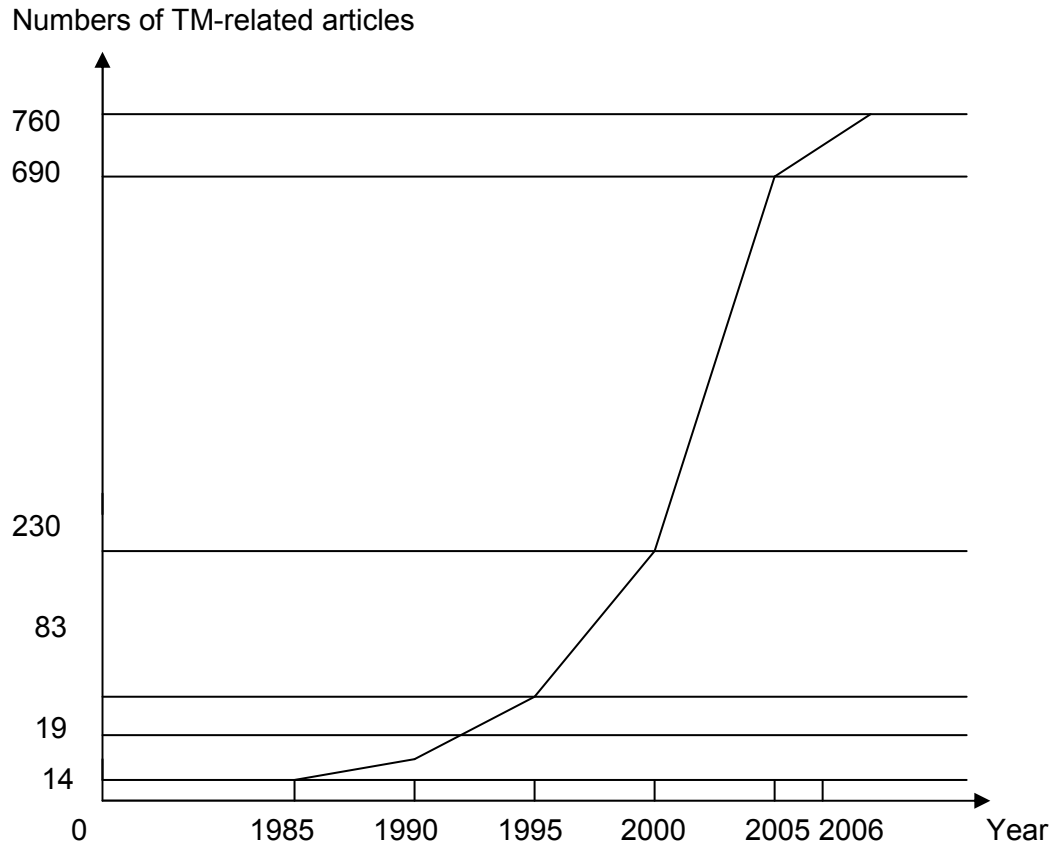
Figure 3.3 TM-related articles published in British Business Premier (1985-2006)

This longitudinal bibliometric data-collection technique has been affirmed by management fashion researchers (Abrahamson, 1996) as well as by management scientists (Chen *et al.,* 1994; Thomas, 1999) as appropriate for the investigation of the cyclic influences of managerial innovations. According to them, counting the number of times a particular work is cited within the community of management scholars can determine its influence. For instance, Thomas (1999) contended that 'the greater the number of citations received by a particular published item, the more influential it is assumed to be' (p. 29). The number of times a topic, TM in this case, in this set of journals should indicate the general amount of attention it is receiving in the management literature. Thus, Figure 3.2 and 3.3 show that TM has seen a significant growth in its influences in the management literature. This finding contributes to one of the research questions in this study---whether TM is just another management fashion, which will lose its popularity after reaching its peak.

3.4 The interpretative paradigm

The interpretive paradigm is 'a direction in social science that focuses on human beings and their way of interpreting and making sense of reality' (Holloway, 1997, p. 93). Even though qualitative research can be either positivist, interpretive or critical, depending on the particular philosophical 'bent' of the researcher (Klein and Myers, 2001), most qualitative researchers use the interpretive perspective (Holloway, 1997).

> 'Interpretive studies assume that people create and associate their own subjective and inter-subjective meanings as they interact with the world around them…the intent is to understand the deeper structure of a phenomenon…to increase understanding of the phenomenon within cultural and contextual situations' (Trauth, 2001: 9).

In a highly influential study, Burrell and Morgan (1979) identify the interpretivist as one of four key sociological paradigms, which are defined according to two dimensions. They label the first dimension as 'subjective-objective'. A subjectivist approach to social science is ontologically nominalist and epistemologically anti-positivist. The model of man in this approach represents a voluntarist view, arguing that man is completely autonomous and free-willed. Its methodology is ideographic, based on the idea that one can understand the world only by obtaining first-hand knowledge of the subject under investigation. Conversely, an objectivist approach to social science represents realism, positivism and determinism, a nomothetic methodology which looks for natural laws and regulations. Burrell and Morgan (1979)'s second dimension is based on the 'order-conflict' debate in sociology. However, in their analysis they show that this traditional distinction is not without problems, and suggest that it should be replaced by the notions of 'regulation' and 'radical change' as a central theme. The sociology of regulation refers to

'Theories which are primarily concerned to provide explanations of society in terms which emphasize its underlying unity and cohesiveness; it is a sociology which is essentially concerned with the need for regulation in human affairs' (p. 17).

On the other hand, the basic concern of sociology of radical change is:

'To find explanations for the radical change, deep-seated structural conflict, modes of domination and structural contradiction which its theorists see as charactersing modern society; it is a sociology which is essentially concerned with man's emancipation from the structures which limit and stunt his potential for development' (Burrell and Morgan, 1979: 17).

The four distinct paradigms constructed from these two dimensions are labelled as 'functionalist', 'interpretive', 'radical humanist' and 'radical structuralist', and illustrated in Figure 3.

<div align="center">

The sociology of radical change

'Radical Humanist'	'Radical Structuralist'
'Interpretive'	'Functionalist'

Subjective ←→ Objective

The sociology of regulation

</div>
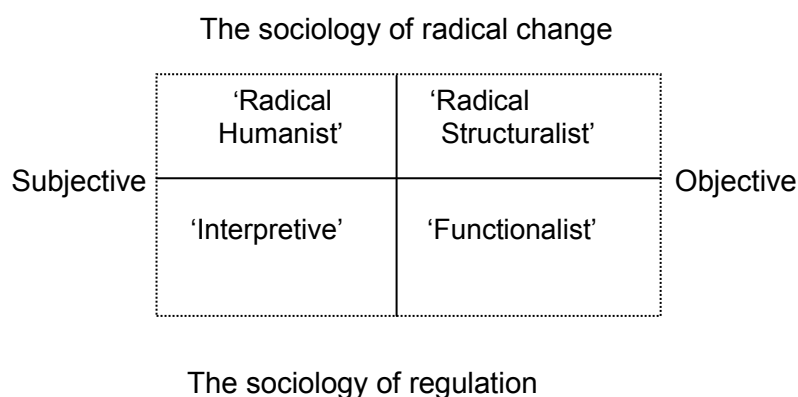
Figure 3.4 Four paradigms for the analysis of social theory
(Source: Burrell and Morgan, 1979, p. 17)

Drawing upon Burrell and Morgan (1979, p.22), it can be noted that the interpretive paradigm tries to understand the world as it is, to understand the fundamental nature of the social world at the level of subjective experience. It seeks explanation within the realm of individual consciousness and subjectivity, within the frame of reference of the participant as opposed to the observer of action. The social world is seen as an emergent social process which is created by the individuals concerned. Social reality is seen as being little more than a network of assumptions and inter-subjectively shared meanings. Thus, interpretive philosophers and sociologists seek to understand the very basis and source of social reality by delving into the depths of human consciousness and subjectivity. The commitment of interpretive sociologists to the sociology of regulation is implicit rather than explicit, and their ontological assumptions rule out a direct interest in the issues involved in the order-conflict debate as such. Interpretive sociology is much more oriented towards obtaining an understanding of the essence of the everyday world, and subjectively created social world 'as it is' in terms of an ongoing process. It is underwritten by an involvement

with issues relating to the nature of the status quo, social order, consensus, social integration and cohesion, solidarity and actuality. Any view that attributes to the social world a reality which is independent of people's mind is rejected. In essence, the interpretive paradigm emphasizes that the social world is no more than the subjective construction of individual human beings who, through the development and use of a common language and the interactions of everyday life, create and sustain a social world of inter-subjectively shared meaning. Thus, the social world is essentially intangible and in a continuous process of reaffirmation or change. The interpretive paradigm belongs to the hermeneutic tradition, according to which it is more important to understand a phenomenon than to explain it. Human beings and their relationship to other human beings are of central interest in hermeneutics.

It should also be noted that the researcher's interpretation is just one interpretation at a certain point in time, and as long as it is interpretation, the observation of facts will not be straightforward. Even though the researcher may conduct a series of actions to neutralize the potential problem, subjectivity cannot be completely avoided during the whole research process (Hall & Hall, 1996). Therefore, no claims can be made for an absolute truth. The results of a study like this---whose aim is to shed light on the introduction of new areas of research interests---should be considered as 'perspective truth' (Ushenko, 1954, p. 101), instead of as new and absolute truth.

3.5 Abductive reasoning

Traditionally, there are two alternative ways of defining the relationship between data and theory: induction and deduction. According to Holloway (1997: 46), deduction means that

> 'Researchers move from the general to the specific, that is, they start with a general theory from which a conclusion is deduced; researchers then search for empirical evidence by testing a hypothesis through collecting data from observation and analysing them'.

Thus, a hypothetic-deductive approach confines the role of research to the testing of existing ideas (Coffey & Atkinson, 1996). On the contrary, induction means 'going from the specific to the general, that is, starting with the observation or study of a number of individual cases or incidents and establishing generalities that link them to each other' (Holloway, p. 91). In this sense, the inductive approach is a research process where researchers collect data (without making prior assumptions) first, and then analyse the data and generate theories. Generalisations are developed on the accumulations of observations and cases.

Different researchers have their different personal preferences for either a deductive or inductive approach. For example, Holloway (1997) notes that deductive reasoning is often used in the natural sciences, while most qualitative researches start with inductive strategies. However, 'a more convincing explanation of the production of theory is one which uses both induction and deduction in a circular or iterative process' (Hall & Hall, 1996, p.34).

An approach which is actually somewhere between deduction and induction has been called 'abduction'. Abduction was 'first introduced in 1597 by Julius Pacius to translate the Aristotelian apagoge, and remained quite unnoticed for almost three centuries' (Reichertz, 2004, p. 159). Then, Peirce (1931-35) was the first to pick up abduction and introduce it as a distinct approach from the normal types of logical conclusion, namely deduction and induction (Reichertz, 2004). In recent times, abduction has become something of a buzzword within social research, and has helped social research to make new discoveries in a logically and methodologically ordered way (Reichertz, 2004). Coffey and Atkinson (1996) believe that both inductive and deductive approaches can prove sterile, while abduction is 'one useful way to think about the process of generating ideas' (p. 155).

According Dubois and Gadde (1999), the logic of abduction is presented as systematic combining, which is a method for theory generation in which the framework, data collection and analysis evolve simultaneously. They criticize the standardized conceptualization of the research process as consisting of successive phases, and argue that a researcher who aims at theory generation should be constantly going back and forth from one type of research activity to another. This argument echoes Creswell's (1998, p. 142): 'the researcher engages in a process of moving in analytical circles rather than using a fixed linear approach'. Reichertz (2004, p. 162) also backs up this viewpoint by claiming 'abductions cannot be forced by a specific procedural programme, but one can induce situations in which abductions fit'.

Thus, data collection, analysis and interpretation can affect each other during the whole research process, just as Strauss and Corbin (1998) conclude that research is a 'flow of work' (p. 29), data collection methods, analytical procedures, and interpretation evolve over the life of the project.

Abduction is suitable for application in research contexts where surprising facts or phenomena emerge and explanations or causes have to be explored (Lundberg, 2000; Reichertz, 2004). Thus, abduction, which seeks to go beyond the actual data and to locate them in explanatory or interpretive frameworks (Coffey and Atkinson, 1996), seems to be the most appropriate choice in this research.

3.6 Preunderstanding

Vaughan (1992, p. 199) argues that 'a researcher never begins with a clean head', which means it is impossible that a researcher has no personal background before research is conducted. Just as Silverman (2006: 377) stated,

> 'A researcher is always torn between two different impulses. Naturally, one wants to provide a comprehensive and fair coverage of the field. On the other hand, it is impossible to escape the researcher's own assumptions, preferences and prejudices'.

Holloway (1997: 1-3) claims:

> 'Qualitative research is a form of social inquiry that focuses on the way people interpret and make sense of their experiences and the world in which they live, … the basis of qualitative research lies in the interpretive approach to social reality, … (so) qualitative methodology is not completely precise because human beings do not always act logically or predictably'.

Gummesson (2005) calls this phenomenon 'preunderstanding'.

In addition, Barone (1992) argues that the debate about objectivity and subjectivity is now dead, because there is always interaction between the objective world which exists independent of the observer and the subjective view of the observer who interprets it. Indeed, according to Holloway (1997), subjectivity in qualitative research is usually seen as a potential resource instead of a limitation or constraint. The researchers' own subjectivity becomes a main analytic tool and is built into the research; they do not try to remove it. Using the self as a tool can help the researcher empathize and build relationships with the informants. Any researcher's personal experience and knowledge will affect his or her interpretation and analysis of data, and thus will influence the results and theory development. Researchers bring to the study their own personalities, values and life experience and come to recognize and openly acknowledge their subjectivity. Such a description by researchers of their subjectivity actually makes the research more objective (Banister, *et al.*, 1994).

A researcher comes to a project with certain biases and preconceptions in the form of beliefs, knowledge, experiences, values and prior assumptions; thus, the researcher always brings some of themselves to data collection, analysis and report writing (Agar, 1986; Bochner and Ellis, 1996; Darke and Shanks, 2000). As Van Maanen (1983) asserts, qualitative researchers both spatially and temporally define the domain they wish to explore, bracketing it using some preconceived scheme and gathering data, which are

then read and interpreted by the researcher. Pre-understanding, especially in qualitative studies, is a key element in generating and interpreting data, as well as in influencing the researcher's theoretical sensitivity. Theoretical sensitivity can assist researchers in developing theories (Glaser, 1978). It also derives from professional and personal experience. A thorough knowledge of the relevant literature and interaction with and immersion in the data also contributes to this awareness (Holloway, 1997).

By accepting the pre-understanding argument, this study starts with 'the outset constructs of the researcher, [because] discoveries about social phenomena cannot emerge on their own' (Meinefeld, 2004, p. 155). In the present case, the author's preunderstanding can embrace her initial observation of the increasing popularity of TM, and debates in the HRM domain. It will involve her former work experience as a HR professional and research experience in terms of attending international conferences, presenting papers, organizing PhD forums and meeting colleagues in the area of study. All of these experiences add valuable insights into the current study, both from a practitioner's and academic's perspective, and most notably, validate the author's interpretations in practice.

3.7 Case study research

Case study research is the 'in-depth study of a case or cases', which results in the identification of themes and a detailed description of the case (Creswell, 1998, p. 65). It is valuable in putting 'flesh on the bones' of the research (Hall and Hall, 1997, p. 196). A case is an entity which is studied as a single unit and has clear boundaries; it is an investigation of an organisation, an event, a process or a programme (Merriam, 1988). The term 'case study' is used for a variety of research approaches (Yin, 1993), both qualitative and quantitative. According to Holloway (1997), case study research has been most popular in business studies, and has become a way of exploring the phenomenon in its context. Hence, case study research can be an exploratory device and work as a pilot study for a larger project in the future. 'The description of relevant cases can make a project more lively and interesting' (Holloway, 1997, p. 31). Usually the case study stands on its own and involves intensive endeavours on data collection. Researchers can make use of a number of sources in their data collection, for instance, interviews and documents. Thus, the case can be illuminated from as many aspects as possible. Given the exploratory and explanatory nature of this study, a case study method gains a preference in collecting data.

According to Flick (2002, p. 62), decisions about selection in the research process are taken at three different levels:

1) During data collection (case selection, case-groups selection)

2) During interpretation (selection of material and selection within material)

3) During the presentation of results (presentation of material)

Between the three levels there is a high degree of interdependency, which is also an important focus in some selection procedures.

Flick's method is used below to structure the outline and discussion of the selection issues in this study. The first section is concerned with the selection of case study organisations. The next section focuses on aspects of the selection of material including interviews and questions. The final section dealing with aspects of case interpretation will be presented in the following chapter.

3.7.1 Selecting the target case study organisations and interviewees

A first decision concerns the selection of the particular case study organisations. According to Merkens (2004), it must be guaranteed that the case has as many facets as possible. This is echoed by Patton (2002), who argues that in sampling, the maximal possible variation should be sought and cases should be rich in information. It is crucial to focus on those case organisations which can provide rich and comprehensive information in the subject of interest. Therefore, samples for the study should be 'taken purposefully and not according to the principle of randomness' (Miles and Huberman, 1994, p. 36). According to Patton (2002), qualitative research typically focuses in depth on relatively small samples selected purposefully. The logic and power of purposeful sampling lie in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry. Patton (2002) also points out that purposeful sampling is sometimes called 'purposive' or 'judgment sampling'. A judgment sample (Oppenheim, 1992) relies on the researcher trying to obtain as wide a representation of individuals as possible, taking account of likely sources of difference in their views and experiences. 'In judgment sampling, you decide the purpose you want informants to serve, and you go out to find some'. (Bernard, 2000, p. 176)

In order to identify appropriate case study organisations, the present study insisted that, as a prerequisite, target companies should have a well established and formal HRM strategy on the one hand, and have an explicit TM strategy on the other. In addition, because the author focuses the research in Beijing, the target companies were limited to MNCs, for the following reasons:

● There is no homogeneous model of HRM in Chinese enterprises. Western corporations through their practices have induced changes in Chinese society. However, in state-owned enterprises the labour management system is a 'hybrid' creature, half-way between the old-style Maoist model and a market-driven one, but which has not currently fully evolved either on Western or East Asian lines. In private enterprises, it is more likely that they are reforming their HRM systems differently, on the basis of their existing conditions. Meanwhile, in the more prominent MNCs, particularly the larger ones, the term HRM is in fact mostly *de rigueur* (Warner, 2002; Shen, 2007). Given TM as a newly emerging Western managerial concept, MNCs, which are well exposed to Western management ideology, are more likely to establish their own TM strategies (Chuai, *et al.,* 2008a; 2008b; 2009). Given the foregoing, if TM is not practiced in such MNCs, it would appear unlikely that it is being practiced elsewhere in China to any significant extent.

● In China, tier-1 and tier-2 cities, such as Beijing, Shanghai and Guangzhou, have less than 20% of China's population, but possess more than 80% of the leadership talent (Lau, 2006). Moreover, based on a countrywide survey, three out of four people who have attended higher education (especially those with a Master's degree or PhD) want to work in Beijing, Shanghai or Guangdong (Talent Market Report, 2000). In consideration of this unbalanced development, the issue of TM can only have gained enough attention in these big cities (Chuai, *et al.,* 2008a; 2008b; 2009). For instance, Li (2007) argues that the 'War for Talent' phenomenon mainly exists in the key cities where MNCs have their primary focus: Shanghai, Beijing, and Guangzhou.

● The researcher has years of study and work experience in Beijing. Consequently, she has ready access to contacts in organisations located there.

Patton (2002) points out that there is no single right rule for defining the optimal number of cases in qualitative research. Thus, the researcher had to determine how many cases to include, according to the aim and resources of the study. In this study, the researcher undertook four in-depth case studies. In order to cover as many variations as possible, the target organisations were chosen from a range of economic sectors, respectively from IT (two organisations), health care, and education. Given that there was only one researcher to conduct this study and the subsequent potential misunderstanding between the real meanings of what the interviewees said and the researcher's interpretations, one of the IT organisations was used in the pilot study. A series of interviews were conducted in the pilot case study organisation by the researcher, together with an invited academic/professional. They tried to find out if they could arrive at the same conclusions based on the same set of interview questions. This step is expected to enhance the overall validity of the methodology, especially its reliability.

In this particular research project, it is proposed to examine large-sized organisations only. This is not because small and medium enterprises are unimportant, but rather because they make up a field with its own particular exigencies and characteristics, and indeed, research tradition and trajectory. According to Leimon and Duthie (2006), the right time for smaller companies to recognize their own need for a TM process is even questionable. Hence, a subsequent study might well focus specifically upon small and medium enterprises/organisations.

In addition, taking into account the special role management consultancy firms play in advocating TM techniques, the researcher also conducted case studies with three consulting firms in order to explore different perspectives and insights. Since the term TM was first coined by McKinsey in 1997, more and more consulting companies have become involved in TM issues. In consequence, consulting firms are normally regarded as 'management fashion setters' distinguished from adopting companies, which are quite often deemed as 'management fashion users'. Given the specific nature of the relationship between consultancy companies and the TM discourse, the interview questions for them were slightly adjusted, and thus different from those for the other case study organisations.

Once these companies were identified, interviews with a sample of respondents were carried out. In identifying the sample in those companies, the characteristics of informants will play a part (Spradley, 1979). Morse (1994, p. 228) identifies the following characteristics of informants as required:

* They have available the knowledge and experience that the investigators need;
* They are capable of reflection;
* They are articulate;
* They have time to be interviewed;
* They are willing to take part in the investigation.

Furthermore, according to Merkens (2004), one further criterion should be taken into account during the selection process: information is related to function and the knowledge associated with it; also, it may be obtained in a particularly dense fashion from individuals who occupy a key position in networks. In order to select those informants who are especially knowledgeable, the interviewees were selected so as not to come from the same level in the hierarchy or belong to a single department, but from different hierarchical levels and different departments.

This sampling method has similarities with Arnold's (1970) dimensional sampling. Dimensional sampling is claimed to be useful when the investigation focuses on a small number of cases, as compared to single-case studies or a large number of cases. According to Arnold (1970), the whole point of dimensional sampling is based on a preconceived theoretical framework, although not on a preconceived theory. It is essential to select dimensions in relation to which the cases differ from each other. The choice of dimensions is not based on statistical randomization, but is rather characterized by purposefulness and reflection. The principles on which the dimensions are chosen must be essential in relation to the studied phenomenon, and they must be explicit and avoid bias. Moreover, a dimension can be created on one or several criteria. Each dimension should be represented by at least one criterion. The number and characteristics of the interviewees is then based on their representativeness for each dimension. Arnold (1970) argues that dimensional sampling requires choosing cases representative of the various segments of the dimension; however, it is not possible to define the fully 'right' dimensions in an absolute sense.

Sensible and useful principles increase the trustworthiness of research, compared to sampling without any grounds. It is also essential for researchers to make explicit the choice of the principles used in creating the dimensions. In fact, some other researchers prefer the same sampling method, but tend to label it with a different name. For example, Reeves and Harper (1981) advocate a *sliced sample* whereby respondents are chosen because they occupy positions at different parts of the organisation. According to them, slicing is possible horizontally (a selection of middle managers from a range of different functions) and/or vertically (respondents from the top, middle and bottom of the hierarchy). In general, this sampling approach is expected to guarantee that the data gathered will reflect perspectives pertinent to the enquiry being undertaken.

'Saturation', presented by Glaser and Strauss (1967), occurs when further sampling does not reveal new ideas when researchers bring in additional participants. This happens when researchers are reasonably satisfied that they have exhaustively analysed the phenomenon under study, and when a full picture of the theoretical ideas emerges. The sampling has then reached completeness (Rubin & Rubin, 1995). The specific stage that one can cease to conduct further interviews when no new information would be obtained from new interview partners is called the saturation point (Kvale, 1996). Researchers often believe that saturation has taken place when a concept is mentioned frequently and described in similar ways by a number of people, or when the same ideas arise repeatedly (Holloway, 1997).

In summary, the choice of the characteristics and number of interviewees in this study were partly based on the saturation point strategy and partly based on reasoning similar to Arnold's dimensional sampling. In each case study organisation, the author aimed to interview a wide range of stakeholders covering four levels---strategic level, policy level, operation level and acceptance level. She always included at least one HR specialist (including the senior HR professional wherever possible), senior and various functional managers, and employees. This design guaranteed that different viewpoints were represented, and rich data obtained.

3.7.2 Semi-structured Interviews

Miles and Huberman (1994, p. 1) stated, 'Qualitative data are sexy; they are a source of well-grounded, rich descriptions and explanations of processes in identifiable local contexts'.

The majority of published qualitative research articles use interviews (Silverman, 2005). As for HR researchers, the more common form of qualitative data comes from interviews (Anderson, 2004). The use of interviewing to acquire information is so extensive today that it has been said people live in an 'interview society' (Fontana & Frey, 2000, p. 646). Moreover, compared with the other methods, interviews are relatively economical in terms of time and resources (Silverman, 2006). Just as Benney and Hughes (1970) point out, social scientists heavily rely on verbal accounts to learn about social life, so the interview becomes the favoured digging tool of sociologists. Interviews designed to yield rich and in-depth data which give full expression to the informant's views can be very useful in social research projects. For example, Byrne (2004: 182) suggested that:

'Qualitative interviewing is particularly useful as a research method for accessing individuals' attitudes and values---things that cannot necessarily be observed or accommodated in a formal questionnaire. Open-ended and flexible questions are likely to get a more considered response than closed questions and therefore provide better access to interviewees' views, interpretation of events, understandings, experiences and opinions…(qualitative interviewing) when done well is able to achieve a level of depth and complexity that is not available to other, particularly survey-based approaches'.

According to Holloway (1997), the qualitative interview is a conversation with a purpose in which the interviewer aims to obtain the perspectives, feelings and perceptions from the participant(s) in the research. May (1993) distinguishes four types of interviews: the structured interview, the group interview, the unstructured or focused interview and the semi-structured interview.

The structured interview uses a tightly structured set of questions asked in the same order or sequence by an interviewer who has been trained to treat all interview situations in a like manner. There is very little flexibility in the way questions are asked or answered in the structured interview setting. In a nutshell, nothing is left to chance in a structured interview.

The group interview is essentially a qualitative data gathering technique that relies upon the systematic questioning of several individuals simultaneously in a formal or informal setting. Thus, this technique straddles the line between formal and informal interviewing. In a group interview, the interviewer directs the inquiry and the interaction among respondents in a very structured fashion or in an unstructured manner, depending on the interview's purpose. Today, group interviews are often generically designated as 'focus group' interviews, which are defined as 'a carefully planned discussion designed to obtain perceptions on a defined area of interest in a permissive non-threatening environment' (Krueger, 1994, p. 6).

The traditional type of unstructured interview is the open-ended and in-depth interview (Fontana and Frey, 2000). In contrast to structured interviewing, it is more flexible and dynamic. In this type of interview, the interviewer has more limited control and follows up the ideas of the participants as they tell their story. According to Taylor and Bogdan (1984), the unstructured interview involves repeated face-to-face encounters between the researcher and informants, directed toward understanding informants' perspectives on their lives, experiences, or situations as expressed in their own words. Rather than being a robot-like data collector, the interviewer is the research tool. Unstructured interviews are useful when little is known about the area of study. In addition, unstructured interviewing can provide a greater breadth of data than the other types (Fontana and Frey, 2000). However, Holloway (1997) argues that it produces the highest amount of material that is of no particular use for the researcher's study (Holloway, 1997).

Compared with the unstructured interview, the semi-structured interview has a more specific research agenda and is more focused. However, the informants in this type of interviews also describe the situation in their own words. According to Holloway (1997), although researchers do not ask questions in the same way and in the same form with each participant, they can ensure through the tighter structure of semi-structured interviews that they collect all important information about the research topic, while still giving informants the opportunity to report on their own thoughts and feelings. By taking advantage of the flexibility of this method, the interview comes closer to a conversation, and is more natural than a formal interview with a highly structured schedule.

'Every research approach has its strong points and drawbacks, thus no method is equally suited for all purposes' (Taylor and Bogdan, 1984, p. 79-80). Given the research project, the author determined to conduct semi-structured interviews, which allow a more flexible and dynamic interview procedure where the informants are encouraged to express their own experiences or situations in their own words on the one hand, and where the whole process can be formulated to avoid loose structure and most importantly, cut down worthless information on the other. During the interviews, in order to achieve 'rich data', the researcher asks a set of open-ended questions within the topic area, and 'allows the interviewee the freedom to talk and ascribe meanings' while bearing in mind the broader aims of the project (Noaks and Wincup, 2004, p. 80). Some supplementary questions will be asked according to the progress of the interviews and what is emerging thereafter. Appropriate adaptations of the questions will also be considered, such as the order of the questions and the way they are asked.

3.7.3 Conducting Face-to-face interviews

According to Fontana and Frey (2000), the most common form of interviewing involves individual, face-to-face verbal interchange, but interviewing can also take the form of face-to-face group interchange, mailed or self-administered questionnaires, and telephone surveys. This study conducted face-to-face interviews. Even though this kind of interview is more time and resource consuming, it is reasonable to believe that the researcher can obtain information not gathered by some of the others, such as body language, or follow-up questions to erase potential misunderstandings. As Kvale (1996) argues, the face-to-face interview, with the interviewee's voice and facial and bodily expressions accompanying the statements, provides a richer access to the informant's meanings.

In addition, in order to better understand and interpret the interviewee, it is necessary to clarify the nature of the relationship between the interviewer and interviewee, and their respective roles during the whole process. According to Taylor and Bogdan (1984, p. 100), 'the interview-informant relationship is largely one-sided'. Through the relationship, the interviewer seeks cognitive knowledge and the ethical aspects of emotional human interaction, and afterwards has the opportunity to gain the status and rewards that come with the study. Taylor and Bogdan (1984) further argue that informants seem to gain nothing from the relationship other than the satisfaction that someone values their perceptions and viewpoints. Due to the one-sided nature of the relationship, interviewers should take the main task to set the stage, so the people involved can find their roles.

3.7.3.1 Role of the interviewer

'When we talk about the world we live in, we engage in the activity of giving it a particular character. Inevitably, we assign features and phenomena to it and make it out to work in a particular way' (Baker, 1982, p. 109).

Baker's (1982) statement describes the necessity to identify the roles of interviewer and interviewee respectively before the research is conducted.

Converse and Schuman (1974) give a general description of the role of interviewers. The interview context calls for the interviewer to play a neutral role, never interjecting his or her opinion of a respondent's answer. The interviewer must establish what has been called 'balanced rapport'; he or she must be casual and friendly on the one hand, but directive and impersonal on the other. The interviewer must perfect a style of 'interested listening' that rewards the respondent's participation but does not evaluate the responses. Thus, Hermanns (2004) defines the interviewer's role as 'stage manager', who should take the responsibility to give interviewees a clear task resulting from the particular method used in the interview, but also to create a climate for conversation in which the desired mode of presentation is already part of the 'atmosphere'. He also manifests that interviewers should play a dual role in the whole process. On the one hand, the interviewer should show empathy by attempting to become part of the interviewee's presentation, in order to understand how he or she perceives and interprets the world; on the other hand, the interviewer should remain curious and sensitive, and aware of the alien nature of the interviewee's presentation. In short, the interviewer must project an attitude of deliberate naiveté (Kvale, 1996).

3.7.3.2 Role of the interviewee

'Every interview is an interpersonal drama with a developing plot' (Holstein and Gubrium, 1995, p. 14). This impromptu-drama is enthusiastically produced by both participants, although the interviewer also has the task of shaping it. According to Silverman (2006), interviews do not provide direct access to 'facts' or to events; they do not straightforwardly tell people's experience, but instead offer indirect 'representations' of those experiences. Thus, what an interview produces is a particular representation or account of an individual's views or opinions. The interviewees in this context are to be viewed as experiencing subjects who dynamically construct their social worlds, and the primary issue of the interviews is to generate data which give an authentic insight into people's experiences. Therefore, both interviewers and interviewees are always actively engaged in constructing meanings. This study was focused on such a social construction, rather than on whether or not the interviewees tell the 'truth'. This means that interview responses should not be considered simply as true or false reports on reality; rather, they should be taken as displays of perspectives and moral forms (Silverman, 2006).

The 'research interview is a specific form of human interaction in which knowledge evolves through a dialogue' (Kvale, 1996, p. 125). Even though an open and honest relationship with interviewees is intended to be maintained, interviewers have to be alert to 'unreal responses' (Taylor and Bogdan, 1984), such as exaggerations and distortions. As Douglas (1976) points out, people hide important facts about themselves in everyday life. Anyone may lie a bit, cheat a bit (Deutscher, 1973). Furthermore, all people are prone to exaggerating their successes and denying or downplaying their failures. Therefore, in order to elicit a more or less honest rendering of how interviewees actually view themselves and their experiences, the exact questions were not sent to the interviewees before the research. That is to say, the interviewees were not required to prepare for the interviews. In consideration of research ethics, however, the researcher briefly described the subject of interest to the interviewees in advance.

Additionally, the interviewer should bear in mind the importance of the interview situation in all cases. 'Real expressions of attitude or overt behaviour rarely occur under conditions of sterility which are deliberately structured for the interview situation' (Deutscher, 1973, p. 150). The interviewer should create an atmosphere in which people feel comfortable to talk freely about themselves. Therefore, in order to make the interviewees more relaxed, the researcher conducted the interviews in the workplace, such as meeting rooms or offices.

Taylor and Bogdan (1984) argue that even though interviewers should not express their personal opinions on any subject, it is probably unwise for them to hold back their feelings completely. They suggest that interviewers should talk about themselves while remaining discreet in the interview. Therefore, the interviews were opened with the author's succinct introduction to the research, followed by open and specific questions.

3.7.3.3 Interview guide

Since the researcher decided to conduct semi-structured interviews, the questions were not identical in all interviews. An interview guide was adopted as a checklist to make sure that all the main topics were included and all the relevant information has been collected.

'For the semi-structured type of interview discussed here, the (interview) guide will contain an outline of the topics to be covered, with suggested questions' (Kvale, 1996, p. 129). Taylor and Bogdan (1984) also state that the interview guide is not a structured schedule or protocol; rather, it is a list of general topics or subject areas within which the interviewer is free to explore, probe, and ask questions that will elucidate and illuminate that particular subject. Therefore, the interview guide reminds the interviewers of certain key issues, and

enables them to flexibly phrase and ask questions. The sequencing of the interview questions according to the interview guide will depend on the progress of the interview. Since the interview guide ensures that the researcher collects similar types of data from all interviewees, the comparability and structuration of the data will be increased.

3.7.3.4 Interview recording

'Researchers often record the data in a number of ways. Tapes are the most accurate record of data' (Holloway, 1997, p. 135). In this study, the researcher used audio tapes to record the interviews, supplemented by taking notes, and, given the permission of the interviewees.

According to Patton (2002), during the data collection phase, the purpose of each interview is to record as fully and fairly as possible the particular interviewee's perspective; nothing can substitute for the raw data of interviews, which are the actual words spoken by interviewees. Therefore, a good tape recorder is indispensable, which not only increases the accuracy of data collection, but also permits the researcher to be more attentive to the interviewees. Meanwhile, the researcher should be aware of the potential 'recorder-discomfort' (Hermanns, 2004, p. 210) to interviewees by running the machine, and take the responsibility to manage the process by minimizing the recorder's presence. In addition, according to Hall and Hall (1996), the main problem with tape recording is that it produces a mass of data which has to be transcribed into written form before it is analyzed, and data transcription is a very time-consuming process, and allows at least six times the length of the interview. Therefore, the researcher made sure that all the interviews were timetabled and controlled at between thirty minutes to one hour.

Furthermore, 'the use of the tape recorder does not eliminate the need for taking notes, but does allow you to concentrate on taking strategic and focused notes, rather than attempting verbatim notes' (Patton, 2002, p. 383). Thus, the researcher took some brief notes as a supplement. Note-taking helps the researcher to grasp key words and phrases that pop up in the interviews, probe and formulate new questions as the interviews move along, particularly where it may be appropriate to check out something said earlier. Note-taking also helps the researcher sift through the mass of data generated by tape recording. Nevertheless, given the inevitable interference of making notes with listening attentively, the researcher was careful to only note some key phrases and major points, and avoid complete verbatim note-taking.

3.7.4 Interpreting data

Janesick (2000, p.387) argues that 'simply observing and interviewing do not ensure that the research is qualitative; the qualitative researcher must also interpret the beliefs and behaviours of participants'. Interpretation goes beyond descriptive data, it means attaching significance to what was found, making sense of findings, offering explanations, drawing conclusions, extrapolating lessons, making inferences, considering meanings, and otherwise imposing order on an unruly but patterned world(Patton, 2002).

In the process of data analysis, Holloway (1997: 44) argues that there are several steps:

1) Ordering and organizing the collected material
2) Re-reading the data
3) Breaking the material into manageable sections
4) Identifying and highlighting meaningful phrases
5) Building, comparing and contrasting categories
6) Looking for consistent patterns of meanings
7) Searching for relationships and grouping categories together
8) Recognizing and describing patterns, themes and typologies
9) Interpreting and searching for meaning

Similarly, Kvale (1996) identifies three major phases in organizing the collected data:

1) Writing down and printing out the collected data in order to carefully examine it
2) Sorting out the relevant information, leaving out redundant and irrelevant information
3) Recognizing a set of main themes, and fitting all the information from different sources into those categories for analysis

In this study, the researcher organized a similar analysis procedure as follows:

1 In the first phase, transcription, transcribing all the data from tape-recording of interviews with informants;
2 In the second phase, post-interview review, sending the transcriptions back to the informants for corrections and for clarifications in the case that anything found is vague and uncertain. This follow-up process is one of critical reflection and elaboration; it is directly related to quality control which guarantees that the collected data will be useful, reliable, and authentic. It was done by telephone and email;
3 In the third phase, identification and categorization of the relevant data, sifting through all the information, leaving out unnecessary and redundant data, and organizing the useful data from different sources under a set of identified themes or topics.

4 In the last phase, interpretation, analysing the similar data in different categories, and seeking for possible meanings and explanations.

3.7.5 Reliability and Validity of interview data

In order to enhance quality and seek trustworthy results in research, it is necessary to achieve a high degree of reliability and validity (Silverman, 2006; Hall and Hall, 1997).

Reliability and validity are concepts that in the past were most closely identified with 'scientific' research (Hall and Hall, 1996). Nowadays, this idea is widely challenged by writers on the methodology of social research. For example, Silverman (2006: 280) stated:

> 'It is an increasingly accepted view that work becomes scientific by adopting methods of study appropriate to its subject matter. Social science is thus scientific to the extent that it uses appropriate methods and is rigorous, critical and objective in its handling of data'.

Both qualitative and quantitative researchers should be concerned with reliability and validity, even though qualitative researchers adopt different procedures to establish reliability and validity from researchers who use quantitative approaches (Kirk and Miller, 1986; Maxwell, 1996).

3.7.5.1 Reliability

According to Hammersley (1992, p. 67), reliability refers to 'the consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions'. It usually refers to the extent to which a technique or procedure will generate the same results in terms of how, when and where the research is carried out, or the extent to which the instrument is consistent. Therefore, this term cannot be used in an absolute sense, especially in qualitative research, when the researcher is the main research instrument (Holloway, 1997). However, as Kirk and Miller (1986, p. 72) argue, 'qualitative researchers can no longer afford to beg the issue of reliability'. Researchers recommend several ways to make qualitative research more reliable. For example, Moisander and Valtonen (2006) suggest two approaches to enhance reliability in qualitative work:

1) Making the research process transparent through describing the research strategy and data analysis methods in a sufficiently detailed manner in the research report;

2) Paying attention to theoretical transparency through making explicit the theoretical stance from which the interpretation takes place and showing how this produces particular interpretations and excludes others.

Following these suggestions, the researcher deliberately guarantees the clarification of the whole research process and the transparency of each phase. In addition, Silverman (2006) recommends several other methods to enhance the overall reliability of qualitative research.

● Thorough pre-testing of interview schedules by comparing how at least two researchers analyze the same data. In this study, the researcher conducted a pilot study with an invited academic/professional, in order to check if the same conclusions could be drawn based on the same set of questions facing the same group of people under the same conditions. It is believed that such an arrangement can, to a large extent, eliminate interviewer bias, and meanwhile gain consistent results.

● Secondly, thorough training of interviewers, in order to guarantee that a series of interviews are conducted under standard requirements, without the subjective inputs of the interviewer. Before starting this thesis, the researcher received extensive training on a wide range of social research methods, certainly including effective interviews skills. Thus, the researcher had adequate confidence to conduct the interviews, especially as she undertook a pilot study to become familiar with the whole procedure.

● Last but not least, Silverman (2006) points out that high reliability in qualitative research is associated with what Seale calls 'low-inference descriptors':

> 'Recording observations in terms that are as concrete as possible, including verbatim accounts of what people say, for example, rather than researchers' reconstructions of the general sense of what a person said, which would allow researchers' personal perspectives to influence the reporting' (Seale, 1999, p. 148).

Silverman further argues that interview studies must satisfy the criterion of using low-inference descriptors by:

1. Tape-recording all face-to-face interviews
2. Carefully transcribing these tapes according to the needs of reliable analysis instead of handing the problem over to an audio-typist
3. Presenting long extracts of data in the research report, including, at the very least, the questions that provoked any answers.
   (Silverman, 2006, p. 287)

Silverman (2006) adds that, compared with the fieldnotes of observational data, recordings and transcripts can satisfy Kirk and Miller's (1986) demand for the documentation of procedures, and then offer a reliable record to which readers of publications can turn when they develop new studies and hypotheses. In this study, the researcher strictly followed this guideline, tape-recording all the interviews with the permission of the respondents, and then carefully transcribing the talk verbatim.

3.7.5.2 Validity

The credibility of qualitative research studies rests not just on the reliability of the data and methods but also on the validity of their findings (Silverman, 2006). Validity is an important element that establishes the truth and authenticity of a piece of research, together with reliability. There are a variety of definitions of validity. According to Holloway (1997), validity in qualitative research is the extent to which the findings of the study are true and accurate, that is, the extent to which the researcher's findings accurately reflect the purpose of the study and represent reality. Validity can be both internal and external. Internal validity is seen as the most important aspect of validity, and it has priority in qualitative research. According to Holloway (1997), internal validity refers to the extent to which researchers demonstrate that they present the reality from the interviews; external validity refers to the generalisability of the research, the extent to which the results are applicable to other similar situations.

In this study, the following five approaches were employed to enhance internal validity:

1) Triangulation;
2) Peer debriefing;
3) Probing;
4) Cross checks;
5) Respond validation.

1) Triangulation. A number of writers on ethnographic methodology agree that triangulation is the major way to validate qualitative research (Silverman, 2006; Hall and Hall, 1996; Denzin, 1970; Holloway, 1997), because it can overcome the biases inherent in a single perspective. According to Silverman (2006), triangulation refers to the combination of multiple theories, methods, observers, and empirical materials to produce a more accurate, comprehensive and objective representation of the object of study. It is assumed that it is more likely to produce a precise representation of an object by viewing it from more than one standpoint.

Denzin (1989) differentiates between four main types of triangulation, namely, data, investigators, theories and methodologies.

In data triangulation, researchers obtain their data from different groups, locations and times. The current research involved a series of case studies targeting on different companies from various economic sectors as well as consulting firms. Furthermore, employing a dimensional sampling approach, the researcher interviewed people from different hierarchical levels and different departments. Interviewees were also selected to involve, wherever possible, different stakeholders in each organisation, covering at least HR practitioners (senior HR professionals wherever possible), senior and functional managers, and employees.

In theory triangulation, researchers use different theoretical perspectives in the study of one problem in order to interpret the phenomenon in multiple ways. In this study, the researcher presents a theoretical framework, which includes a historic description and analysis of the HR profession, the enduring problems of achieving legitimacy and status, and different theoretical analyses drawing upon management fashion and institutional theory.

Investigator triangulation means that more than one researcher is involved in the same study. Given that there was only one researcher to conduct this study, as explained earlier, the author conducted a pilot study in order to reduce the level of disjuncture between the information and the meanings given off by interviewees and the researcher's interpretations. A series of interviews were carried out in one pilot case study organisation by the researcher, together with another invited academic/professional. They tried to find out if they could get the same conclusions based on the same set of interview questions. The findings obtained by the researcher and the invited researcher corresponded, the validity of the findings and subsequent conclusions are thus proved to have established. Holloway (1997, p. 209) supports this approach by arguing that 'it is important for ethnographers to pre-test an interview schedule and compare how at least two researchers analyse the same data'.

Methodological triangulation has two main forms: 'within-method triangulation' and 'between-method' or 'across-method triangulation'. Between-method triangulation is used to confirm the findings generated through one particular method by using another method. The rationale for this strategy is that the flaws of one method are often the strengths of another; by combining methods, researchers can achieve the best of each while overcoming their unique deficiencies and bringing in additional dimensions. Within-method

triangulation takes one method and employs multiple strategies within a single paradigm to examine data. Many qualitative researchers prefer within-method triangulation, because they claim that different methods have their origins in different world views and that one researcher cannot have these different views of the world at one and the same time (Leininger, 1992). In this study, the researcher made use of within-method triangulation. Both semi-structured interviews and documentary analysis were employed and combined to make better sense of each other.

Meanwhile, Hammersley and Atkinson (1983: 199) warned that 'one should not adopt a naively optimistic view that the aggregation of data from different sources will unproblematically add up to produce a more complete picture'. The researcher is aware that triangulation is not a way of obtaining a 'true' reading, but 'is best understood as a strategy that adds rigor, breadth, complexity, richness and depth to any inquiry' (Denzin and Lincoln, 2000, p. 5). Therefore, the researcher meanwhile resorts to several other approaches to improve validity.

2) Peer debriefing, according to Holloway (1997), is a process in which an outsider (another researcher, academic or professional) reviews the data and analysis with the researcher, who presents the problems and working hypotheses for discussion. It is useful because outsiders are not involved with the data collection or the participants, and they can examine the situation more dispassionately. Robson (1993: 404) argued that:

> 'Exposing one's analysis and conclusions to a colleague or other peer on a continuous basis can assist in the development of both the design and analysis of the study; the exercise of being explicit in formulating something for presentation to a peer fosters subsequent credibility'.

Based on this thesis, the researcher published a host of journal and conference papers, attended and presented at a number of international conferences, symposiums, PhD forums, and seminars, and also sought comments from her colleagues and other academics, especially obtaining invaluable suggestions from her PhD supervisors.

3) Probing, is used with open-ended questions to clarify what the interviewee's answer means without biasing the response (Hall and Hall, 1996). According to Taylor and Bogdan (1984), probing refers to a process where the researcher follows up on topics that have been raised by asking specific questions, encouraging the interviewees to describe experiences in detail and elaborate on what they have said, constantly pressing for clarification of the interviewees' words. Through probing, it is expected that all interview questions will be clearly understood by interviewees, and that interviewees' perspectives and experiences will be sufficiently clarified, especially on complicated issues and topics.

Hence, a probing process in this study facilitated the researcher to gain a profound understanding of interviewees. Meanwhile, the researcher was alert to a possible disadvantage---if she departed too much from the interview guide and probed more deeply with some informants than with others, some of the comparability discussed earlier would be lost.

4) Cross checks, enables researchers to examine an interviewee's statements for consistency between different accounts of the same event or experience (Klockars, 1977). According to Taylor and Bogdan (1984), interviewees may hide the facts and exaggerate or distort their real viewpoints and experiences. Cross-checking, which is drawing on as many different sources of data as possible to check out interviewees' statements, is an efficient way of dealing with such contradictions and inconsistencies. In this study, even though common patterns in responses were explored in each case, certain deviations from these patterns did emerge. By adopting a cross-checking approach as well as a saturation point strategy, the researcher kept interviewing different people from different hierarchical levels and different departments, and asking them a number of questions according to the same interview schedule. In addition, the researcher occasionally asked the same questions in several ways, targeting on the same person. This made it possible for the researcher to compare different versions of an answer to the same question, reveal hidden facts, and greatly eliminate suspected lies and deceptions. The researcher noticed that these deviations were either attributed to the fact that the interviewees were not in good positions in getting access to the complete information, or attributed to the fact that they talked mainly based on their own rather than a general situation. In certain cases, by making use of within-method triangulation as mentioned above, for example, by employing documentary analysis, the divergent views were even proved to be mistakes or misunderstandings. Hence, the prevailing views were adopted in this study; since the deviations failed to provide objective information, they were ignored and not reported in the thesis.

5) Respondent validation, is to take one's findings back to the subject being studied. Once the respondents verify one' findings, one can be more confident of their validity (Silverman, 2006). In this study, during the post-interview transcription review, the researcher sent the data back to the informants for corrections and for clarifications in the case of anything vague and uncertain being found.

As far as external validity is concerned, because qualitative research is often very specific to a particular location and place (Holloway, 1997), the question of generalisability is more problematic. In fact, qualitative researchers do not usually claim generalisability of their findings, because they produce only a slice of the social situation rather than the whole. In

extreme situations, if they examine a single case or a unique phenomenon, the concept of generalisability might be irrelevant (Holloway, 1997). However, many qualitative researchers are not willing to accept that generalisability is not possible in qualitative study. For instance, Mason (1996, p. 6) stated:

> 'I do not think qualitative researchers should be satisfied with producing explanations which are idiosyncratic or particular to the limited empirical parameters of their study…Qualitative research should (therefore) produce explanations which are generalizable in some way, or which have a wider resonance'.

Silverman (2006) further argues that generalizing from case studies is less of a problem than is usually assumed; in fact, the generalisability of a piece of qualitative research can be increased by purposive sampling guided by time and resources, and by theoretical sampling. Silverman (2006) asserts that theoretical sampling and purposive sampling are often treated as synonyms; the only difference between the two procedures applies when the 'purpose' behind 'purposeful' sampling is not theoretically defined. As stated earlier, the researcher employed purposeful sampling based on a systematic theoretical framework. Therefore, in this sense, purposive sampling overlaps with theoretical sampling in this study. In addition, Mason (1996, p. 100) argued that:

> 'theoretical or purposive sampling is a set of procedures where the researcher manipulates their analysis, theory, and sampling activities interactively during the research process, to a much greater extent than in statistical sampling'.

Bryman comments that qualitative research follows a theoretical, rather than a statistical, logic; thus 'the issue should be couched in terms of the generalisability of cases to theoretical propositions rather than to populations or universes' (Bryman, 1988, p. 90).

According to Schofield (1993), external validity will be enhanced when researchers choose a situation and setting which is typical of its kind. In this study, the researcher only focused on those MNCs in China which have explicit TM strategies, and applied theoretical and well-defined criteria to select case study organisations and interviewees. Hence, there is every reason to believe that such a sampling arrangement made this qualitative piece of research 'every bit as credible as the best quantitative work' (Silverman, 2006, p.311).

To sum up, this chapter accounts for the research approaches adopted in this study, and explains the reasons for choosing them. In this chapter, the researcher not only introduced the overall research design, but also described the data-collecting process. In the following sections, for reasons of clarity, the researcher will present the empirical findings in Chapter 4, and focus on the data interpretation and analysis in Chapter 5.

Chapter 4 Empirical Findings

In this chapter, the researcher will present the empirical findings. Four case studies were undertaken, with organisations deliberately chosen from different sectors of the economy, respectively IT (two organisations), health care and education. One of the IT organisations was used in the pilot study. The four case studies are respectively coded as A, B, C, and D. In addition, the researcher conducted interviews with three senior consultants from three leading consulting firms, which are coded as E, F, and G.

The chapter is dividend into three main parts. The first part gives a brief introduction to the case study organisations and the interviewees; the second part addresses the empirical results; the third part presents a summary of the empirical findings.

4.1 Brief introduction to case study companies and consulting firms

4.1.1 Introduction to A

A is a full-service, full-spectrum communications software company. A is the market leader in the communications software industry, delivering innovative solutions and more than 125 software products---ranging from complex applications to network core technology. A is built on the success of its predecessor, Hughes Software Systems, which was established in 1991. The company became Flextronics Software Systems in 2004 when it was acquired by Flextronics. In 2006, the newly independent company was renamed with its current name, following its acquisition by Kohlberg Kravis Roberts & Co. (KKR) and Sequoia Capital. Today, A has grown into an 8,000-employee-organisation with its headquarters in Palo Alto in the USA and 25 corporate offices in the USA, China, Finland, Germany, Sweden, India, Italy, Japan, Korea, South Africa, Ukraine, and the United Kingdom.

The case study of A (China) began with interviews conducted by both the researcher and an invited HR professional/academic, Mr. Shanjun Zhou. Mr. Zhou is a full-time HR practitioner with the Industrial and Commercial Bank of China; he is meanwhile a part-time PhD researcher in Renmin University of China, with his research interest focusing on Talent Leadership. In A, the researcher and Mr. Zhou interviewed five people in total, the HR manager, the Finance Manager, one Senior Administrator, one Technician, and the Sales Manager.

4.1.2 Introduction to B

B is one of the world's largest IT management software providers. Founded in 1976, B today is a global company with headquarters in the United States and 150 offices in more than 45 countries. There are more than 5,300 developers worldwide in B creating and delivering IT management software. B serves more than 99% of Fortune 1000® companies, as well as government entities, educational institutions and thousands of other companies in diverse industries worldwide. B launched the largest product release in 2005, with the debut of 26 new versions and more than 85 products developed according to its Enterprise IT Management (EITM) vision. In 2006, B unveiled its new logo and a new global branding program 'Transforming IT Management' to inspire the industry to 'Believe Again' in the power of technology to support business.

This was the first formal case study undertaken independently by the researcher. In B (China), the researcher interviewed the Deputy General Manager, the HR Manager, one Associate HR Generalist, one Senior Support Engineer, and one Education Coordinator.

4.1.3 Introduction to C

C is owned and operated by Medicexchange Plc. Medicexchange Plc is a subsidiary company of MGT Capital Investments, Inc.

MGT Capital Investments is an investment company with two direct subsidiaries. MGT is headquartered in London with offices in the United States, Japan and China. The first subsidiary, Medicsight Plc., is a leading developer of computer-aided detection (CAD) and computer assisted reader (CAR) software solutions.

MGT Capital Investments runs a second subsidiary, Medicexchange Plc., which operates C. C is an online multi-vendor sales channel for diagnostic, treatment and surgery planning solutions for cardiac, thoracic, breast imaging, musculoskeletal, and abdominal-pelvic imaging. C provides these solutions in on-demand and downloadable format, enhancing access to information and products for medical imaging professionals. C continues to make strong progress in China by investing in its local infrastructure. With 40,000 registered users and 1,000 distributors, which account for 80% of the tier 1 and 2 urban hospitals, it has set up a unique business platform in China.

The researcher interviewed the Marketing Director, the HR Director, one Senior Technical Officer, the Sales Operation Manager, and the Public Relations Manager.

4.1.4 Introduction to D

D was registered in the province of British Columbia, Canada. It is mainly responsible for education investment, education management, education consultation, education

communication and cultural media courses. D has employees from such regions as Canada, the USA, the UK, Australia, Mexico, India, China mainland, Hong Kong and Taiwan, 70% of whom hold master or doctoral degrees, including professional education scholars, education management experts, education entrepreneurs, corporate advisors, former government officials, etc. In recent years, D has successfully practised a series of international education systems which is adapted to China's current situation, and has made great efforts with the innovation of Chinese education, as well as the implementation and research of the overseas education in China. The Group has 22 branch offices in all the big cities in China and Canada with a total of 250 staff.

The researcher interviewed the Managing Director, the HR Manager, one English Language Tutor, and the IT Support Manager.

Consulting firms

4.1.5 Introduction to E

Founded in 1940, E is headquartered in Lincolnshire, Illinois, USA. Located in 35 countries around the world, E has offices across the Asia Pacific, Europe and the Americas, and employs approximately 24,000 associates. E is the world's foremost provider of human resources outsourcing and consulting services. The company consults with more than 2,300 organisations throughout the world, and administers human resources, health care, payroll and retirement programs, on behalf of more than 340 companies to millions of employees and retirees. E's clients include more than half the *FORTUNE* 500® and more than a third of the *FORTUNE* Global 500®. E has been operating in China for more than 10 years, with offices in Hong Kong, Beijing, Shanghai and Guangzhou. In China, E provides a wide range of consulting and outsourcing solutions to a vast array of both local and foreign clients. E is widely recognized as the leading HR services firm in China. E (China) was named as Outstanding HR Consulting Firm in China by *SMART Fortune* in 2004 and 2005, and was titled China's HR Outsourcing firm of the Year and Consulting Firm of the Year for Change Management by *China STAFF Magazine* in 2005.

The researcher conducted an interview with the Senior Consultant responsible for Talent and Organisation Consulting, who has been involved with this service line for seven years.

4.1.6 Introduction to F

F was founded in 1943 by Edward N. Hay who pioneered many of today's people and organisational management practices. Corporately headquartered in Philadelphia, PA, F is now one of the top consulting firms, serving more than 8,000 clients, including many of the

world's largest companies, from 88 offices in 47 countries worldwide. F's clients are from the private, public, and not-for-profit sectors, across every major industry, and represent diverse business challenges. For more than 60 years, F has been renowned for the quality of its research and intellectual services. The focus of F is on making change happen and helping people and organisations realize their potential. F's survey research division is a global leader in employee and customer opinion research. Through customized survey programs focused on organisational objectives, F helps organisations attract and retain talent, improve operating efficiency, manage change more effectively and enhance customer loyalty and business performance.

The researcher interviewed the Senior Consultant in charge of the service line of TM.

4.1.7 Introduction to G

Founded in the United States in 1937 as the employee benefits department of Marsh & McLennan, Inc., this company took the name of 'William M. Mercer' in 1959, when Marsh & McLennan acquired William M. Mercer Limited, a Canadian firm founded by William Manson Mercer in 1945. In 1975, G became a wholly-owned subsidiary of Marsh & McLennan Companies, Inc. In 2002, the corporate name was changed to its current name. G has grown significantly in size and service capabilities through careful recruiting efforts and a series of mergers with other top-quality consulting firms. Today, G is one of the world's largest management consulting firms. It employs more than 15,000 individuals serving clients from more than 180 cities and 42 countries and territories worldwide.

The researcher interviewed the Director of Consultancy responsible for their business line of TM.

4.2 Empirical findings

In this section, the researcher presents the data collected from the case studies. In order to make it convenient for the subsequent analysis, all the information is categorized and presented in accordance with the interview questions.

4.2.1 Defining Talents

In A, the interviewees were inclined to call talents 'core employees' or 'key employees' (HR manager and the Technician). Their definition of talent is based on the classification of their employees. For example, the Finance Manager commented,

'All employees in our company are generally divided into two categories, namely, supporting staff and engineering staff. Engineering staff are mainly technicians, while supporting staff are the employees mainly from Finance, HR, Maintenance department, who provide support for engineers…every employee can find the corresponding definition of talent in their own job category'.

Similarly, the HR Manager expressed, '(our core employees include) both managerial and technical employees'.

Based on the employee classification, A would target their so-called 'core or key employees', according to their respective performances and competencies. For example, the Technician mentioned that 'talents are defined according to their potential and last year's performance'. The Finance Manager explained that:

''Our employees are divided into four categories, according to the performance review. From the top to the bottom, the top category is 'the best', they make up 15-20% of the total employees. The next one is 'fine', accounting for approximately 20-30%. The third category is 'pass', roughly amounting to 15%. The last one is 'kept for further observation', which means that line managers are not satisfied with those people's performance during the last year. Certainly, there will be some disparities between their performances and post requirements''.

Generally, A perceives talents as key employees with relatively distinguished performance and competence. Thus, 'their resignation will trigger heavy loss and produce a great impact on the whole company' (HR Manager). Meanwhile, it is interesting to notice that there is another viewpoint developing in A, which holds that defining talents should be a matching process between employees' own performance and their job requirements. As long as the employees 'reach and even surmount the standards of their post requirements, or even meet the standards of the level above them, our company will very likely target them as our talents' (Finance Manager).

In B, all those interviewed said that their talent defining process was based on the classification of employees. After employees are segmented into different categories, the company will eventually target its most valuable talents according to employees' performance and competence appraisals in each category. For instance, the Education Coordinator observed,

'Employees are first divided into different categories, such as managerial category, technical category, and so on. Then, we define talents primarily according to their performance and the outcome of their competency assessment, which means that we will eventually consider those employees with distinguished performance and strong potential as our most wanted talents'.

People in B summarized that talent defining is first a vertical and then a horizontal management process. A vertical process means that all employees have to be put into different categories, because 'we cannot physically make a contrast between different departments, after all, their respective functions are distinguished from each other, for example, you cannot compare research staff with sales staff' (Deputy General Manager). The following horizontal process means that 'the very key persons are selected from each category' (HR Manager).

It seems that all employees in B share a sense that talents are just part of their human resources, but with higher levels of performance and competence. The HR Manager made a point,

> 'It is impossible that all employees are considered as talents. Although I view all the employees as resources, I will differentiate those resources into two groups: high-quality talents and common performers. Talents can only be those high-quality employees among all the human resources. They play a significant role in our company's development'.

The Senior Support Engineer supported this viewpoint by referencing the '80-20 Rule':

> 'Talents are just a small part of human resources, it is impossible that everyone is identified as talent…among all employees, there will definitely be some people with outstanding performance and brilliant potential and competence. Only the management of those people can be called TM'.

The interviewees in C also had a consensus about the definition of talents. In this company, the interviewees were inclined to regard all employees as talents, as long as they meet their own job requirements. For example, the Public Relations Manager expressed,

> 'All employees can be viewed as talents…as long as reasonable measures go into effect, all people will become talents…in fact, everybody will turn out to be an actor/actress, as long as he/she gets their own stage for performance'.

The Sales Operation Manager similarly remarked,

> 'All of our employees should be our talents…When those people joined our company, they were definitely talents. At least we thought so; otherwise, what is the point to recruit them? ... After a period of time, if it is proved that certain people are not talents or not the talents suitable for our company, we will normally handle in two ways. First, some people may directly leave; second, we will provide opportunities to some of them, such as training, redeployment, etc., and help them readjust their competence structures in order to become talents again'.

Meanwhile, the interviewees acknowledged that employees create different values for the company. However, they believed that such a difference originates from the diverse values

inherent in the posts themselves. From this point of view, talents can be distinguished as high-level talents and low-level talents. For instance, the Senior Technical Officer claimed,

'As long as employees come up to their job requirements, all of them will be deemed as talents…their difference is only reflected in the functions they play in their posts'.

The Marketing Director supplemented,

'All employees, as long as they realize their values on their positions, could be called 'talents'. (But), the contributions that talents commit to the company are different, those who commit more contributions could be defined as high-level talents, those who commit less contributions could be defined as low-level talents. Therefore, talents should be classified into grades; there are both high- and low-level talents'.

The HR Manager emphasized that they tended to consider all employees as talents, because they valued every single person's potential and future development. Consequently, she was against perceiving TM from the perspective of the 80-20 Rule,

'You don't know whether the people in the part of 80% today might be included in the part of 20% tomorrow. Furthermore, if your company does not value the people making up the part of 80%, the people in the part of 20% in the other companies will not go to join your company'.

In D, talents are seen as comprehensive and versatile persons, because the defining process is both 'performance- and capability-directed' (IT Support Manager). This means that talents are selected according to their performance records as well as the outcomes of their competence assessment. In addition, D takes the substitutability of employees into account during the talent defining process. 'As for our company, people with very little substitutability can be defined as talents' (HR Manager).

People who could meet the above criteria 'currently only amount to approximately 10% of our total employees… (and are) very difficult to identify', according to the Managing Director.

Similar to the other case study organisations, the whole process is based on the classification of employees. For example, the IT Support Manager commented,

'Our talents are classified into different sequences. From a long-term perspective, all different sequences of people should gain enough attention'.

Following the vertical classification of employees, D targets the key positions along each sequence before they select their talents. Their logic is that the people occupying the key

posts are their definitive talents in each sequence of employees. As the HR Manager concluded,

> 'Key positions must be identified before talents. In a general sense, our talents are those people who occupy the key posts. They are crucial for our business strategies and play a critical role in our management practices'.

As for E, the Senior Consultant acknowledged that there are both key and non-key talents, HR departments should look after both of them; however, in order to pursue profits, consulting firms always pay particular attention to key talents. In addition, she was inclined to define talents based on employee classification. According to her, people in different categories always have different concerns and demands; consequently, 'there should be distinguished management methods and tactics aiming at people in different categories'. E helps its clients identify talents according to two criteria: to what extent they are related to business strategy and their degree of scarcity in the labour market. She went on to say that they normally define talents as those people who create significant strategic value as well as being of scarcity in the workforce market. She added that they might label them as core human capital.

According to the Senior Consultant in F, it is practicable that all employees are defined as talents; in this sense, TM will be applied to all employees, which means that TM will overlap with HRM. However, as a particular service line, F tends to define talents as those employees who are closely coupled with companies' core value chain and thereby who create more business values. In addition, F holds a view that a business organisation need identify talents in accordance with its core value chain and periodical strategic highlights, so talent should be a dynamic concept demonstrating divergent attributes for different companies.

The Director of Consultancy in G expressed the view that there is not a fixed and explicit concept of talents, because each company has its own demands, and those demands will be different at different stages of business development. However, she acknowledged that talents could be defined in both a broad and narrow sense. In a broad sense, all people in a company should be defined as talents, because 'each employee has his or her value'. Meanwhile, she went on to point out that such a definition is 'not adaptable in all companies', it is only applicable to a certain type of business, depending on its development stages, and characteristics as well as the markets involved. However, in most cases, consultants in G would identify talents as those who fill the posts requiring the company's core business competences. They assert a more favourable management of those people in terms of policies, allocation of resources, and so on. After all, each

company has only limited resources, and how to sufficiently exploit those limited resources to create as much value as possible is always of concern to every business.

4.2.2 Defining Talent Management

In A, the core features of this concept are to keep track of employees' competence and performance, and ultimately trigger an improvement in the overall competence of the company. In this sense, TM is very much equated with competence development, but with an organisational focus. TM in A is a process based on the continuous contrast between the annual review of the competence assessment and the performance record, and the basic job requirements. The comparison is conducted in order to identify gaps and possible areas for further development. TM finally realizes the improvement of the overall competence through affirming the talents' performance and meanwhile inspiring the non-talents.

Fundamentally, the perception of TM in B is not significantly different from that in A. The substance is also to achieve a better performance and gain an improvement of the overall competence. However, people in B were inclined to believe that TM is most likely a set of management ideologies manifested in all HR-related practices; in order to avoid the ossification of management, it is not necessary to release explicit documents or lay down exclusive management methods and measures for those selected talents. Moreover, the Associate HR Generalist articulated that TM is 'a kind of management in pursuit of an improvement of all employees' key competence as a whole'. From this point of view, B also expects an enhancement of its comprehensive competence, combining both talents and non-talents.

In C, TM covers all the employees rather than just the higher ranks of the organisational hierarchy. The HR Director believed that TM in C is equivalent to traditional personnel development. She stressed,

> 'It is not necessary for us to specially issue some documents or formulate certain rules and then call them TM. Instead, we allow all relevant activities to be embraced into employee development domain; we just give it a different name'.

The managers in C refrain from focusing on a particular group of employees in order to avoid the situation where employees in other groups are de-motivated. TM in C does not refer to very explicit policies or statements which explain what TM should be, what kinds of work it should do, but rather a narrower concept with a focus on employee development. As the Senior Technical Officer pointed out, 'our company has a wish, which is to expect that all of our employees could be developed and stretched'.

In D, TM does not refer to continuous personnel development like C, but rather an endeavour to obtain a smooth supply of suitable people for key positions in the organisation. In this sense, the starting point is to identify key positions. For instance, the HR Manager mentioned,

> 'The discussion of talents cannot be isolated from the concept of traditional posts…posts and employees should match up with each other…TM is a whole set of management systems aiming at a particular group of people(…)who occupy key posts'.

As for E, the Senior Consultant talked about her understanding of TM. She said that the concept generally refers to a series of management activities aiming at a certain group of people. The starting point of this concept is those selected talents, with management activities or functional models (such as recruitment, development and termination of employment, etc.) all at the service of this purpose. All of the management activities have the ultimate goal to guarantee a smooth talent supply.

As for F, the Senior Consultant offered a very similar opinion to that of the Senior Consultant from E. She stressed that the fundamental concern of TM is a constant and smooth supply of talents. All management means and measures should be conducted from this starting point; therefore, it is necessary to analyse the life cycle and development cycle of the talents each enterprise defines as guidance for the operation of TM practices. In general, according to the Senior Consultant from F, TM is a kind of management from the perspectives of selected talents, rather than individual functional models.

As for G, the Director of Consultancy believes that the main concern for TM is 'whole organisational development'. Similar to the above two consultants' viewpoints, she stressed that the focus of TM is not an individual and isolated functional model. It concerns the strengths and weaknesses of the whole organisation, the current and future expected needs for competence, and the potential competence gaps that may emerge. In general, the purpose of TM is to complement organisational development, but is not about the management of one person or several.

4.2.3 What is the difference between TM and HRM? Has TM brought anything new?

In A, the interviewees acknowledged that 'there are a lot of overlap between these two management modes…it is not necessary to split TM and HRM completely' (HR Manager). The Technician even claimed that there might be some difference in the perspective of theories; however, theories are different from practice, 'it is just a literal difference, and

there is no difference in terms of functions'. It is generally agreed in A that the basic models between HRM and TM overlap with each other, for example, both of them involve the practices of recruitment, development, training, etc.

Meanwhile, interviewees generally thought that 'there is some slight difference' (HR Manager). It is believed that HRM is concerned with the management of all employees; its management target is all members, thus 'HRM is a kind of macroscopic management' (Sales Manager), while TM highlights a group of individuals who are regarded as most valuable and critical for the company's future development, consequently its target is some of the members only.

A point mentioned in a number of interviews was that, given that HRM takes care of the development of all employees, it has a tendency to put its emphasis on egalitarianism, which is to 'make those people stay comfortably inside the company' (Technician). As for TM, since its proposition is that 'most of the operations in a company are propped up by its core employees' (Finance Manager), it does not advocate egalitarianism; on the contrary, it regards egalitarianism as 'a sort of waste of a company's limited resources' (Finance Manager).

In general, the interviewees in A held the viewpoint that 'in comparison with HRM, TM is a giant leap with regard to management ideology' (Finance Manager). In contrast with the fact that HRM treats each employee the same, without any differentiation in terms of the allocation of company resources, TM realizes that the needs of common employees and core employees are not the same. The HR Manager explained this with reference to Maslow's need-hierarchy theory. The needs of employees with different performance records and potentials are also different; therefore, management means and methods for those employees should be distinguished. With such cognition, TM has gradually come into being in A. Hence, TM tends to stress deploying company resources in favour of those 'selected elites and key employees' (Sales Manager). In brief, TM is perceived as a type of concentrated and differentiated management.

In B, similarly to A, all interviewees believed that 'TM involves all traditional functional areas that HRM covers' (HR Manager). For example, the Senior Support Engineer stated,

'TM is a set of HR-directed management practices aiming at this specific group of talents, including recruitment, assessment, training, remuneration, welfare, etc. In fact, all management activities targeting on this specific group of talents are still some HR-related work'.

The Education Coordinator commented, 'basically speaking, the functional areas that TM and HRM respectively involve overlap with each other'.

Meanwhile, it was widely accepted in B that TM is different from HRM; to be precise, TM should be a part of HRM. The target of TM is top performers, who only make up a small part of the total human resources; while HRM is a macro-concept, which involves the deployment of all human resources in the company. The fundamental idea of focusing on core employees in B had been around for a long time, as the Deputy General Manager expressed:

> 'Maybe TM as a particular concept, term or research subject is just emerging in current days. However, it does not prove that the management of talents didn't exist before'.

The Senior Support Engineer added,

> 'Before, we only had talent selection mechanism, we lacked the corresponding management means and methods for those selected top talents in the following course…the current TM (…) makes the management of the specific groups of people more systematized'.

The Associate HR Generalist observed,

> 'HRM might be relatively coarse when it first turned up. With the development of management, HRM showed a tendency to be more focused and detailed, it started to emphasize a kind of differentiated management, which is to conduct a further management on employees with distinguished performance and competence in comparison with employees with normal performance and competence. Therefore, TM is the logical consequence of the further development of HRM, it is not something completely different and isolated from HRM, it is a type of management developing and evolving on the basis of HRM. Moreover, it is still covered by HRM'.

As for C, since it tends to view all employees as talents and value the development of each person, the substance of HRM and TM in C seems to be the same. That is to 'recruit the right people, then train the right people, and finally retain the right people' (Sales Operation Manager), in order to maintain their satisfactory performance in their respective posts. In this sense, 'HRM is just TM' (Sales Operation Manager).

However, the interviewees in C acknowledged that the contribution that each employee makes to the company is different. Thus, TM is a management pattern with different emphasis on different groups of people with different competences and potentials. Consequently, TM designs diverse development and promotion routes for each group in C. Hence, the ideology of differentiation management was taken as the new approach TM brings into HRM. In addition, it was believed that 'HRM is to amalgamate everyone's

competence in order to make them function as a whole, and create a total value even higher than the sum of the values produced by the individual employees. In other words, HRM plays a function of 1+1>2' (Senior Technical Officer). In this sense, HRM is macro-management, taking account of the holistic situation.

Therefore, in consideration of the above two opinions collected in C, it could be concluded that 'precisely speaking, the relationship between TM and HRM should be TM ⩽ HRM (TM is included in, or is equal to HRM)' (Sales Operation Manager).

In D, it was accepted that TM is one part of HRM, because TM is a more concentrated and detailed management, with a focus on the top instead of all employees, like HRM. Therefore, 'TM may involve more thoroughgoing management practices; as far as the scope is concerned, TM basically covers all functional areas HRM involves' (English Tutor).

Meanwhile, the interviewees shared an understanding that the emergence of TM accompanies the development of HRM to a certain degree. 'HRM does not advocate spotlighting particular groups of people' (HR Manager), while TM 'pushes the original HRM a step further by starting to pay attention to different demands of different groups of people' (IT Support Manager). Consequently, TM is a further development based on HRM; they are not completely different from each other. If TM brings anything new, 'it should be (such) a change in the way of thinking' (HR Manager).

The Senior Consultant from E observed that TM and HRM are different from each other. The starting point of HRM is the split functional models, rather than its 'ultimate products', namely employees. This means that HRM concerns the accomplishment of separate functional models, such as recruitment, training, development, assessment, and so on. HRM regards each of those functional areas as a single and independent assembly line, whose focus is not people, but the successful fulfilment of each function. On the contrary, the starting point of TM is 'the people who are needed according to different business strategies at different stages of development', namely, talents. Thus, all TM activities should be conducted around talents. Under TM, management functions are no longer isolated units, but closely coupled with each other. Consequently, successful TM will result in a smooth supply cycle of the talents required by managers in contemporary organisations. Fundamentally, this is a transformation in the mode of thinking. Nevertheless, just because of such a shift, according to the senior consultant, TM has gained its popularity in business as well as in the academic world.

The Senior Consultant from F made a very similar point to that of the Senior Consultant from E. She pointed out that TM and HRM are two different perspectives. TM takes the perspective of people, and does not intensively centre on the design and accomplishment of every single functional model. Each management function, such as talent acquisition, core talents' competitiveness and competence, current talent situation, etc. is at the service of the ultimate goal, which is to guarantee a smooth and effective talent supply. In contrast, HRM is more concerned with separate systems and procedures. It puts the emphasis on differentiation between functional models. Since both involve the same management functions, people might get a wrong impression that TM and HRM overlap with each other.

The Senior Consultant meanwhile stated that 'it is very difficult to distinguish them in terms of definitions', because they are not in conflict with each other. They have a kind of 'belonging' relationship. TM is just one aspect or perspective of HRM, while HRM is a rather comprehensive concept involving all issues with regard to people. In this sense, 'TM can be embedded into the domain of HRM'.

The Director of Consultancy from G perceived TM slightly differently from the above two consultants. She believed that the starting point of TM is organisational development rather than specific people (i.e., 'core talents' as the above two consultants introduced). This does not mean that these two comprehensions significantly differ from each other. According to her, the substance of this understanding of TM is to assess the overall strengths and weaknesses of the company, and then boost the strengths and decrease or even eliminate the weaknesses accordingly. Since talents are the ones that possess the core values or competitiveness in the company, these two comprehensions are not fundamentally contradictory to each other. As for HRM, she echoed the other two consultants by stating that 'HRM is mostly discussed from the perspective of management functions'. She meanwhile stressed that TM overlaps with HRM in terms of the management functions they respectively cover, because there are always the same sort of issues with regard to people management. However, given that HRM usually targets overall employees, and TM, in her opinion, centres on core employees, TM is seen as an aspect of HRM.

4.2.4 What is the reason for adopting TM?

This question will be discussed from several aspects, including whether the case study organisations decided to adopt TM under the influence of their headquarters or competitors in the same industry, in pursuit of more recognition and credibility for the HR department, or in pursuit of symbolic meanings, such as branding effects, etc.

In A, the interviewees unanimously said that their acceptance of TM was based on their own urgent demands for further development. It was mentioned that the pressure from both the inside and outside eventually contributed to the adoption of TM in A. According to the interviewees, the internal pressure is the demand to retain the current talents in order to boost the total management competence and foster more management experts. The external pressure is the wish to attract more talented individuals to join the company. The Sales Manager observed,

'We are still short of sales talents…our customers are from a wide range of economic sections, such as telecom, energy, government, education, and finance, etc.. We require our sales talents to make contact with those customers from different economic sections, so they must be of high quality. We have our own competitors…there is definitely competition between us, certainly including talent competition. If we need a marketing executive, we will not only attach importance to our internal training programmes, but also actively look for suitable persons in the labour market'.

As for the other factors that might have an effect on the process of TM, the interviewees acknowledged that TM could lead to some positive outcomes, for example,

'During the process of TM advocacy… different departments will communicate with the HR department if they have anything they don't understand, so the influence of the HR department could be enhanced' (Finance Manager).

'TM can bring us branding effects in the labour market. Our company has kept the title as 'best employer' for several years in Asia… our company values the establishment of its image and prestige in the overall talent market' (HR Manager)

However, the interviewees mentioned that the primary reason for their acceptance of TM was still their own needs; other considerations, such as influences from headquarters or competitors, were not significant,

'We are not keeping an eye on the other companies at the moment. As I said, we decide to accept and carry out TM mainly based on our own demands' (HR Manager).

As for the enhancement of the HR department's credibility, and branding effects in the labour market, they were perceived as possible consequences of TM practices.

'It is not a point of departure for HR department. The starting point should still be our own down-to-earth demand for further development' (HR Manager).

It was believed in A that the HR department is already greatly valued; consequently, it would not 'play little tricks' for some egotistic reasons. For instance, the HR Manager added:

'Our HR department has won a seat in the board of directors. As the HR manager, I am an independent supervisor, and have to attend every meeting held by the board of directors. I believe there is no point for the HR department to do anything just for the purpose of an improvement of its position or influence in the company'.

In B, the principal reasons seemed to be very similar to the ones for A, which were the demands for further business development and talent retention and attraction. The interviewees in B realized the fierceness of talent competition in the labour market. They noted that the adoption of TM, for one thing, resulted from the urgent requirement to adapt to the current market competition; and for another, was of great consequence to the demand to keep and inspire its present talents.

As for influence from headquarters, it was indicated that B is a global company adopting a unified management mode and ideology. Consequently, talent-related management has been widely propagated by the headquarters. It was also mentioned that its headquarters would always take account of the different characteristics of its wide range of subsidiaries residing in different regions and nations, giving them enough autonomy to act according to their respective situations. The subsidiaries might take the headquarters' suggestions and advice into consideration and follow them. However, they would not take them as the only guidance. In general, influence from the headquarters does exist, even though it is not the driving force for B to adopt TM.

With respect to the influence from competitors, a viewpoint was developing in B that each company has its own demand for TM; therefore, it seemed that MNCs have been doing the same thing currently. However, there should be no 'imitation' relationship between those similar-sized companies. In other words, nothing can touch or move these global giants except their own actual demands (cf. 'fashion').

As far as the status of the HR department and symbolic meanings are concerned, the interviewees in B generally took the view that the HR department plays the role of strategic partner and consultant. Except for its routine work, all of the other decisive work has already pushed the HR department to a strategic position. Without doubt, if the HR department does a great job, it will gain the other line departments' respect. However, there is nothing more than that. Even though considerations such as the pursuit of an upgrading status for HR specialists and the pursuit of symbolic meanings are difficult to be excluded from the initial concerns, they are 'by no means a point of departure' (HR Manager). The Deputy General Manager mentioned: '(it is) just an effect (and an accessory) of the diffusion of TM by HR department instead of a cause for it'.

In C, the interviewees also believed that the compelling determinant for their adoption of TM was their own demand for further business development. Both internal and external pressures could contribute to such a demand. The internal pressure originates from their awareness of the fact that the absence of TM will result in a lack of employees' competitiveness, and eventually a deficiency in the company's overall competence. The external pressure stems from the talent market---how to obtain talents through more and more vigorous competition with other companies becomes a must-concern for C. The interviewees held a common sense that the emergence and development of TM ideology are mainly because of internal causes. The external causes, such as the impact of other companies, the pursuit of credibility, and so on, can only have an effect via internal causes as some auxiliary factors. As the Public Relations Manager commented,

> '(The pursuit of HR department's authority over the other departments) is just an external cause…you can list a lot like this…They may have certain influence over the decision on the adoption of TM; but they are not determinants'.

The interviewees in D were basically in line with those from the other case study organisations. They felt that the driving force for their adoption of TM was their intensifying requirement for talent retention and attraction. The General Manager openly stated,

> 'Nowadays, the competition in Beijing's English-training market is dreadfully vigorous…under such a situation, how to attract and eventually retain talents has become our principal consideration in conducting TM'.

With respect to the other potential external causes, such as the influence from the headquarters, the General Manager explained in more detail. According to him, each subsidiary has its identifiable characteristics; furthermore, the national conditions each subsidiary experiences are distinguished from those of the others. Therefore, the subsidiaries have great authority for designing HR strategies in accordance with their respective situations. The HR Manager added:

> 'Only the actual internal demands could be the real driving force. There will be no constant motivation or necessity if you simply copy the other companies or make decisions under the influence of headquarters. Our daily work already has our hands full, we will definitely not move along with any formalism stuff'.

The General Manager echoed the viewpoint by stating,

> 'We do not follow the other companies. Our own demands have not been fulfilled, so we cannot possibly devote our limited energies to keeping an eye on the others'.

As regards the achievement of recognition and credibility for HR, the interviewees were not inclined to consider it as a main motivation for adoption of TM. The English language tutor gave the reason:

> 'There are three classes of departments in our company, the HR department belongs to the A class, and has always been valued. Our HR department is a stable department; it will not make any decisions based on superficial pursuits'.

In addition, according to the IT Support Manager, HR departments should take the immediate responsibility for maximizing personal values, while TM is just one of the efficient means for HR practitioners to achieve such a goal. In this sense, TM cannot give HR departments more power to bargain for their status inside companies.

The pursuit of symbolic meanings cannot drive HR to adopt TM either, because 'the obtainment of branding effects is just one of the outcomes TM causes, and it is not our preliminary intention' (English language Tutor).

As for E, the Senior Consultant elaborated her point that the clients would like to adopt TM, because TM, as a service or product, could satisfy their demands for future development. She vividly described this as, 'simply because our products and services tally with the bosses' intentions'.

She further explained that bosses are, in effect, acting on behalf of the overall companies. Nowadays, they are no longer satisfied with isolated functional models. What they call for is 'an endless and smooth supply of suitable people for the companies' future development'. TM, as an emerging managerial term, encourages just such a transformation in the ideology of management, and advocates that its core content is to guarantee a talent supply. In other words, TM can fulfil companies' current requirements, which is also the fundamental reason why TM is so popular.

With respect to other possible reasons, the Senior Consultant did not consider them as a driving force to take on TM. First, she mentioned that contemporary businesses are all pragmatists. They have enough wisdom; therefore, they will only take actions based on their own reasonable judgments, and will not blindly follow others. Even though the impacts from their competitors or headquarters cannot be completely excluded, they do not play a key role during the whole process. As regards the struggle for symbolic meanings or HR departments' status, she proposed that HR consultants would not consider them as feasible projects suitable for their prospective clients. She added that none of her company's clients actually accepted their TM-related services based on such a demand.

The Senior Consultant from F stated that their clients would like to adopt TM because 'they have clearly realized the challenge of talent attraction and retention during their own development'. Nowadays, companies not only face a vigorous war for talent, but also endure tremendous pressure to set up their own systems for internal talent development. The recent emergence of TM meets those requirements by companies, and leads them to a willingness to accept a subsequent transformation in the ideology of management.

As for other possible situations, she did not support the idea that companies would make business decisions based on those considerations. She explained that contemporary companies are all business organisations chasing profits. Their ultimate concern is always net income, so they are very careful with every cent they spend. Their business behaviours are eventually guided by their own demands and intentions. In this sense, it seems impossible that companies would splash out money on some pointless matters, simply because the other companies or their headquarters are doing the same thing. As regards the enthusiasm for an upgrading of the HR departments' credibility and status, she observed that certain individuals might have this kind of cognition or understanding in their subconscious. However, organisational behaviours are not controlled by a single department or several individuals. A mature and healthy company would always take account of the overall situation, and then make business decisions accordingly. Therefore, the enhancement of the HR department's public image cannot tempt the board of directors to create interest in or even take on TM.

The Director of Consultancy from G, in essence, echoed the other interviewees. She said that the fundamental reason for their clients to adopt TM is their internal demands. For example, she observed:

> 'If there are no internal urgent demands, it is very difficult for TM to take root in a company. TM projects can only be conducted when companies have their own internal urgent demands while coming up against obstacles and wishing to overcome them'.

4.2.5 What role do consulting firms play?

In A, the interviewees did not agree that consulting firms played a critical role during their TM adoption process. They even claimed that it is totally unnecessary to get consulting firms involved. First, consulting firms are not familiar with the detailed situations of the company; they get in touch with the company only in order to sell their newly created concepts and make money. What's more, it is an inevitable result to pay close attention to talents when a company develops to a certain extent. According to the Sales Manager, the term of TM was developed by consulting firms in a situation where extensive talent-related

activities and programmes gradually turned up inside companies. The logical order is that the TM practices preceded the emergence of the terminology. Following this train of thought, consulting firms might give those talent-related activities another name someday in the future; nonetheless, the substance of TM was initially fostered in companies, and will stay. In brief, A believed that the acceptance of TM is not significantly related to influences from consulting firms.

In B, interviewees also argued that the influence from consulting firms is not a determinant of their adoption of TM. According to the Deputy General Manager, consulting firms' knowledge about their company is incoherent as well as superficial and partial. The interviewees revealed that B only got in touch with some consulting firms with respect to certain short-term projects. There is no long-term cooperation between B and any consulting firm. The Deputy General Manager even bluntly claimed, 'we wouldn't count on consulting firms'.

The Senior Support Engineer added that a company with relatively mature HRM policies would only take consulting firms' suggestions and advice as references, the actual driving force should still be its internal demands. Undeniably, HR consulting firms can provide a wide range of ideas for companies. However, companies cannot feasibly accept all suggestions; they have to make decisions according to their own actual demands and reasonable judgements. In addition, the Senior Support Engineer said that consulting firms' impacts over some small businesses with somewhat immature HRM might be of significance; in contrast, their suggestions for fully developed international corporations like B are most likely dispensable choices.

In C, the interviewees said that although they previously cooperated with Hay Group on a short-term project, they did not think that they had been enormously influenced by Hay in the adoption of TM. They asserted that their awareness of the necessity to conduct TM was their fundamental reason to carry out TM-related activities. In fact, they got in touch with Hay just after they realized their demands for TM, according to the Marketing Director.

In D, the interviewees commented that although they made contact with Deloitte and Mercer previously, the influence from them was not substantial. In most cases, they turned to consulting firms for some guidance after they produced some basic ideas. Therefore, consulting firms just assisted them in clarifying their ideas. 'Our company decides to accept TM, totally because of our own demands for organisational development and business expansion' (HR Manager)

According to the Senior Consultant from E, what consulting firms do is to first formalize and generalize operations and practices inside companies, and then summarize their own understandings and conceptions in plain concepts and theories, and finally disseminate them from one place to another. Thus, she insisted that their creation of any new concept or theory is based on their clients' demands. She explained that if they promote a product or service that does not meet their clients' demands, that kind of product or service will logically become unmarketable. She added that companies are not silly, so they do not act in blind faith by following or copying the others, they create their own demands. The emergence of TM as an independent service line in consulting firms is based on existing market demands.

The Senior Consultant in F elaborated that the raison d′etre of consulting firms is to help a broad range of companies and businesses sort out problems and create values. The special supply-demand relationship means the fact that consulting firms cannot make a product regardless of the market demands; otherwise, they would fall into a dilemma---they will have a client if someone by chance likes it; they will find no clients if nobody fancies it. She pointed out that consulting firms are business organisations chasing profits; they would not like to take risks simply to try their luck. Thus, before they set up a new service line, they will always conduct market investigations. A normal procedure of their consultancy is to evaluate their clients' needs first, and then propose their resulting plans, set up programmes and finally put the plans into effect and evaluate the outcomes.

Similar to the above two consultants' opinions, the Director of Consultancy from G said that their Leadership and Talent business is booming in China because of the constantly increasing market demands. She indicated that G did not value China's market several years ago, because Chinese enterprises had not yet maturely developed to paying close attention to leadership issues. Thus, the local project team of 'Leadership and Talent' in G (China) tried to comprehend the training materials released by their training institute, and meanwhile prepared for future business explosion. Nowadays, with the rapid development of companies in China, the standardization process of traditional HRM has already been fulfilled. Companies come up against some other hurdles on the way to further development. These hurdles, according to the director of the consultancy, are actually caused by 'people', especially 'talents'. Therefore, G has continually increased its resource inputs in China since it realized how huge the market potential is. She confirmed that the build-up and development of G's Leadership and Talent service line is strictly guided by actual market demands.

4.2.6 How are different departments involved with TM? Do they share a common talent mindset?

In A, interviewees commented that they were trying to make a set of TM value propositions, and then imbue different functional departments with those ideologies through training or some other programmes. Their work has brought some positive results. Firstly, talent-focused management ideology has been widely accepted and discussed in A, with interviewees unanimously stressing that the promotion of TM is a double-win process. The stock option and career development plan make the expectation for individuals and the company tightly integrated, and will eventually realize the development of both talents and the company as a whole. Secondly, in consequence, different departments and management levels are willing to be involved in the diffusion process of TM, and take up their respective responsibilities. In brief, according to the Sales Manager, TM is a top-down process, in which the buy-in of the senior management team plays a key role, because TM can only be effectively carried out with their support. Therefore, the senior management controls the orientation at a macro level. In the eyes of the Senior Administrator, the HR department is the real force in pushing for TM, and plays a role of advocator and designer of the whole system, as well as the role of evaluator in the end. In most cases, the HR department also takes the responsibility for coordinating different functional departments in order to guarantee the successful accomplishment of TM activities. As for the other functional departments, they are responsible for operations, but they can always seek guidance and consultancy service from the HR department. Finally, the HR Manager stressed that even though they do not issue special explicit documents according to which TM will be explained and illustrated, their TM ideologies have been mixed into HRM's daily work. Through a broad range of training programmes organized by their HR department, a relatively mature talent mindset has evolved in A.

In B, the situation is essentially similar to that of A. The Deputy General Manager said that such a talent mindset exists in B. The establishment of a set of sound TM value propositions was the first thing they did before putting TM programmes into effect, because TM can be smoothly fulfilled only when it is psychologically accepted by each single person. Moreover, each department is quite clearly aware of their respective responsibilities. According to the Senior Support Engineer, TM is carried out from the top to the bottom; therefore, the senior management level plays a critical role by leading and directing the orientation of TM strategies. As for the HR department, according to the Education Coordinator, it is designed to take the responsibility for formulating TM-related policies and regulations, as well as for providing service and guidance for the other departments. Meanwhile, it functions as a coordinator between different line departments by balancing their interactions. The other departments were also believed to play an important part during the whole process. They not only took immediate responsibilities for execution, but

also provided feedback and comments for the HR department to help it perfect its TM strategies and policies.

In C, the interviewees generally observed that a talent mindset does exist. As a huge global corporation, although HRM policies in each subsidiary have their identifiable characteristics, the fundamental management ideology has to be kept the same. TM is such a management ideology shared throughout C. Meanwhile, they claimed that TM is nothing more than a mode of thinking or a value system in the company. Furthermore, they were not inclined to issue special documents to explain how TM should be; instead, they mixed up their TM activities with the operations of people management. 'Such a talent mindset might spread oddly in different documents' (Public Relations Manager).

Hence, they acknowledged that TM is not that mature in C, although all departments and managers had already accepted a talent mindset as a new principle in managing talented individuals. The interviewees also claimed that different departments had reached a consensus about the responsibilities they should take during the whole process. They stressed that TM is a kind of management from the top to the bottom. Thus, all TM strategies must be tightly incorporated within all the business strategies; otherwise, there will be no foothold for a further extension of TM. The senior managers played a key role, because they controlled at a macro level, and functioned as business strategy architects and planners. The HR department was responsible for developing policies and creating methods, as well as for providing guidance and consultancy to both senior management and line departments. In order to judiciously control at the top level, senior managers combine the HR department's suggestions and advice with their own understanding of the overall business. The functional departments would then follow the HR department's guidance and operate accordingly. In this sense, the line managers are not only the managers of their own employees, but also the managers of HR people in their respective departments.

In D, the Managing Director noted that they regularly organized companywide training sessions and workshops in order to emphasize and promote their principle of valuing and developing talents. Therefore, a consensus over a talent mindset definitely exists. The English Language Tutor pointed out that they may not have done the job perfectly, because TM is a rather new concept. However, they were still striving to set up a sound talent mindset. According to her, all departments and management levels had already become aware of their respective responsibilities. The HR Manager added that the senior management team played a critical role during the whole process of TM, because they supervised the overall business. In other words, TM strategies and policies could not be successfully brought into effect without their approval and support. The HR department

helped senior and line managers set up their cognitions of a 'talent mindset', and repeatedly enhanced this impression in due course. It is also expected to provide support and guidance whenever necessary. Since line managers are supposed to be very clear about their own employees' competences and potentials, they are assigned to carry out TM practices and take direct responsibility for the HR department and the senior management level.

According to the Senior Consultant from E, HR departments perform the function of pushing, assisting and supporting line managers. Since the real driving force is from the top management level in each organisation, senior managers are the authentic organizers. Nevertheless, given that TM operations require the buy-in of every part of the organisation (not only the HR department and senior management teams, but also line managers), the task eventually falls on line managers.

The Senior Consultant from F said that their cooperation process with clients is propagating and enhancing a process of developing a talent mindset. Consequently, they always helped their clients build up a reasonable set of talent value propositions according to their own characteristics and situations. Along with the establishment of the TM-related system, they also helped clients design the roles for different departments. Generally, HR departments were supposed to take responsibility for making, explaining, amending and constantly perfecting policies, as well as for managing courses of action. Line departments also got involved in the above functions, because they are the real participants and the actual beneficiaries of TM. Meanwhile, they provided guidance and feedback to their employees and managed their progress. As for senior managers, the consultants in F normally saw them as bearing two duties, one to encourage and activate TM projects, the other to provide support and assistance for their subordinates.

The Director of Consultancy from G expressed a similar viewpoint to that of the other two consultants. When they started a cooperation project and got in touch with their clients, they would imbue their clients with TM-related value propositions and help them launch a talent mindset. Therefore, she observed that each organisation has its own 'talent mindset', because a sound talent mindset is the prerequisite for the successful accomplishment of TM projects. According to this Director of Consultancy, the top management level is always a key factor, because it has an immediate bearing on the breadth and depth of influence of any TM projects. As for the HR department, its main duty is to provide professional consultancy and support, while functional departments are chiefly responsible for operations.

4.2.7 Is TM just a management fashion? What is the future of TM?

In A, it was believed that TM strategy is tightly integrated with overall business strategy, thus the emergence and development of TM consequently conforms to the demands for further business development. Therefore, instead of viewing TM as a transient management fashion, the interviewees tended to believe that the existence of TM had its own necessity. Furthermore, with the continuous development of the company, the breadth and depth of TM would be enlarged. On the one hand, the objects of the current TM projects will be more deliberately segmented, and some new categories of professional talents will be included. On the other hand, the functional areas involved in current TM projects would be more deeply utilized. The interviewees also commented that TM would not be replaced by other management methods, because talents are always there in each company. In fact, there were talents before; there were also some separate management approaches, especially for those talents. What was lacking was a set of systematic management methods and measures for them. Nowadays, such a management ideology has gradually come into being. TM would not disappear, because it had a tendency towards valuing both professional and managerial talents and emphasizing their influence inside the company. In such a context, TM can only be unremittingly developed and strengthened. However, it was also mentioned during the interview with the Sales Manager that the term TM is superficial. According to her, all terms are actually 'gaudy', even though there might be some theoretical values underpinning each term. As far as the term TM is concerned, it might be replaced by another 'gaudier' label in the future; but the substantial principles of TM will stay.

In B, the interviewees unanimously asserted that TM was not a fashion, consequently it would not disappear in the future. They explained that the management of company resources is always inclined to stress the management of vital resources; this is also the case with human resources. In consequence, TM will be continuously strengthened rather than wane. It was added that companies might intentionally value or less value certain management functions of TM at different stages of development. The Senior Support Engineer gave an example. When they develop rapidly, they will take talent training as the focus; when they launch a large-scale reform, they will take remuneration and performance assessment as the focus; when talent competition becomes white-hot, they will take talent retention as the focus. Although TM is a novel management concept, its ideology has been developed under the actual demands for business development, and it has its own meanings for existence and objective reasons for further prosperity. Therefore, as an integrated and independent management ideology, TM will not disappear, and its management principles and practices will stay. However, interviewees added that the term TM may be replaced by some other tempting names or labels which can more precisely describe the connotations of the set of management activities in the future, because terms

are always short-lived. Overall, the replacement between different names was just a wording issue, although its management connotations and substance will always stay intact.

In C, the interviewees predicted that TM, as a systematic and inclusive management ideology, would become mature along with HRM, rather than disappear. In the next three to five years, the Marketing Director predicted that TM would fall into the 'right track' in C and gain prosperity in due course. The Sales Operation Manager explained that even though traditional HRM ideology has met employees' basic demands, its egalitarianism in asserting a relatively equal distribution of company resources could no longer meet the needs of top performers. He turned to Maslow's need-hierarchy theory for theoretical support. In his opinion, top performers would be more concerned about the social cognition other employees have of them, the sense of achievement and the prospects for personal development; thus, their needs are different from those of ordinary performers. TM turns up in such a context, as its focus is on the top of Maslow's pyramid model. Consequently, its existence and development goes with the demands of continuous business development, and it can by no means be simply explained as a fashion. In fact, as long as the divergence among people exists, TM will be intensively developed and exploited, rather than disappear like a shooting star.

The interviewees in D echoed the others by unequivocally stating that TM is not a fashion. They explained that modern companies are typical pragmatists. This means that if a management theory produces little effect, it will not take root in any enterprise. The concept of TM comes into being accompanying a particular talent demand-supply relationship in the market, which also contributes to the emergence of TM in D. For them, the adoption of TM is not a consequence of naively following fashion or some other external influences. The HR Manager stressed that the existence and development of TM is for the purpose of resolving problems, this consideration means that TM will not fade away, at least in the short term. In fact, the English language Tutor added that TM has already shown a strong tendency to develop further in D. The IT Support Manager argued that HRM came into being by absorbing and combining theories with respect to labour economics, psychology and organisational behaviour. He predicted that TM would also draw in other social science principles in order to develop itself in the future. In addition, it was also mentioned during the interviews that replacements between different terms could not be avoided; however, this is of interest for management theorists and consulting firms only. In general, no matter how concepts are going to be switched over, the substantial content of current TM will stay.

The Senior Consultant from E noted that their TM-related business (namely the Talent and Organisational Consulting business) had taken up a significant percentage of the whole business volume, 'the main incomes of northern areas all come from this service line'. When asked if TM is a re-packaging of the old HRM stuff, she firmly refuted this idea. She explained that their clients are not in a static state; in fact, they are in steady growth. The old methods which could previously tackle problems cannot sort out problems today. This means that the traditional approaches do not meet the demands of clients any more. Consequently, client companies have to look for some other solutions. She further elaborated that their products or services are normally the conclusions of their innovations, while resolving actual problems. Their clients now and then come up against new situations and face new problems, so they have to constantly update their opinions, innovate and develop new generations of theories. In this sense, a re-packaging of old stuff cannot help sort out new problems at all. In fact, according to this Senior Consultant, all management concepts, such as Personnel Management, HRM, and even 'HR Next Generation' which E is currently researching, come into being based on step-by-step management practices. They are not groundlessly fabricated or trickily re-packaged.

As regards the future of this particular service line in E, following the Senior Consultant's analysis, it is not bright. In her opinion, there are no constant resolutions. The only constant is to continuously innovate and then meet clients' demands. Management science develops from practice, which is fundamentally different from natural science. As a result, the strongest vitality and creativity of HR principles exists in the group who are closest to the business world, because the closer to actual management practices, the more possible it is to undertake innovations. Consultants are just such a group of people who will never stop innovating. Therefore, they have clearly realized that their Talent and Organisation Consulting as a particular service line can just stay in E for a period of time. If it does not help them to clear up problems some day in the future, they will innovate some new resolutions, rather than forcibly propagate and recommend it to clients. This argument, at some point, is backed up by some scholars, who similarly believe that consultants have to produce solutions that 'work' in a particular contexts; if their knowledge is not innovative in any strictly technical sense, they will still develop tangible solutions (Alvesson, 1995; Fincham, 1996).

The Senior Consultant from F first observed that the market demands for TM-related consultancy services are steadily expanding; not only foreign firms but also domestic enterprises are showing interest in TM. Consequently, their TM-related service line makes up a rather big ratio of their overall business; in fact, the majority of their business is around leadership and talent competence development. She further asserted that their talent and leadership service line was established only in 2003/2004, although she had heard of this

term as early as 10 years ago. She explained that there was not mature management ideology with respect to talent at that time, because it was short of market demands, as the soil for its existence and development in China. After approximately 10 years, TM has sufficiently developed and become a popular topic. According to the Director of Consultancy, many MNCs in Beijing specially set up talent-related positions and are willing to assign people with relevant consulting background to fill those positions. Their responsibilities are to provide special care and service to certain group of people, such as high-level managers. In this context, the Talent and Leadership Consultancy business line in F has shown an upward trend for further development and exploitation, as the Senior Consultant noted.

The Director of Consultancy from G indicated that their TM service line accounted for between 1/4-1/3 of the overall business volume. She stressed that TM-related business is a piece of business with high additional value and bright prospects; in consequence, it can be further exploited and developed to become an independent market. According to her, many consulting firms in Singapore, Taiwan, and other Asian-Pacific areas have already realized the potential, with massive business opportunities with respect to the management of top performers. She commented that TM-related business is definitely appealing in the consulting industry. Nowadays, most enterprises are at the stage of rapid growth, and the market demands for TM are tremendous. In the not too distant future, they will enter the next stage of stable development; nonetheless, talents will still be their bottleneck. Therefore, there is a large space for the existence and development of TM in both enterprises and consulting firms.

4.3 Summary of empirical findings

The author summarizes the above empirical findings in Table 4.1.

	Defining Talents	Defining TM	What is the difference between TM and HRM?	What is the reason to adopt TM?	What role do consulting firms play?	Do different departments share a common talent mindset?	What is the future of TM? Is it just a management fashion?
A	Key employees with distinguished performance & competence	Competence development, but with an organisational focus	TM breaks HRM's egalitarianism, and tends to favour the elite	Urgent demands for retention and attraction of talents	Adoption of TM is not significantly related to consulting firms' impacts	Yes, we're trying to make a set of talent value propositions	TM will be developed, although the term might be replaced by others
B	Part of human resources with better performance & competence	An improvement of organisational competence as a whole	TM is a part of HRM, because its target is part of human resources	Retention and attraction of talents for further development	Influence from consulting firms is not a determinant in the adoption of TM	There is a talent mindset in the company	TM is not a fashion; it will not disappear
C	All employees, as long as they meet their job requirements	Equal to traditional personnel development	TM emphasizes differentiation management; TM ≤ HRM	Demand for organisational competence development; pressure from talent war	Cooperated with Hay on short-term projects, was not immensely influenced	TM is a unified management ideology shared throughout the corporation	TM will become mature along with HRM, rather than disappear

D	People occupying key positions in each job sequence	A smooth supply of suitable people for key positions	TM is one part of HRM; It is a set of more directed management systems	Demands for retention and attraction of talents	Turn to them for detailed and applicable guidance; Influence was not strategic	Regularly organize training courses to advocate a talent mindset	Replacements between different terms cannot be avoided; The substantial content of TM will stay.
E	People with high strategic value and high degree of scarcity	A series of functional models to guarantee a smooth talent supply	The starting point of TM is talents, rather than split functional models like HRM	TM's management ideology satisfies the demands of enterprises	Formalize and generalize management practices; Clients get in touch with us only when they have demands	A talent mindset is a necessity for TM projects.	TM is an innovation rather than a repackaging of old stuff; It will be replaced by other products.
F	Part of employees directly relating to core business value chain	Life cycle and development cycle of talents	TM works from the perspective of people rather than management functions	Overcome the hurdles of retention and attraction of talents	Consulting firms' solutions must be based on clients' actual needs	Cooperation with clients is propagating and enhancing a process of developing a talent mindset	TM-related business has seen an upward tendency for further development

G	People occupying the posts with core business competence	Competence development of the whole organisations	TM is discussed from the perspective of organisational development	Companies' urgent demands	Establishment & development of any consulting service line follows market demand	A set of sound TM value propositions is prerequisite for TM implementations	A significantly large space for the further development of TM

Table 4.1 Summary of empirical findings

Chapter 5 Analysis

In this chapter, the author will present an analysis drawn from the empirical findings with respect to and in comparison to the theoretical framework. The analysis will address the key research questions under the following six headings:

1) Defining talents;
2) Defining TM;
3) Is TM really different from HRM? Has TM brought anything new?
4) Is TM another managerial rhetoric through which HR struggles to improve its legitimacy?
5) Analysis of TM from 'substantive' and 'symbolic' perspectives
6) Analysis of TM from the perspective of Institutional Theory
7) Is TM a management fashion?

5.1 Defining talents

The starting point for any research into TM must inevitably be an exploration of what is meant by 'talent' (CIPD, 2007a). As we saw earlier, it is difficult to pinpoint the precise meaning of talents, because each organisation has a different style and culture, alongside different business needs and priorities. There are thus no global standards or common understandings of what talent means for an organisation or its people. Nevertheless, the different definitions were not without some consensus. Section 2.1.2 showed that three main perspectives in understanding 'talent' could be exacted from recent publications. After analysing all the interviews, these three distinct strains of thought about talents can also be uncovered in the empirical findings.

(1) Exclusive perspective by viewing key people with high performance and potential as talents (non-position-related understanding).

The first defines talents as a minority of employees with distinguished performance and high potential. Most of the case study companies tended towards perceiving their talents in this way. This result ties well into theoretical statements made by a range of academics. For instance, Smilansky (2005) states that TM is aimed at improving the calibre, availability and flexible utilization of exceptionally capable and high potential employees who can have a disproportionate impact on business performance. Ashton and Morton (2005) claim that a talent definition should include the dimensions not only related to performance, but also to potential; moreover, effective interpretation of talent should find a strategic balance between performance and potential. Because talents are both current/ past behaviour- and

future contribution-directed, the companies claimed that it is fairly difficult to target talents, although a lot of them have employed a range of tools, such as competency models, KPI (key Performance Indicators), KCI (Key Capability Indicators), etc. Meanwhile, it is worth noting that nearly all the companies holding such an understanding claimed that their talent defining process is based on employee classification, which is both a vertical and horizontal management process. The vertical process divides all employees into different categories, while the horizontal process means that the key persons with both distinguished performance and potential are selected from each category. This approach adds essential dimensions to the traditional approach of solely focusing on managerial talents. Some functional capability, which is crucial for success and therefore the company is unable to function without, has been taken into consideration, for instance, engineering for A, sales and marketing for B. This argument was supported by the Senior Consultant from F. She observed, 'nowadays, in some international corporations, TM is mainly to organize specific programmes aiming at certain managerial as well as professional people'. This approach could help employees be aware of their own career paths. Thus, the interviewees seemed to consider such a change as an improvement. In addition, the interviewees viewed talent as a dynamic concept, because it is both performance- and competence-directed. The defining criteria will be different at different stages of business development. For instance, the IT Support Manager from D claimed that talent is a concept in a dynamic state. It is not a definite but rather a relative concept; only those individuals who possess the functional competence and ability relating to the core business strategies can be identified as talents. With changing core business strategies, the functional competencies that companies seek will be adjusted accordingly. Hence, the criteria for defining talent is not immutable and frozen, and consequently the selected talents are not necessarily the same. In fact, this viewpoint has been backed up by some other researches. For example, the recent TM study conducted by CIPD (2007b) together with Nottingham Business School finds out that talent defining is dynamic, so it is likely to change over time according to organisational priorities.

(2) Exclusive perspective by viewing right people in key positions as talents (position-related understanding).

The second perspective is inclined to view talents as suitable people for key positions, including both leadership positions and professional positions, as long as they are closely coupled with the core business values. The simple logic here is that the people who are eligible for particular key positions will be key employees, namely, talents. Therefore, in this approach the determination of key positions precedes that of talents. The Director of Consultancy from G advocated and recommended this approach to her clients. This strand of thought about talents comes into being chiefly because of the historical fact that the best

people were normally promoted upwards in an organisation. However, all top performers are not necessarily suitable for, or personally want, high-ranking managerial positions. In such a situation, horizontal career paths for the specialists who do not expect or want leadership positions are embraced in TM projects. If a company creates more horizontal career paths, sets up top specialist positions, and pays the same attention to them as to leadership positions, it will not necessarily push its high potentials to managerial positions for which they are not suitable or passionate.

(3) Inclusive perspective by viewing everyone as talent.

The third perspective takes a broad view of the definition by considering all employees as talents; this is reflected in only one case study company, C. It seemed that one understanding has been widely spread in every corner of C, i.e., that everybody has talents. This is in line with some researchers' definitions of TM. For instance, Armstrong (2006, p. 390) echoed that 'everyone in an organisation has talent, even if some have more talent than others; talent management processes should not be limited to the favoured few'. In addition, deLong and Vijayaraghavan (2003) offer a similar viewpoint---that the unsung heroes of corporate performance are the capable, steady performers. There are two basic connotations under this understanding. First, it values each person's aptitude---everybody has her/his innate ability to use their skill in a particular situation to maximum effectiveness. Secondly, it attaches great importance to the provision of opportunities for all employees, because it believes that all people require an opportunity to display their talents. As the Public Relations Manager observed, 'everybody will become an actor/actress, as long as he/she gets their own stage for performance'.

This understanding of talents can also be found in the review of the literature (see, e.g. Buckingham and Vosburgh, 2001; Stainton, 2005). For one thing, this broad approach removes the possibility of alienating the mass population of employees, which can be a side effect of focusing on a small pool of people as the first perspective advocates; for another, it leaves TM research in a dilemma, because 'talent' is essentially a euphemism for 'people' in this sense.

5.2 Defining TM

The early literature review revealed a disturbing lack of clarity regarding the definition and scope of TM, because TM means a host of different things to different people. This was also the case during the interviews. Although different case study companies gave their understandings of TM in their own way, the researcher (Chuai, *et al.,* 2008b) found that some aspects were held in common, and therefore explored the following two strands of

perspectives on TM, based on the empirical findings (see Table 4.1). The first perspective takes the view that TM covers the same functional areas as HRM (such as employee recruitment, development, deployment and retention), but with a focus on top performers and 'high potentials', rather than all the staff in a given organisation. This conception also sees TM as a set of practices to ensure different functions are tightly linked with each other, instead of being (semi-) isolated from each other as (it was argued) was often the case with HRM. The second perspective sees TM in a different way, by equating it with organisationally-focused competence development. The next sections outline and discuss the findings for these two strands of TM.

(1) TM as integrated HRM, but with a selective focus

The first strand defines TM as a collection of typical HR department practices and activities covering functions such as recruitment, development, deployment and retention of talented individuals. For example, the Deputy General Manager from B said, 'basically, the key functional areas TM covers overlap with those of HRM'. One employee from D stated that 'as far as the scope is concerned, TM basically covers all functional areas HRM is involved in'. The senior consultant from F commented 'as for the managerial functions, TM is still something like recruitment, training, retention and incentives, and so on'. The senior consultant from G similarly claimed 'as far as the functions are concerned, there should be overlap between HRM and TM'.

At this point, the components of a TM system seem to be outlined without generating much if any new thinking. The different components of TM put forward by some authors are quite similar to this viewpoint. For example, Morton (2006) depicts eight categories of activities of TM: recruitment, retention, professional development, leadership development, performance management, feedback/measurement, workforce planning and culture. Fitz-enz (2005) argues that TM encompasses six human resources services: staffing, leadership development, succession planning, performance management, training and education and retention. Farley (2005) proposes that TM includes all processes needed to optimize the people resource within an organisation. The central concerns in this definition of TM are thus to attract, recruit, develop and retain such individuals, and the concept extends through a wide set of activities in these different phases. Therefore, 'developing, redeploying and retaining top employees' serves as a general definition of TM. TM here is an umbrella phrase which includes employee recruitment, retention, performance management, skills and competency management, succession planning, redeployment, learning management, training, career development processes, internal career centres and identifying internal career paths.

Although defining TM in terms of the functions of traditional HR seems to add nothing new to the understanding of how to manage talent, Barlow (2006) argues that TM could become a new label for HRM for managers, and something different could still be found in the comparison between TM and the traditional term HRM. First of all, as the interviewees commented, the overarching managerial focus of TM is upon 'top performers' and 'high potentials' rather than all the staff in their companies. In D, for instance, the HR Manager observed that 'TM is a whole management system aiming at a particular group of people who occupy the key posts';

The Managing Director commented,

> 'HRM, in general sense, is the management of all employees; while TM is the management of key talents among all employees. TM should be a kind of directed management based on the differentiation of employees; it is totally distinguished from the management of common employees'

The above line of argument would appear to be somewhat limited in differentiating TM as a new concept. The consultants, however, offered some reasons for accepting it: for them, a constant and smooth supply of talents is the end goal of effective TM, and all the functional areas mentioned above should be at the service of this overall purpose. The senior consultant from E said that:

> 'TM and HRM are two different viewpoints in the observation of problems,…, HRM more emphasizes the differentiation of functional models, while TM is more concerned with people, namely, talents'.

Similarly, the senior consultant from F claimed that:

> 'The target of TM is not those functions of HRM, but certain category of people. For example, we have a service line for leadership talent supply, while all functional models have to serve this whole business line'.

This understanding of TM echoes some researchers' viewpoints. For instance, Duttagupta (2005) argues that TM is the strategic management of the flow of talent through an organisation; Kesler (2002) and Pascal (2004) state that TM, to some people, is a set of practices to ensure a smooth continuity of talented employees into roles throughout the organisation. In this sense, TM programmes are mainly designed to create talent pools that feed particular job classifications, and they focus on the individual skills, competencies, and behaviours that make those employees successful in the future. Those approaches emphasize much of the work done in a circle. In comparison with the literature findings, it can be seen that this first strain of the definitions has combined both strands of the understandings of TM in the literature review. Therefore, TM is not a simple summation of

the isolated HR functions, but on the other hand, it is not equal to succession planning, and it is oversimplified to use these two terms interchangeably. Blass, *et al.* (2006:1), for example, have argued:

> 'TM is more than HRM, leadership development initiatives or succession planning. It is the collective approach to recruiting, retaining and developing talent within the organisation for its future benefit, and extends beyond the domains listed above to include strategy, organisational culture and change management'.

In summary terms, the substance of this first strand of TM involves a combination of these two viewpoints in an attempt to assure the life and development cycles of particular groups of talents across and within these sometimes split and separated functional areas.

(2) TM as organisationally- focused competence development

This strand of TM is one which equates it with competence development, but adds an organisational focus. The interviewees in A and B were inclined to see their TM in this way. For instance, the Finance Manager from Company A observed:

> 'our company intentionally trains and develops the best performers with particular emphasis, makes corresponding career plans according to their own strengths and characteristics…I feel TM is a double-win process, where both company and employees can get developed'.

An HR generalist from B claimed that TM is 'a kind of management in pursuit of an improvement of core employees' key competence'.

An extreme view came from the HR Manager in C, who saw its TM as equal to traditional personnel development, in the sense that TM is a development approach, applying the personnel development process to everyone in the organisation:

> 'I need an outstanding and stable team; I must guarantee that employees have a fine development. Employees must grow up together with our company. … (Thus) it is not necessary for us to specially issue some documents or formulate rules and call them TM; we put them into employee development.'

This perspective accords with that of some academics. For instance, Williams (2000) has claimed that 'there is often a wealth of potential competence waiting to be tapped, released and creatively channelled in most organisations' (p. 170). Following the same track, Armstrong (2006, p. 389) pointed out that 'the approach (of TM) should be one that emphasizes the ability of everyone to succeed and thereby achieve extraordinary results with ordinary people'. Ashton and Morton (2005) similarly stated that 'it (TM) aspires to yield enhanced performance among all levels in the workforce, thus allowing everyone to

reach his/her potential, no matter what that might be' (p. 30). Tansley, *et al.,* (2007) assert that TM is an effective means of maximising internal employee potential. Notwithstanding some differences in terminology, there is a consensus among the companies that the substance of this perspective is to keep track of employees' competence and performance, and ultimately trigger an improvement in organisational competence as a whole. Again, the researcher finds a similar understanding of TM amongst some authors. Stockley (2005), for example, defines TM as:

> 'A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organisational needs. Talent management involves individual and organisational development in response to a changing and complex operating environment'.
> (http://derekstockley.com.au/newsletters-05/020-talent-management.html, retrieved in 2008)

Williams (2000：82) argues that TM is essential to catalyse and facilitate organisational learning, and the development and use of collective knowledge, and stated that:

> 'The central purpose and effort of talent management is to find, develop and intelligently use outstanding ability and to fulfil high potential to the optimum longer-term advantage of the business---and the individual'.

Redford (2005) sees TM as an attempt to ensure that all employees strive to the maximum of their potential, and therefore help achieve the maximum possible organisational performance. Wilcox (2005) views TM as involving the implementation of accelerated development paths for the 'highest potential' employees.

In addition, the online encyclopaedia Wikipedia (2008) explicitly expounds that TM decisions are often driven by a set of organisational core competencies, therefore, the term TM is usually associated with competency-based HRM practices.

The focus of TM from this perspective, then, is upon the strengths and weaknesses of the organisation *per se*, current and future competence requirements, and any potential competence gaps which may emerge. In contrast to the first perspective' s focus upon achieving a smooth development cycle of talents, this perspective has the improvement of overall organisational competence and performance as the key purpose, albeit that in *application* there might be an overlap with the first perspective.

5.3 Is TM really different from HRM? Has TM brought anything new?

TM, as an emerging managerial discourse, has been subject to intensive critiques. Recently, managers and researchers have been lured by the discussion 'Is TM something completely new or a repackaging of what has existed'. Scepticism about there being little substantive difference between TM and traditional HR practices is further reinforced. For example, Adamsky (2003) argues TM is nothing new, nor is Adamsky alone in suggesting a re-labelling process. David Guest is also not convinced that anything new is happening in the field. He commented that:

> '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, p. 29).

On the other hand, some researchers refute this idea by stating that TM is a real breakthrough worthy of serious examination and investigation. For example, Sullivan (2004) claims that there is real substance behind the concept of TM.

In order to identify possible differences or similarities between TM and traditional HRM, two approaches should be taken. One is to ask whether they differ in literature; the other is to ask whether they differ in practice. As Guest (1987, p.507) suggested, when HRM gained its popularity,

> 'We cannot really ask what human resource management looks like in practice unless we have a model about what it should constitute. Otherwise we run the danger of accepting as HRM any practices so labelled, even if indistinguishable from what a few years ago we would have termed Personnel Management'.

In theory, once a literature study of TM is established and empirical research is undertaken, several outcomes are logically possible:

a) TM and HRM might be similar in literature, but differ in practice;
b) They might differ in literature, but be similar in practice;
c) They might be similar in both literature and practice;
d) Or they might differ in both literature and practice.

It is in the final case to draw a conclusion whether TM and traditional HRM really are two managerial techniques, or carry the same meaning just under two different titles. Comparison in literature is the conceptual analysis of published statements, whilst identifying similarities or differences in practice is a matter of empirical observation. A number of case studies that enabled the researcher to compare TM and HRM have

already been explored in Chapter 4. A comparison study between TM and HRM in terms of literature and empirical research will be elaborated in the following section.

5.3.1 Similarities in terms of literature comparison

First, a close comparison suggests that there are clear similarities between TM and HRM in literature.

1. Both TM and HRM emphasize integration with business strategy. This echoes Mohrman *et al.*'s (1996) argument that the evolution of the HR function toward being a business partner is under way. HRM stresses strategic integration, which involves a close relationship between business strategy and HRM, both vertically and horizontally. Keenoy (1990) defines HRM as a method of maximizing economic return from the labour resource by integrating HRM to business strategy. HR policies are an integral part of the whole strategy in the sense that they underlie and facilitate the pursuit of a desired strategy. In addition, Foulkes (1986) argues that effective HRM does not exist in a vacuum, but must be related to the overall strategy of the organisation. In other words, HRM takes a holistic view of the managerial needs, not only focusing on the needs of employees. The integration of HRM with corporate strategy is also useful to explore the role of HR professionals as 'the business partner'. Tyson (1985, p. 22) suggested that

> 'personnel specialists as business managers integrate their activities with top management and ensure that they serve long-term strategic purpose and have the capacity to see the broad picture and to see how their role can help to achieve the company's business objectives'.

In essence, the philosophy of the business partner HR role is to become a business manager first and a functional HR specialist second; during the whole process, business results are always the dominant concern of the HR business partner (Pilbeam & Corbridge, 2006). When the case of TM is discussed, according to Stainton (2005), the essential starting point in developing a TM process is to review the organisation strategic objectives and then to ensure that the focus of the TM process is aligned with the overall business strategies. Williams (2000) states that 'the component activities that make up the talent management process need to be effectively implemented, co-ordinated and aligned with the key business strategies of the organisation' (p. 193). With the growing recognition that TM helps to boost corporate performance, TM has been deemed as the No. 1 ingredient of organisational success, more than money, market share, or the track record of the management team (Schweyer, 2004). Tying TM to overall strategy is becoming a key business priority.

2.   Both TM and HRM stress managing human resources for their asset value. Initially, the title of the mainstream text from the Harvard Business School, *Managing Human Assets* (Beer, *et al., 1984)* might provide some hints with respect to this argument over HRM*.* Later on, Hendry (1995) offers a governing principle of HRM by unequivocally stating that 'people are our most important asset'. HRM ensures that an organisation's people are seen to have the same value as its financial and technological resources, or sometimes even more. TM as a later managerial terminology inherits this tenet from HRM, and thus also emphasizes the critical function of human resources to organisational performance. For instance, Williams (2000: 57) has stated that 'talent is the most critical of a company's assets'. A Towers Perrin report also documented that 'talented individuals are the most valuable part of a company's assets' (Towers Perrin, 2004a, p. 2). In recent days, under escalating competitive pressure, the discussion of 'the war for talent' has gained more and more attention in both the academic and practice domains. As a result, it can be argued that the claim that the only remaining sustainable competitive edge for an organisation lies in its human resources applies equally for TM.

3.   Both TM and HRM vest firmly in line management. The devolution of HR activities to line managers is accompanied with the emergence of HRM, which emphasizes the critical influence of people issues on effective business performance and therefore requires the co-ordination of line managers to direct all resources, including human resources, towards organisational success. Responsibilities for HR activities, such as recruitment and selection, reward, grievance and discipline, managing diversity and so on, are devolved to line managers who exercise greater autonomy and authority. Thus, Boxall and Purcell (2003) comment that HRM does not belong to HR specialists, it belongs to line managers and the people they mange (Armstrong, 2006). Shifting responsibility for HR activities to line managers is also handed over to TM. TM is no more the domain of HR; it now generates a strategic necessity requiring the involvement of line management in TM programmes. Hence, Williams (2000) believes that TM strategies are essential to catalyse and facilitate the effective interaction of multifunctional networks. TM strategies impress line managers with their goals of increasing productivity and output, and meanwhile cutting costs not independent from recruitment, retention, and development of those intangible assets in organisations. In effect, the TM process is strongly embedded into the standard business processes that require the empowerment of line managers, together with the advisory support from HR professionals and broad scrutiny from the senior management. As Farley (2005, p. 59) puts it,

'Effective management of these processes in partnership with line managers is where the proverbial rubber meets the road…Day to day, HR must be a driver of talent management excellence throughout the company. That does not mean that HR actually does the process, but HR must be an effective trainer, coach, and

facilitator for line managers to ensure that talent-management excellence is a core part of how the organisation does business.'

In a nutshell, in both the practices of TM and HRM, HR managers are inclined to be enthusiastic about the transfer of activities to line managers, although some concerns are expressed about letting go of familiar and enjoyable tasks only to be faced with the vulnerability and uncertainties of the advisory and consultancy role (Torrington, 1998).

4.   Both TM and HRM identify placing the 'right' people into the 'right' places as an important means of integrating people practices with organisational goals, including individual development (Chuai, *et al.,* 2008a; 2008b; 2009). In fact, 'getting the right people in pivotal roles at the right time should be nothing new to HR professionals' (Ashton and Morton, 2005, p. 28). This line of argument can be found in much of the TM literature. Tichy *et al.* (1982, p.51) claim that 'an essential process of human resource management is one of matching available human resources to jobs in the organisation'. Huselid (1995) similarly argues that HRM activities involve getting the right person in the right spot (employee skill and organisational structures), which will contribute to higher productivity and the market value of the company. Anderson (1997, p.18) also asserted that ''a critical part of HR' s role will continue to be the ability to recommend the 'right' employees for the organisation based on the skill sets and competencies needed''. Once the right people are on board, HR can add value by assisting management in guiding these employees through the 'right' jobs throughout their careers. This is virtually identical to some people's viewpoints of TM. For example, according to Duttagupta (2005), TM is to assure that the supply of talent is available to align the right people with the right jobs at the right time, based on strategic business objectives. Stainton (2005, p. 39) observed that 'talent management is concerned with having the right people in the right roles in the right environment with the right manager to enable maximum performance'. Nevertheless, given the rate of environmental and organisational change, this matching process should be a dynamic one. Such recognition, together with the increasing recognition that employees really should be selected and developed in ways that enhance their adaptability and flexibility, is also common to both TM and HRM.

5.   Both TM and HRM stress a 'double win' between employer and employee, which is the rationale of individuals' fully developing their abilities for their own personal satisfaction to make their best contribution to organisational success. The similarity of these two managerial techniques in this respect is underlined when comparing the values of HRM and TM. It is not difficult to notice that the desirability of mutuality and reciprocal dependence between the employer and the employee resides in both the values of TM and HRM, because it is an essential prerequisite for the employer to obtain employee

commitment to organisational objectives. For example, Walton (1985, p.36) remarked on HRM models:

> 'the new management strategy involves policies that promote mutuality---mutual goals, mutual respect, mutual rewards, mutual responsibility---in order to elicit commitment which in turn can generate increased economic effectiveness and human development'.

This shares the same language with other researchers' comments on TM. For instance, 'TM is the process from recruitment through the whole HR cycle which provides enhanced work experiences for individuals and benefits for the organisation' (CRF workshop, 2005, p. 3), and also 'TM involves individual and organisational development in response to a changing and complex operating environment' (Stockley, 2005, retrieved from http://derekstockley.com.au/newsletters-05/020-talent-management.html). In fact, career advancement, personal growth and improved organisational performance could be accepted as the objectives of TM (Stockley, 2005; Berger & Berger, 2004), and to some extent, could even be the objectives of overall business strategies.

6. Both TM and HRM cover the same key functional areas of people management (Chuai, *et al.,* 2008a; 2008b; 2009). Most studies into the practice of people management have adopted a functional perspective, certainly those including TM and HRM. Both of them have identified the same key functional areas, which is possibly the immediate cause of the intense discussion on the topic of whether TM brings anything new to current HR practices. Although it is a little difficult to define those concepts, because of the different interpretations found in articles and books, basically, the overlapping areas could be located in the following:

   * Recruitment and Selection
   * Training and Development
   * Retention
   * Human Resource Planning (Succession Planning)

For example, Cascio (1998, p. 2) defines HRM as 'the attraction, selection, retention, development and use of human resources in order to achieve both individual and organisational objectives'. This parallels most descriptions of TM. For instance, Creelman (2004, p. 3) perceives TM as 'the process of attracting, recruiting, and retaining talented employees'. Knez (2004) describes TM as a continuous process of external recruitment and selection and internal development and retention. Stewart (2008) stated that 'talent management can be argued to encompass most if not all of the processes that the HRM function is responsible for' (p. 4).

7. Both TM and HRM stress the necessity of creating a winning employee value proposition and building a compelling employer brand. An employee value proposition should convey what is unique and compelling about an organisation that would make people want to join and stay. It therefore partly formalizes and articulates the psychological contract between the individual and the organisation. Thus, both of them emphasize the importance of employees' emotional components to achieving behavioural consistency and their commitments to the objectives of the business. Since the modern view of HRM first gained prominence in 1981, with its introduction at Harvard Business School, psychological objectives, namely the so-called 'human' side of HRM, have been repeatedly stressed (Price, 1997, p. 15). These psychological components include developing an organisational culture based on trust and teamwork. According to Gowler and Legge (1986), organisational culture refers to the taken-for-granted assumptions, beliefs, meanings and values enacted and shared by organisational members. It is seen as the glue which holds together contemporary HR management practice and the set of values and norms which secure the identification of employee interests within the organisation (Pilbeam & Corbridge, 2006), and is described as a driver of HRM policies and practices (Roehling, *et al*., 2005; Bowen & Ostroff, 2004; Ferris, *et al*., 1998). Recently, in the war for talent, more and more TM practitioners have realized that the aim of the organisation is to become the 'employer of choice' and seek to project employer branding onto the labour market. 'Employer of choice', according to Herman and Gioia (2000), could be any employer of any size in the public, private, or non-for-profit sector that attracts, optimizes, and holds top talent for long tenure, simply because the employees choose to be there. 'The phrase has picked up a considerable amount of popularity lately; fundamentally, it is a representative of a whole new design of corporate culture' (Herman & Gioia, 2000, p. 1). In order to become an employer of choice, the establishment of a winning 'employer branding' is necessary. Backhaus and Tikoo (2004) define employer branding as a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees and related stakeholders with regard to a particular firm. It aims to differentiate the organisation's characteristics as an employer of choice from its competitors in the labour market through highlighting and marketing the unique aspects of the employment package, known as 'the value proposition'. Sparrow *et al.* (2004) believe that much of TM or 'War for Talent' thinking is the notion of the employee value proposition. It is appropriate to describe the value proposition as an exchange process where rewards are offered to employees in return for joining and staying with the organisation, and producing high work performance. Sparrow and Cooper (2003: 160) show the links of the concept with employer branding:

'It is a HRM policy influenced very much by marketing that cuts across the whole of the employment experience and applies to all individuals in the organisation. It is the application of a customer value proposition---why should you buy my product or service---to the individual---why would a highly talented person work in my organisation? It differs from one organisation to the other, has to be as distinctive as a fingerprint, and is tailored to the specific type of people the organisation is trying to attract or retain'.

Employer branding focuses on how the company is viewed in the eyes of current and potential employees (Ulrich, 1997). Therefore, ''a company's 'brand' is the face it presents to the world; At its heart still must be an appealing culture and inspiring values'' (Chambers, *et al,* 1998, p. 51).

5.3.2 Differences in terms of literature comparison

In view of the above analysis, it can be noticed that HRM and TM share something in common in the literature perspective. However, both stark comparisons and assumptions of similarities should be treated with caution. Even at the level of literature analysis---let alone empirical observation---neither HRM nor TM is a singular model, but each is conceptualized in a variety of guises. When the differences between HRM and TM in literature are analyzed, some new ways of thinking can be detected:

1. Boudreau and Ramstand (2005) asserted that 'HR must have a unique, talent-focused perspective for improving decisions, not just a process for implementing decisions' (p.2). Baron (2005) and Williams (2000) similarly argue that TM is not best seen as a set of topics, but as a perspective or mindset. It is a mindset that goes beyond the rhetoric towards a holistic and integrated approach to leveraging the greatest competitive advantage from people (Duttagupta, 2005). Thus, a 'Talent Mindset' becomes a necessity for a full understanding and execution of TM. Leimon and Duthie (2006) stated that 'once companies develop a talent mindset then the process self-generates' (p. 9). Handfield-Jones *et al*. (2001: 3) claimed:

> 'the first thing leaders need to understand is that better talent management does not come from having better HR processes or a better HR department; It comes mostly from having leaders and managers at all levels who embrace a talent mindset'.

The talent mindset is the deep-seated belief that talent is critical to the organisation, now and in the future. It is the belief that talent differentiates organisational culture and breeds competitive advantage, with benefits for both the individual and for the organisation. Furthermore, the talent mindset is not an exclusive HR way of thinking, but instead an organisational philosophy that is incorporated into every aspect of the enterprise. Within these organisations, management at every level believes that the successful use of talent is within their responsibility, and HR acts as the facilitator of these discussions and as the

administrator of the programmes.

Even though the introduction of the components of TM does rest on the human resources element of the organisation, and it remains as the catalyst of most initiatives, TM will not be a success if it is seen purely as an HR initiative (CIPD, 2006). It will most likely fail when HR departments are considered as the responsible entity for such strategies. Therefore, a 'talent mindset' is embedded in the entire organisation---led by the senior management team, supported by a range of initiatives developed by HR, and implemented by HR and line managers. Leimon and Duthie (2006) claimed that

> 'whatever size the organisation is, best practice is always to start at the top; these key people make all the difference by leading the way; whatever they learn will cascade down, as will a positive and energetic attitude towards development as a vital business tool' (p. 9).

Tansley, *et al.,* (2007) further point out that successful TM depends on the combined contributions of the chief executive, the board, senior management, HR and TM specialists, line managers and employees themselves.   Thus, leaders with a talent mindset make TM a top priority of business. 'Superior talent will be tomorrow's prime source of competitive advantage; any company seeking to exploit it must instil a talent mindset throughout the organisation, starting at the top' (Chambers, *et al*, 1998, p. 48). As one Spencer Stuart report (2007) argues, the best results of TM are to be found where the CEO, HR team and business leaders are equally committed to managing talent. In other words, all managers---starting with the CEO---are involved into the activities for strengthening their talent pools. Senior managers are longer intermittent or distant from TM; they are required not only to keep abreast of the latest developments in the company's talent programme but also to plot strategy, their own associated initiatives and regularly participate in events related to TM. 'CEOs are increasingly responsible for, and involved in, TM; and the heads of human resource departments play an important, supporting role in executing talent strategy' (Economist Intelligence Unit, 2006, p. 3).

To be truly effective, a Talent Mindset demands the buy-in from both senior management and a range of other stakeholders. HRM has not seen an immense input from senior management; instead, HR managers take the responsibility for people management, together with the involvement of line managers to deliver performance targets. As Walker (1992) argues, the HR staff provide the guidance and support that managers need to understand and apply the process, they play a pivotal role on the management team to ensure that people-related business issues are effectively addressed by management. Hence, even though HRM has been widely accepted by academics and practitioners (Guest, 1987; Hendry and Pettigrew, 1986), it has not done so to the same extent as Talent Mindset.

2. 'Segmentation, which is the division of the workforce into parts that are treated differently, is fundamental to talent management' (Ledford & Kochanski, 2004, p. 217). In this view, segmentation virtually supports the labour economics view of TM, which asserts that scarce resources need allocation for maximum pay-off. Boudreau and Ramstad (2005) echo such an argument by stating that talent segmentation is as vital for an organisation's success as customer segmentation. Leimon and Duthie (2006) also claimed that 'businesses do not throw money randomly and equally at all projects but after balancing the needs and attributes, invest judiciously and according to merit, the same is true of talent' (p. 10). In addition, Chambers *et al.* (1998, p. 51) argued that

> 'successful organisations tend to have a dominant talent segment, while their weaker peers have a bit of everything; but no company can be all things to all people. Ideally, a company should simply figure out who it is aiming for, and make sure its brand is tailored to the talent segment it seeks to attract'.

Although traditional HRM stresses managing human resources as the most important asset and competitive advantage, it also advocates egalitarianism, which is to consider everyone as equally capable, and treat everyone the same. Nonetheless, TM advocators take the opposite perspective. They hold that employees are distinguished from each other in performance, potential and core competencies (Berger, 2004), and therefore argue that TM stresses 'talentism' (Lin, 2006), premise the classifications of employees, and believe that 'it is fair and necessary to invest scarce developmental assignments and resources on the most promising talent' (Walker, 2002, p. 13).

Segmentation is, in effect, a practical version of labour economics; without segmentation, managers would treat all employees as equally valuable, regardless of performance, competence, potential, or other characteristics that distinguish one employee from another, and this has the potential to create unnecessarily high costs for recruiting, hiring, training, developing, and compensating employees. Even though, alternatively, some researchers' TM models may adopt a broader view by recognizing everyone instead of only the top performers as having the potential to display talent as prerequisites (Stainton, 2005), they show a tendency to narrow the focus onto the key players at every layer of the organisation (Zhang, 2004). A number of scholars and practitioners have acknowledged that TM is impractical without segmentation (Berger, 2004; Michaels, Handfield-Jones & Axelrod, 2001; Towers Perrin, 2001), and contend that classification is the fundamental difference between TM and HRM (Lin, 2006; Chuai, *et al.,* 2008a; 2008b; 2009).

Meanwhile, it is important to realize that an overemphasis on differentiating talent pools will bring negative effects for business. Therefore, the differentiation process should not be taken to an extreme that will unavoidably discourage development, performance improvement, and teamwork. 'It is important to emphasize that the process may give different attention to different talent pools and yet be fair; fair treatment does not

necessarily mean the same treatment' (Walker, 2002, p.14). In general, TM can by no means be conducted at the expense of 'talent engagement'; it should be ensured that individual employees are fairly treated by having their voice heard and offering opportunities for growth, and consequently are committed to their work and the organisation (Armstrong, 2006).

3. TM stresses the importance of attraction and retention in the war for talent (Chuai, *et al.,* 2008a). As was introduced in the earlier section, TM has begun to gain its popularity since McKinsey first coined the phrase 'the war for talent'. The subsequent widespread discussion of TM, to a significant degree, derives from the deteriorating situation of skill shortages. For example, Hewitt (2001) argues that the major social crises of the twenty-first century will be the by-product of labour shortages. One CIPD report (2006) explicitly suggests that the changing demographics of the labour market and enduring skills shortages have created a so-called 'war for talent'. Thus, labour and talent shortages make the retention problem critically important, and perhaps no TM issues will have greater importance in the years to come than employee retention (Frank & Taylor, 2004). Hay (2002) also identifies the retention of 'the best, most talented staff' as the critical strategies for companies' survival in the war of talent. Similarly, according to Towers Perrin (2004a), the number one priority on the HR agenda is to attract and retain key talent. As Frank *el al.* (2004，p.13) unequivocally put it, 'employee retention is king'.

It can be seen that the wide adoption and acceptance of TM as a new managerial terminology is originally from the discussion of labour shortages. Therefore, it is not difficult to understand why the attraction and retention of talented individuals can acquire so much attention and achieve priority among all TM issues. Even though HRM practices have been broadly acknowledged as an integral part of all organisational systems (Mohrman & Lawler, 1997), there is no evidence that any particular issue of HRM that is left in such a distinctly favourable position as the attraction and retention of talents for TM.

Overall, the above comparison between TM and HRM indicates one key thing: TM is not identical to nor completely distinguished from traditional HRM processes. Whatever the conclusion, that TM is nothing new or entirely new, cannot stand repeated deliberation. It is too arbitrary to conclude that TM is totally novel or merely a repackaging of current HR practices (Chuai, *et al.,* 2007; 2008a; 2008b; 2009). Here, a summary is that TM has elements of both, just as Neil Paterson, director for regional business units at Hay Group, asserted that 'there is an element of talent management being both a soundbite and a bandwagon' (Warren, 2006, p. 29).

This view is also supported by David Guest's statement, 'TM integrates some old ideas and gives them a freshness' (cited by Warren, 2006, p. 29). The emergence and development of TM has its own particular history in context. The evolution of its concept and technique is not happening in vacuum. An effective approach to TM should inherit from and build on existing processes, provided that it is already using a common language to define what an organisation needs from its employees to meet its performance requirements, both now and in the future.

The above discussion is based on literature analysis; however, a responsible conclusion should also be tested at the level of practice. Furthermore, the present study is not limited to the discussion of whether TM is really differentiated from current HR practices; it is also designed to investigate the reasons behind the adoption of TM, and to explore what TM represents in terms of new managerial knowledge. At a practical level, the diffusion and adoption of any managerial discourse is a complex process, and different organisations might accept and conduct TM based on different considerations. Therefore, an empirical study was necessary to answer the research questions. Following the mode of the comparison in terms of literature findings, both divergence and convergence between TM and HRM in terms of empirical findings will be explored in the following section.

5.3.3 Similarities in terms of empirical comparison

The empirical research identified the similarities between TM and HRM, in parallel with the literature comparison.

1, Both TM and HRM emphasize integration with business strategy.

Integration with business strategy has already been pinpointed as a tendency for the HR profession by a number of researchers. Among them, Bersin (2007) illustrates the changing process of the very nature and purpose of HR, as Figure 5.1 shows:

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                                              ↗

                                    ┌─────────────────────┐
                                    │ Talent              │
                                    │ Management:         │
                                    │ -Competency         │
                                    │ Management          │
                    ┌───────────────┤ -Performance        │
                    │ Strategic HR: │ Management          │
                    │ -Recruiting   │ -Succession         │
                    │ -L& D         │ Planning            │
                    │ -Organisational│ Business           │
                    │ Design        │ Integration         │
    ┌───────────────┤ -Total Compensation-└──────────────┘
    │ Personnel Department:│ -Communications │
    │ -Payroll      │ Business Partner│
    │ -Benefits     │               │
    │               │               │
    │ Business Function│            │
    │               └───────────────┘
    │               │
    │               │
    └───────────────┘
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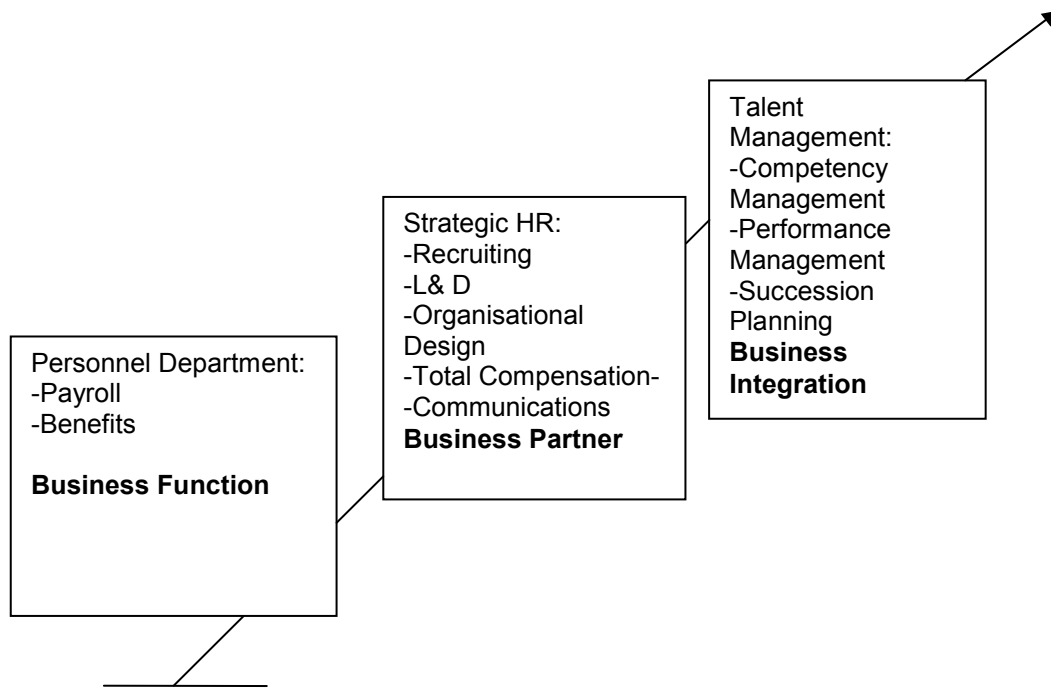
Figure 5.1 The Evolution of HR

(Source: Bersin, 2007, p. 14)

According to Bersin (2007), the functions of HR have evolved through the decades, influenced by both internal and external trends. HR has passed through a series of stages. In the 1960s and 1970s, the HR organisation was focused on the transactional business of managing people---hiring people, paying people and implementing systems to support theses transactions. During the 1980s and 1990s, the focus shifted to a more strategic HR, where the HR department established 'business partner' relationships with business managers. Today, TM has brought a real business meaning, and led people to enter a new era.

The empirical findings of the present project are in accordance with the review of the literature. For example, the Deputy General Manager from B claimed, 'all schemes relating to core talents must be integrated with the business demands of our company, TM strategies must be integrated with business strategies'. The HR Manager from A commented, 'the definition of talent is tightly coupled with the entire company strategies'.

Hence, tying TM to overall business strategy is identified as a key business priority not only in literature but also in practice.

2. Both TM and HRM stress managing human resources for their asset value.

Hendry (1995) offers a governing principle of HRM: people are the most important asset. As was illustrated earlier, HRM breaks with the doctrine of personnel management by asserting that an organisation's people are weighed as the same value as its financial and technological resources, or sometimes even more. TM inherits the tenet that 'talented individuals are the most valuable part of a company's assets' (Towers Perrin, 2004a, p. 2) from HRM, and also emphasizes the critical function of human resources in organisational performance.

As far as the empirical study is concerned, the wide range of definitions of talent offered by the case study companies broadly demonstrates how they value their own talents. For example, the Senior Consultant from F said that she helped her clients define talents as those people with great strategic value and a high degree of scarcity. She believed that talented individuals are close to the core business value; in consequence, they are of the utmost importance for companies to win in the context of intensifying market competition, and should receive strategic focus at different stages of development. Recently, under escalating competitive pressures, the discussion over 'the War for Talent' has achieved more and more attention both in academic and business practice. The claim that the only remaining competitive edge for organisations is in its human resources applies equally to TM. In fact, as the Public Relations Manager from C said, nearly all companies in China, including both foreign and domestic enterprises, seem to have accepted this principle in their daily management activities since the National Talent Working Meeting in 2003. This influential meeting held in Beijing was the first national and wide-ranging meeting organized by the central government of China, and broadly covered TM policies, rules and methods. It symbolized that TM has started to strike extensive roots in China. Since then, the imperative value of talents has been heatedly discussed, and increasingly stressed in China.

3. Both TM and HRM vest firmly in line management.

As was noted in the literature study, the shifting of responsibility for HR activities to line managers has been seen to hand over from HRM to TM. With the increased power and influence of the HR function at a corporate level (Kelly, 2001), the HR department has gradually unloaded its administrative or fire-fighting work to functional departments, and carried on more strategic and decision-making work. Thus, most supporting work has been transferred to the hands of line managers, and the involvement of line management has become a priority for changes in the HR function. Similarly, TM's necessity for integration with business strategy also requires the involvement of line management. The empirical findings provide strong support to this argument. For example, the Deputy General Manager from B claimed:

'The responsibility of the HR department is to provide support and guidance for line managers; as for line managers, they are not only the managers of their own employees, they are but also the managers of HR people in their own departments…HR department can (only) promote HRM principles to employees through those line managers'.

The HR Manager from D similarly observed,

'Line managers are supposed to be clearly aware of their employees' performance and abilities, consequently our line managers are designed to take immediate responsibilities of TM…TM has become a vital part of their work'.

In the eyes of the consultant interviewees, the involvement of line management is also critical for the successful accomplishment of their talent-related projects. For example, the Senior Consultant from E stressed that even though TM practices require everyone's involvement, including HR practitioners, senior managers and line managers, the ultimate responsibility will fall on line managers. The Senior Consultant from F and the Director of Consultancy from G held a similar view, that since functional departments are the real participants and beneficiaries of TM, they normally take responsibility for taking care of their own employees and controlling the process of TM. In general, all stakeholders during the interviews seemed to be enthusiastic about the involvement of line management in TM programmes.

4. Both TM and HRM identify placing the 'right' people into the 'right' places as an important means of integrating people practices with organisational goals, including individual development.

We saw earlier that 'having the right people in the right roles with the right skills at the right time to deliver both business and individual value' seems to serve as the objectives of HRM as well as TM. Mucha (2004) vividly describes such an objective as a 'sweet spot'. Once an organisation has assessed its future needs and roles, it is ready to identify and match individuals to the sweet spot. The sweet spot describes a model that positions the right person in the right job for them. She indicates the achievement of the goal as indicated in Figure 5.2.
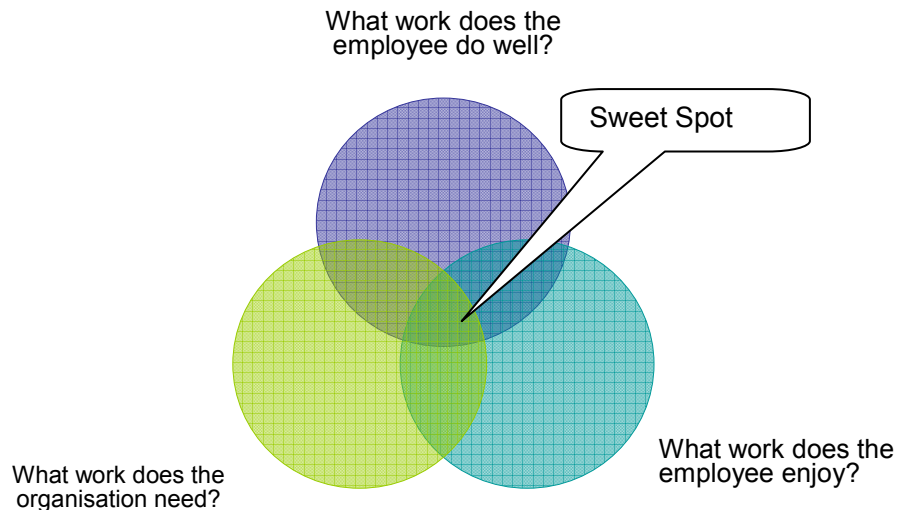
Figure 5.2 'Sweet spot' model

(Source: Mucha, 2004, p. 99)

Mucha's (2004) model illustrates a perfect match of talent and work, which is the ideal state for business activities and individual development, and meanwhile a constant challenge for both as well. Other researchers take a similar view (Duttagupta, 2005; Stainton, 2005; Ashton and Morton, 2005), as discussed in section 5.3.1.

The researcher found examples of the above line of argument in her empirical study, as typified by the Public Relations Manager at C: 'simply speaking, TM is to get the right people into the right places, and make sure that people and places are well matched'.

The HR Manager from D also commented:

'The discussion of talents cannot be isolated from the concept of traditional posts…posts and employees should match up with each other'.

Hence, although the matching process between individual employees and positions is a dynamic one in consideration of environmental and organisational change, it is common to both TM and HRM.

5. Both TM and HRM stress a 'double win' between employer and employee, which involves individuals fully developing their abilities for their own personal satisfaction to make the highest contribution to organisational success.

The HR Director from C pointed out,

'We have to value each employee…our company particularly encourages employees to stretch themselves…we sincerely expect that our employees could broaden their competencies, constantly realize and give full play to their potentials. Consequently, their personal competence will be improved; meanwhile, they will create more values for our company. Thus, this is a double-win process'.

The Managing Director from D held a similar view,

'We pay particular attention to individual development and personal career planning. The maximization of personal value will eventually lead to the sound performance of the whole business, so this is a double-win process'.

Moreover, TM in A is designed to realize the improvement of overall organisational competence through affirming individual talent's performance and inspiring the non-talented. In this sense, it is a double-win process.

It can be seen that TM involves both individual and organisational development in response to a changing context. When the objectives of TM are discussed, it is necessary to notice that the distinction of objectives between individual talents and the organisation is critical. From the perspective of talents, career advancement and personal growth are of most concern, while from the perspective of the organisation, improved performance and succession planning will be the target. It is because TM effectively combines these two objectives into the end goal of whole business strategies that TM becomes a double-win process.

6. Both TM and HRM cover the same key functional areas of people management.

The recognition in academic that both TM and HRM adopt a functional perspective is identical to most descriptions of TM during the interviews. The majority of the interviewees said that their TM projects cover almost all the traditional functional areas of HRM, albeit sometimes with a different focus. For instance, one employee from D stated,

'As far as the depth is concerned, TM may be involved more deeply; as far as the scope is concerned, TM basically covers all functional areas HRM is involves in'.

The Senior Technical Officer from C claimed,

'TM should cover the same functional areas as HRM, except that TM might pay more attention to employees' career planning'.

Expressing the matter slightly differently, some interviewees stated that the functional areas of TM and HRM overlap with each other to a large extent. For example, the

Education Coordinator from B observed, 'basically speaking, the functional areas that TM and HRM respectively involve overlap with each other'.

Hence, the functional areas that TM possesses are the same as in some traditional HRM models, such as recruitment, retention, remuneration, inspiration, development, and so on. It is the conceptualization of TM as a collection of common HR management and development practices, functions, activities or specialist areas that, to a significant degree, has generated debates about whether TM is merely a re-branding of HR practices, aimed at keeping them seemingly new and fresh (Byham, 2001; Chowanec & Newstrom, 1991; Heimen & O'Neil, 2004; Hilton, 2000; Mercer, 2005; Olsen, 2000).

7. Both TM and HRM stress the necessity of creating a winning employee value proposition.

As was illustrated in the literature study, a winning employee value proposition offers a set of assumptions, beliefs, meanings and values enacted and shared by organisational members, it thus helps employees form a psychological attachment to their organisations. Therefore, for one thing, employee value propositions differentiate the organisation's characteristics as an employer of choice from its competitors in the labour market through highlighting and marketing the unique aspects of the employment package; for another, the values and rewards offered to employees in return make them psychologically choose to stay with the organisation, and produce high work performance. Recently, with the war for talent getting more acute, more and more TM practitioners have realized the critical role of a set of mature talent value propositions. In fact, according to Woodruffe (1999), along with the phrase 'the war for talent', the notions of 'being an employer of choice' and 'having a winning employment proposition' have become part of the contemporary language of the HR practitioner. This was also the case with this empirical study. All case study organisations unanimously emphasized the importance of developing a talent mindset during the whole TM process, although some of them admitted that they had not accomplished the establishment of a sound and satisfying talent mindset and were still striving for it. The Finance Manager from A observed,

'Company culture is actually of great importance; in fact, talent mindset is an indispensable component of company culture'.

The Senior Technical Officer from C commented,

'Our TM strategy has already become an essential ingredient of the overall corporate culture and business strategies'.

The Deputy General Manager from B said that the build-up of a set of sound TM value propositions was the first thing they do before they declared TM programmes; only when TM was psychologically accepted by each single person, would they be efficiently fulfilled. The three consultant interviewees expressed a very similar viewpoint. They said that their cooperation process with clients was also a propagating and enhancing process of talent value propositions, and they always helped their clients produce a reasonable set of talent value propositions first, because a psychological acceptance of TM logically precedes the operation of TM.

In fact, a winning employee value proposition is the key differentiator of success for organisations competing to recruit, develop, inspire and retain talented people. It is also the basis for the 'deal' between individual employees and their organisations, which is a 'win-win' scenario in which organisations commit to meeting employees' particular, broad needs in return for all ongoing contribution by the individual to the organisation. In this way, the organisations' and each individual employee's value proposition entwine and become key elements of developing a compelling employer brand and engaging talent to help become an employer of choice in due course.

5.3.4 Differences in terms of empirical comparison

Through the above analysis, it can be noted that the empirical findings support the common points identified by the literature study. However, as for the differences pinpointed earlier, they require further analysis. In general, this empirical study verifies those distinctions between TM and HRM. Moreover, it reveals several other differences, as detailed below:

1. TM requires not only the buy-in of HR professionals and line managers like HRM, but also that of senior management team; a talent mindset becomes a tie, bringing all the different stakeholders together (Chuai, *et al.,* 2009).

The case study companies unanimously asserted that all stakeholders from the top to the bottom should be involved in the process of TM, and a 'talent mindset' is an essential means to achieve such a goal. For example, the interviewees from A said that a talent-focused management ideology has been widely accepted and discussed inside the company. Furthermore, because they have gradually realized that TM is a 'double-win' process, they would be willing to get involved within TM activities and undertake their respective responsibilities. According to the Sales Manager, TM is a top-down process. The buy-in of the senior management team plays a key role, because TM can only be effectively carried out with support from the senior level. In short, the senior management team is accountable for the macro-level orientation. The HR department is the 'motivation

generator' during the whole process. According to the Senior Administrator, the HR department plays the role of advocator and designer of the overall system, as well as 'result examiner' in the end. In most cases, it also takes the job of coordinating the different functional departments in order to guarantee the successful accomplishment of TM activities. As for the other functional departments, they are responsible for operations, but they can always seek guidance and consultancy from the HR department.

All the other case study companies showed no fundamental difference from A. For one thing, they acknowledged that a talent mindset does exist, and plays a critical role; for another, they followed the same process as A in allocating responsibilities to different stakeholders.

In sum, the empirical findings bear out Baron's (2005) viewpoint that TM is best seen as a perspective or mindset. A mindset which goes through the whole systematic management process will satisfy the requirements of TM for the involvement of all stakeholders, because a talent mindset (a deep-seated belief and organisational philosophy that having better talent at all levels allows organisations to outperform their competitors) is incorporated into every aspect of the enterprise. Within these organisations, management at every level believes that the successful use of talent is part of their responsibility, and that HR professionals act as the facilitator of these discussions and as the administrator of the programmes. In consequence, a talent mindset is embedded in the entire organisation, which is led by the senior management team, and supported by a range of initiatives developed by HR and implemented by HR and line managers. Leaders with a talent mindset make TM a top priority of business.

2. TM emphasizes segmentation, while HRM asserts egalitarianism (Chuai, *et al.,* 2007; 2008a; 2008b; 2009).

When looking at the literature findings of TM, some strong supporting evidence to this argument can be found. For instance, Huselid *et al.,* (2005: 117) argue,

> 'The essence of the issue is the distinction between equality and equity. Over the years, HR practices have evolved in a way that increasingly favours equal treatment of most employees within a given job. But today's competitive environment requires a shift from treating everyone the same to treating everyone according to his or her contribution'.

Most of the case study companies believed that their talents are tightly tied up with their core value chain. Therefore, they can create more business values in contrast to other performers. A viewpoint widely held among them is that TM is significantly different from HRM in that the latter treats each employee in the same way and avoids differentiation regarding the allocation of company resources, whereas 'TM sees the needs of core and

non-core employees as being different, and starts to pay attention to different demands of different groups of people' (IT Support Manager from D).

The HR Manager from A elaborated on the issue by referring to Maslow's need-hierarchy theory: the needs of employees with different performances and potential are different in a broad range; therefore, they should be managed differently. TM stresses favouring the deployment of company resources towards 'selected elites and key employees' (Sales Manager from A). The Finance Manager from the same company commented, 'it is a kind of waste of company resources to manage employees without any particular emphasis in pursuit of egalitarianism'.

The HR Manager from B echoed the above, 'traditional HRM means that enterprises equally distribute their resources; while TM emphasizes a differentiated distribution of resources'.

Hence, an evolving resource-based view of HRM shared among the interviewees inevitably results in a special focus on talents.

In effect, the interviewees' remarks are consistent with some of the strategic HRM literature--- Lepak and Snell (2007)'s architectural perspective to knowledge-based competition seems particularly relevant here. According to Lepak and Snell (1999; 2007), a firm should be viewed as a portfolio of multiple types of human capital that range in the kinds and levels of knowledge used to perform jobs. Therefore, the relative contributions of employees to a firm's core competencies differ, and some employee groups are more instrumental to competitive advantage than others. In order to maximize their potential contribution, a firm should adapt its HRM system to manage each distinct employee group differently. The major implication of Lepak and Snell (1999; 2007)'s model was that within organisations, considerable variance exists with regard to both the uniqueness and value of skills; as a consequence, real and valid variance exists in HR practices.

In addition, it is necessary to mention that the segmentation of employees, in a narrow sense, is first a vertical classification, and then a horizontal gradation process. This was the case with the majority of the interviewed companies. However, in a broad sense, it is only a vertical classification process. This was the special situation with C, which tended to define talent from an inclusive perspective. The vertical classification process takes different organisational capabilities into consideration, not only managerial ability, but also some technical abilities, such as engineering, sales, etc. Which organisational capabilities are considered as talent criteria totally depends on each enterprise's core values and its

strategic goals at different phases. After this process, employees will be divided into different classifications.

For example, the IT Support Manager from D said that they first classified their talents into managerial, technical and marketing sequences. Following this step, they would design diverse development and promotion passages for each category of employee. As a result, people would not be limited to a single managerial career path any more. This is essential now, because there might not be enough leadership positions for high achievers on the one hand, and people might not be interested in managerial posts on the other. The horizontal gradation process refers to the traditional selection process of top performers, in accordance with performance record as well as potential assessment. What segmentation fundamentally initiates, then, is a kind of differentiation management, which is believed as a new content that TM brings into HRM. As the Associate HR Generalist from B observed,

> 'HRM might be relatively coarse when it first turned up. With the development of its management ideology, HRM shows a tendency of being more directed and detailed by emphasizing differentiation management, which is just what our TM stresses'.

3. TM highlights the importance of attraction and retention in the war for talent (Chuai, *et al.,* 2008a).

It is not difficult to understand that the attraction and retention of talents has become the core content of TM, because ample evidence could be found from the empirical study. Nearly all the case study companies held the viewpoint that the attraction and retention of talents is becoming the No. 1 issue for them to handle currently. In fact, many interviewees expressed the view that talent attraction and retention is their main reason to adopt and conduct TM (see, e.g., interviews with the Managing Director from D and the Sales Manager from A, in section 4.2.4).

In addition, the HR Manager from A also commented,

> 'Our company launches the talent-related programmes mainly based on two considerations. First, when a company develops to a certain extent, it will unavoidably concern the retention of its core talents; second, we realize the difficulty in filling our vacancies with the talents we require. Thus, we draw into the concept of TM'.

The Education Coordinator from B claimed, 'in current days, the talent competition is increasingly intensifying. Attraction of external talents and retention of our own talents are our main considerations'.

The Senior Technique Officer from C similarly responded,

> 'Our company pays a great deal of attention to looking after the internal talents, because we cannot stand the loss of them. Meanwhile, the external pressure from the talent competition also exerts impacts on our decision process of talent strategies.'

Hence, in view of the fierce competition for talents, especially for experienced professional and managerial talents who are familiar with the ever-changing market in China, it is not surprising that both the empirical and literature findings reach the same conclusion on this matter.

4. For the majority of the interviewees, TM is just one part of, and therefore not synonymous with, HRM (Chuai, *et al.,* 2007; 2008a; 2008b; 2009).

This conclusion is drawn in terms of the scope they respectively cover. TM involves a directed and detailed focus by management upon certain groups of people, as against HRM's focus on the management of all staff (all the companies took this position apart from C, which was inclined to adopt a broad view of 'talents'). For instance, one employee from D stated,

> 'TM is just one aspect of HRM.…HRM cares about the management of all employees in enterprises; while TM just focuses on the most valuable people in organisations. Therefore, from this point of view, TM is just one part of HRM'.

The HR Manager from A noted that 'there is some slight difference'. The overwhelming view was that HRM is concerned with the management of all employees, thus 'HRM is a kind of macroscopic management' (Sales Manager from A), whilst TM highlights a group of individuals who are regarded as the most valuable and critical for the company's future development.

Similarly, the Deputy General Manager in B observed,

> 'TM pays more attention to top performers, while HRM covers a much wider scope, such as workforce planning, etc. all kinds of managements that deal with people. It should be said that TM is included by the whole HRM'.

The above view is directly related to how each company defines TM: if a relatively narrow, as against broad, definition is adopted, then this conclusion would logically seem to follow.

5. Different starting points between TM and HRM (Chuai *et al.,* 2007; 2008a; 2008b; 2009).

Interviewees from E and F took the view that the 'starting point' of HRM is that it is fundamentally about separate functional models, such as recruitment, training, development, assessment, etc., it views each of these functions as an isolated assembly line, and its focus is not on people *per se*, but on the successful fulfilment of each function. They further explained by giving an example. It is quite common for companies to set up some particular posts accountable for different HR functions, such as Recruitment

Coordinator, Training Associate, Compensation Specialist, etc. The people occupying those posts are consequently only responsible for the issues in their own function, e.g., the Recruitment Coordinator is only responsible for recruitment issues, the Training Associate is only responsible for training issues, and the Compensation Specialist is only responsible for compensation issues. Therefore, for HRM, the relationship between different functions is very loose. On the contrary, the starting point of TM is people, i.e. 'talents'. Under TM, management functions are no longer seen as divided, but as linked, tightly coupled with each other around talent. Consequently, the key objective of TM is a smooth supply of talent to/in the organisation. The senior consultant from E commented,

> 'HRM always emphasizes the perfection of its own functional models, and does not focus on its ultimate products, namely people, while the starting point of TM is the people who are needed according to business strategies at different stages of development, rather than different functions. This is the main difference'.

In section 4.2.3, the Senior Support Engineer from B expressed a similar view. According to him, B only had a talent selection mechanism before, while lacking the corresponding management means and methods aiming at those selected top talents. In contrast, the current TM programmes help them make the management of those people systematized.

A similar line of argument can be found in the literature. Oakes (2006), for example, noted that the range of functions TM addresses has often been referred to as the 'employee life cycle', or 'cradle-to-grave' employment applications.

In a recent CIPD report, Tansley, *et al.,* (2007) echoed such an argument by suggesting that TM is joined-up thinking, combining the different elements of human resourcing process in a structured approach, with its key processes supportive of each other. The authors summarise those key processes as a talent management 'loop', as Figure 5.3 shows.
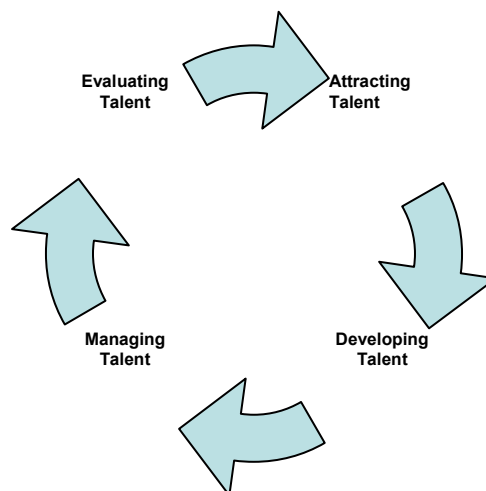

Figure 5.3 The talent management loop

(Source: Tansley, *et al.,* 2007, p. 19)

Armstrong (2006: 389-390) similarly claimed,

> 'There is nothing new about the various approaches contained in the concept of talent management---attraction, retention, motivation and engagement, development, and succession planning. But they are bundled together to produce a more coherent whole that can be a vehicle for the development and implementation of coordinated and mutually supporting approaches that help the organisation to get and to keep the talented people it need…the aim (of TM) is to secure the flow of talent'.

Sullivan (2004) observed,

> 'TM produces excellent results because it overcomes the major problem of traditional recruiting, which is isolation. It instead integrates the previously independent functions of recruiting, retention, workforce planning, employment branding, metrics, orientation and redeployment into a seamless process'. (http://www.ere.net/articles/db/27FA8EDD165C41FCAA3350D21F00891B.asp)

Stewart (2008: 4) also contended, 'talent management can usefully be conceived as a pipeline through which individuals pass'.

As for the operation of the HR department, it seems that most HR departments operate under the influence of a functional model where every HR unit operates on a relatively independent basis. Except HR generalists, every single HR unit has its own goals, budgets, responsibilities and measures. TM is distinct from this traditional approach to HR; it takes a broader and more strategic approach by demanding that independent HR efforts should be integrated through common goals, which contributes to a more seamless operating process of people management. This is a fundamental change in perspective. However, according to the Senior Consultant from E, it is just such a simple change that explains TM's popularity among senior managers.

The above empirical comparison between TM and HRM terminology and practice not only verifies the literature findings identified in the earlier section, but also explores some additional distinctions between these two concepts. There seems no hesitation in concluding that TM does represent some new and fundamental knowledge, rather than a simple repackaging of old techniques and ideas with a brand new name. Therefore, Williams (2000) claims that 'the shift from human resource management to talent management is one of the big leadership challenges of the new millennium' (p. 198).

Meanwhile, it is worth noting that even though TM has emerged and developed in its own particular social and economic contexts and time period, it inherits from and builds upon existing practices, norms and processes, and draws upon an extant language which defines what an organisation needs from its employees to meet its performance requirements, both now and in the future. Consequently, TM unavoidably contains elements of HRM. Raub

and Rüling (2001) claim in an earlier study that some concepts persist visibly due to a process of 'piggybacking', whereby novel management ideas are introduced as extensions or further development of previous ones. Rüling (2005) later added that 'competition and open confrontation among concepts seem to be rare; a novel management idea can be more easily built up by positively embracing instead of criticizing existing concepts' (p.192). Torrington (1998) is unequivocal ---'it would almost be possible to say that the firmest rhetoric about the change from the old to the new was associated with the least change in practice' (p. 27).

This does not mean that TM is just a superficial renaming or a simple buzzword with a short-shelf life. During its formation, TM does inject some fresh ideas, which has been sufficiently proved by the empirical as well as literature findings of this study. Maybe the statement of the Associate HR Generalist from B makes the point here,

> 'TM is a logical result of the further development of HRM, it is not something completely different and isolated from HRM. It is a kind of management developing and evolving on the basis of HRM; moreover, it is still covered by HRM'.

Overall, the content of TM not only includes some traditional theories and practices of people management, but also incorporates a major breakthrough in terms of the differences from HRM, as identified in this study.

5.4 Is TM another managerial rhetoric through which HR struggles to improve its legitimacy and status?

There has been an enduring argument that HR practitioners easily go in for 'impression management' (Marchington, 1995; Armstrong, 2006), which is aimed at making an impact on senior managers and colleagues through publicizing high-profile innovations. In fact, Drucker (1954: 205) noted this more than half a century ago,

> 'The constant worry of all personnel administrator is their inability to prove that they are making a contribution to the enterprise. Their preoccupation is with the search for a 'gimmick' that will impress their management colleagues. Their persistent complaint is that they lack status'.

Thus, HR practitioners may draw attention to themselves by promoting the latest flavour of the month, irrespective of its relevance or practicality. Berglund (2002) similarly argues that HR professionals have struggled to re-establish their legitimacy and status by adopting different roles and rhetorics to impress their associates. Williams (2000: 195-196) offered a comparable view in his book:

"In many organisations, HR is not represented at board level and so is rarely party to 'inner cabinet' strategic policy discussions and the formulation of key business strategies. Consequently, HR tends to function at operational levels, with little or no part to play in shaping the strategic direction of the organisation....there are certainly also plenty of consultants and business schools who will eagerly peddle yet more enticing and plausible 'flavours' for those anxious to establish credibility and centrality with their boards. The rush for panaceas may, in such circumstances, lead to a search for 'solutions' to problems".

In this study, the empirical findings challenge this position with regard to TM. The interviewees unanimously commented that the real driving force for adopting TM is their own demands for further development and the urgent demands for the attraction and retention of talents in most cases, rather than some 'frivolous pursuits' (English Tutor from D) and 'superficial tricks' (Sales Manager from A). An abundance of evidence was found. For instance, the Public Relations Manager from C commented,

'Any actual development must depend on internal causes. Internal causes are determinants; while external causes can only be some auxiliary causes. In a word, external causes can only become operative through internal cause'.

As was seen in section 4.2.4, she further observed that the pursuit of the HR department's status and credibility inside organisations was just an external cause. Therefore, it cannot act as a determinant during the adoption of TM.

In B, the interviewees held a similar viewpoint. The HR department plays the role of strategic partner and consultant; excluding its daily routine work, all the other effort has put the HR department in a strategic position. Certainly, if the HR department does a great job, it will make a favourable impression on the other departments; but that is all. Even though the improvement of the HR department's status cannot be excluded from the initial concerns, it is 'by no means a point of departure' (HR Manager). As the Deputy General Manager claimed in section 4.2.4, instead of a reason for adopting TM, the improvement of the HR department's status is just one of the logical effects or accessory of the propagation of TM.

This, to some extent, echoes the findings of a co-study by the Human Capital Institute (HCI) and Vurv Technologies (2007), which surveyed HR and non-HR practitioners, managers and executives about their attitudes and experience as related to the role of HR in organisations. According to this survey, HR appears finally to be gaining respect and credibility in most organisations. Although this survey cannot provide sufficient support to this research by arguing that such a change by no means results from an ambitious struggle by HR professionals to demonstrate their importance, it cannot prove the opposite argument, either. Actually, it provides a rather ambiguous conclusion---that it is difficult to

determine whether such a change is due to the achievement of HR or the increasing attention given to talent over the past several years (Schweyer, 2007).

In contrast to the Public Relations Manager from C, some other interviewees did not even take account of the pursuit of the HR department's legitimacy and status in their decision process of TM (see, e.g., interviews with the English Language Tutor from D and the Sales Manager from A in section 4.2.4). They commented that their HR departments had already gained an important status; therefore, there was no point for HR people to take risks to do anything else just in order to upgrade their position or enhance their influences in the companies. As the English tutor from D claimed, 'our HR department is a stable department; it won't make any decisions based on those frivolous pursuits'.

In addition, the Organisation Studies literature often claims that popular management concepts are powerful tools for individual managers to help them appear modern and innovative (Ernst & Kieser, 2002; Spell, 2001; Abrahamson, 1996). However, an observation from one of the interviewees was found to be in contrast with this argument:

> 'The existence and development of the HR department is for the wellbeing of the company rather than the build-up of certain individuals' public image or popularity. Maybe a number of people have this kind of cognition or understanding in their subconscious. However, the HR department or these several individuals cannot make business decisions on behalf of the overall company, because the company is a business organisation chasing profits, it will always do cost accounting before any business action' (Senior Consultant from F).

Overall, in view of the above findings, the researcher challenges the idea that TM is just another struggle and attempt by the HR department to establish and enhance its legitimacy and credibility in the organisation (Chuai, *et al.,* 2007; 2009). In addition, as far as the individual influences over the adoption of TM are concerned, the researcher also has grave doubts about the authenticity.

5.5 Analysis of the reasons for adopting TM from substantive and symbolic perspectives

As was noted in the literature, a number of academics have expressed their concerns about the effectiveness of fashionable management concepts in terms of the substantive and symbolic perspectives (Ashforth & Gibbs, 1990; Røvik, 1998). The researcher analyzed the collected data with respect to these two perspectives, and has elaborated on them with reference to Røvik's theory of motivation.

Since management knowledge is composed of technical as well as rhetorical elements (Zbaracki, 1998), it fulfils not only technical but also conceptual and symbolic functions for an organisation (Astley and Zammuto, 1992). Thus, organisations may adopt new concepts and then conduct real, material change in organisational goals, structures and processes or socially institutionalized practices accordingly, when they aim at finding an effective 'tool' to facilitate improvements in those perspectives (Ashforth and Gibbs, 1990; Røvik, 1998). TM does bring some new ideas and modifications in management ideology, rather than representing a simple re-packaging of old techniques. In this sense, it is reasonable to draw the conclusion that TM can be seen as a carrier of substantive meanings. The Senior Consultant from E commented,

> 'The old stuff cannot be sold out, just because they don't meet our clients' demands any more. Our clients are in continuous growth; the old methods, which could help them sort out problems in the past, cannot help them sort out problems in current days. Therefore, the solutions we propose must be based on our clients' actual difficulties and their subsequent demands. Many of our products are the conclusions of our innovations in resolving actual problems'.

The HR Manager from D observed, 'the emergence of TM is affirmatively for the purpose of resolving problems'.

Meanwhile, it is important to notice that TM as a substantive tool to sort out actual problems and facilitate improvement does not reject the possibility that TM could bring symbolic meanings for organisations. For example, in section 4.2.4, the HR Manager from A admitted that TM brought them branding effects in the labour market, by keeping the title as 'best employer' for several years, not only in the Great China Area, but also in Asia.

In fact, the interviewees widely held the view that, even though symbolism was not a main reason or motive for their adoption of TM, it is undeniably one of the effects that TM practices could bring. For instance, the English Tutor from D argued that the pursuit of symbolic meanings does not seem to be a determinant in their acceptance of TM, because 'the obtainment of branding effects is just one of the outcomes that TM programmes bring about, it is by no means our preliminary intention'.

The Deputy General Manager from B similarly stated, 'the achievement of branding effects should be just an accessory; we wouldn't advocate TM simply in order to chase branding effects'.

This perspective accords with that of some academics. According to Riley (1983), the distinction between substantive and symbolic legitimation may blur over time as symbolic practices become embedded in the culture, and generate complementary structures and

processes. Even though management gurus and consultants trade on fashion through persuasion and image manipulation (Bloomfield & Danieli, 1995; Clark, 1995), they also rely on developing new ideas into applicable methodologies and techniques (Fincham & Evans, 1999). Therefore, consultant techniques are not immune to fashion, nor does a fad necessarily have a superficial effect on organisational processes; management gurus and consultants may propagate short-lived fads, but they also create appetites for solutions with strong underlying themes (Abrahamson, 1996a; Huczynski, 1993; Watson, 1994).

5.5.1 Adoption motivated by 'real' organisational problems

When investigating the motives for the case study companies' adoption of TM, the author has come to accept the argument that the companies employ TM techniques because those techniques can help them resolve organisational problems. A number of scholars hold a similar view. For instance, Spell (2001) believes that more often than not, popular management techniques originate with practicing managers. Galbraith (1980) argues that no new forms of organisations or techniques can be invented by management theorists. During the present study, interviewees expressed their disappointment and dissatisfaction with previous solutions and procedures, articulated their current deficiency, inadequacy and inappropriateness, and simultaneously asserted that TM does bring some fundamental changes to overcome those problems. The main problem was that traditional HRM lacks a systematic and directed management focus aimed at particular groups of people. For example, the Senior Support Engineer from B mentioned that the management of their top talents used to be limited to a talent selection mechanism, with the absence of the corresponding management means and methods. He further observed,

> 'We did not set up a smooth and effective management procedure at that time. Although 'talents' or some similar names, such as 'core employees', 'key employees', might be mentioned in the HRM practices, the management of those people was solely limited to a single functional model, i.e. selection. Our current TM, however, not only makes up the other functional models but also makes them more systematized'

The following quotes provide some academic support:

> 'At the heart of this growing interest in talent management is the recognition that it is not enough just to attract individuals with high potential. There needs to be a planned strategy for managing their talent' (CIPD, 2007a, p. 1).

> 'Talent management is not a fortuitous or haphazard affair that arises as the result of serendipity or because a manager happens to feel that it is about time he or she took an interest in a particular member of staff. Rather, it is a well-structured, systematic and continuous process, which provides a bedrock of organised consistency between managers and their talented staff' (Williams, 2000, pp. 186-187).

In addition, as was seen earlier, traditional HRM does not advocate segmentation of employees. Consequently, it does not emphasize differentiation management. As a result, another problem arising is that companies were short of particular management means and methods for different segments of employees. For example, the absence of tailored career paths, which were often mentioned during the case studies, could lead to 'career mistakes' (Blenkinsopp and Zdunczyk, 2005, p. 359) in terms of a mismatch between individual expectations and reality. TM, as a novel terminology and managerial technique, counteracts HRM's weaknesses and defects by stressing differentiation management. For example, the HR Manager from D observed,

> 'The loss of our talents mainly happened in our professional and technical categories of employees, because those professional and technical talents came up against bottlenecks in their career development. At that time, we were indeed short of a set of directed management systems aiming at those people; if they could not enter the management team, whatever their compensation or positions in the company would not satisfy their own demands. Thus, our professional and technical talents easily run off. In a word, we were short of a system or a channel for those people to develop and give full play of their talents and initiatives'.

The Marketing Director from C held a similar view,

> 'We divide all of the employees into four major categories, i.e. managerial category, professional category, sales category and operational category. Each of those categories includes a variety of job sequences, which is to indicate different promotion paths for different sequences of employee. Therefore, each talented individual can find a clear path for his/her personal career development…Before, there was just a single path for administrative/managerial jobs. Hence, the diversification of the promotion paths should be a purely new content'.

This finding has no lack of academic support. For example, a quote from Stewart's (2008) study precisely describes this type of problems for companies: 'individuals who do no demonstrate talent or potential for leadership roles and are therefore identified and labelled as not-talented may in fact have other talents and potential that is of equal importance and significance' (p. 8). Ashton and Morton (2005) also argue that complex economic conditions require segregated talent and TM, which is one of the driving forces for the introduction of TM.

Hence, the empirical findings indicate that it is explicitly the tools and practices behind the concept, rather than the simple and superficial symbolic characteristics of the term, that have driven the implementation of TM.

5.5.2 Adoption motivated by externally created problem descriptions

With regard to the adoption motivated by externally created problem descriptions, the empirical findings, to some degree, support the earlier literature review. Today, a broad range of descriptions regarding the war for talent can be observed. For instance, according to Kaye and Jordan-Evans (2002), skilled workers will increasingly become a scarce resource as a result of demographic change, which in turn will cause higher recruitment costs and give more bargaining power to talents. Branham (2005) argues that due to globalization and demographic shifts in the labour market, the most pressing concern, other than the overall economic climate, is hiring and retaining talent. Turner and his colleagues remark in a recent CIPD report (2007b) that an immediate or predicted shortage of individuals with the required talents in the external labour market is the key driver pushing TM onto the top of the corporate agenda. Scullion and Collings (2006) also contend that the emergence of international TM is a strategic response to the increasing problem of management talent shortages.

As far as the talent war in China is concerned, the situation is similar. According to Zhang and Carter (2007), within this vast country, which boasts a population of 1.3 billion people, China possesses only a very limited 'qualified' pool of employee talents that is employable in the types of positions required by foreign invested enterprises. Buxton and Li (2007) stated,

> 'In the past, the MNCs' biggest challenge was with patent protection, but today, the single largest brake in China is the struggle to attract---and even more importantly, retain---an executive workforce that possesses the right skill sets to sustain the growth for the long term' (p. 1).

However, Røvik's (2000) 'externally created problem descriptions', in a strict sense, is inclined to stress the symbolic functions of those problem definitions. This means that organisations would be more likely to adopt popular management techniques because of the significant psychological influence those descriptions exert over them, rather than their personal perception of pressing external problems. In this sense, the issues identified in the case study companies, to a significant extent, differ from Røvik's (2000) argument. Here, all companies admitted that they were suffering the pain of fighting for the best talented individuals, and most of them listed 'attraction and retention of talents' as their number one reason for adopting TM. The findings show that they are currently experiencing real problems. For instance, the interviewees in A indicated that they felt pressure from both the inside and outside of their organisation, which eventually had driven them to accept TM. The internal pressure was the demand to retain their current talents in order to guarantee and even enhance overall management competence and foster more management experts. The external pressure was their need to attract more talents to the company. A statement from the Sales Manager is indicative:

'Currently, we are still short of sales talents. We not only have our own products, but also are commissioned to sell the other companies' products…There are a number of companies commissioned to sell the same company's products, so there is definitely competition between us, certainly including talent competition. Frankly speaking, if we need a marketing executive, we will not only value our internal training programmes, but also actively look for suitable persons in the external labour market'.

Likewise, interviewees in B said that they realized the fierceness of the competition in the talent market. The adoption of TM was a result of the urgent requirement to adapt to the current market competition, and the demand to keep and inspire current talents. The author found that this was also the case with C and D.

Hence, the empirical findings illustrate that the case study companies had adopted TM mainly because they perceived the deteriorating situation in the external talent market, just as Carrington (2004) claims that companies have come to understand the necessity of attracting and keeping their talented labour force because they have gradually realized the immense costs and difficulties of external recruiting. In this sense, TM as a rhetoric does involve some techniques under that term, and offer some solutions for those objective problems. Notwithstanding, Røvik's (2000) symbolic explanation, that companies would employ a new managerial technique simply because they are psychologically vulnerable to the threats and problems described by outside actors, does not seem to apply, at least with respect to the current case study companies.

5.5.3 Adoption as a way of strengthening corporate and individual identity

The third explanation Røvik (1998) puts forward to analyze the motives for adopting popular management concepts is as a way of strengthening corporate identity. He gave two reasons. First, organisations are motivated to imitate others through continuous comparisons and in terms of how they want to be perceived in the future. The experience of successful organisations encourages others to undertake the same fashionable managerial techniques which, it is believed, will bring the same success and strengthen corporate identity as well. Secondly, a widely acknowledged reason is the wish to distinguish and differentiate the organisation from others by applying new concepts. Blenkinsopp and Stalker (2004) observe that managers are involved in an ongoing process of constructing and managing their identity in terms of how they are perceived and how they perceive themselves. Simmel (1973) argues that not only organisations, but also managers have to meet the demands for being individualistic and innovative. Thus, management fashions may not only symbolize corporate image, but also symbolize individual managers as innovative and modern (Ernst & Kieser, 2002).

The empirical findings of this study do not support this argument, because no case study companies believed that they imitate or are driven by other competitors from the same industry. They widely adhered to a standpoint that their companies are pragmatists; as business organisations chasing profits, each of their business actions is rational, and sets the achievement of profits as the end goal. Hence, those 'superficial tricks' (HR Manager from B) and 'frivolous pursuits' (English Language Tutor from D) can never work as a driving force for them to adopt TM. As was shown in section 4.2.4, the HR Manager and the Managing Director from D similarly commented that nothing but the actual internal demands could be the real driving force, and imitating other companies or making decisions under the influence of the headquarters could not generate constant motivations. They would always try to fulfill their own demands, rather than spare limited time and vigour on chasing 'formalism stuff'.

The researcher, through analyzing the literature and empirical findings, tends to believe that since all the case study companies are well established and organized MNCs, which are very prestigious and influential in their respective business sectors, they belong to a group of fashion setters in the so-called management fashion market. Therefore, it is not difficult to understand why the conclusions drawn from the empirical study are inconsistent with the line of argument found in the literature. The comment from the Public Relations Manager from C illustrates this explanation,

> 'I feel that our company plays a leading role in the dissemination process of TM. There might be some followers during the overall process. It cannot be ruled out that there is such a possibility that some enterprises, especially small businesses imitate other companies. However, in consideration of the current situation, it is still a rare phenomenon'.

With regard to the argument that adopting TM is to achieve/enhance individual popularity and status inside the company, it is also refuted by this empirical study. The detailed evidence can be found in section 5.4.

5.6 Analysis of the reasons for adopting TM from the perspective of new institutional theory

According to DiMaggio & Powell (1983) and Greenwood & Hinings (1996), new institutional theory refers to the idea that organisations are getting increasingly similar in institutionalized environments with socially defined and legitimatized norms for how they should behave, namely, institutionalized standards. Three institutional mechanisms, as introduced in the literature review, are said to influence organisational isomorphism

behaviour. The researcher will reflect upon the adoption of TM in terms of these three mechanisms, given that all of the sample organisations are well established and recognized global companies, and are concerned about their legitimacy and status in their respective institutional environments.

1) Coercive mechanism

Firms face institutional pressures from government regulators, professional associations and social networks, as well as competitive pressure from the other rivals. Such pressures may be felt as force, persuasion, or invitations to join in as collusion (Meyer and Rowan, 1977). Therefore, institutional pressure may shade some light on why companies would like to accept and implement TM. In the present study, although coercive mechanisms did not work as a driving force to *adopt* TM, they did seem to play a role during the whole process.

The researcher asked the interviewees whether they had been influenced by their headquarters during the adoption process of TM. They all said that even though it was not significant, the influence from the headquarters was there and could not be totally ignored. For example, interviewees in B noted that, although their headquarters would always take account of the characteristics of the subsidiaries in different regions and nations, and give them plenty of autonomy to act on their own, according to their respective situations, B was after all a global company with unified management modes and ideologies, and therefore its talent-related management, in the final analysis, was advocated by the headquarters. This was also the case with A. For instance, the HR Manager commented,

'Our company is a multinational corporation headquartered in the USA…its nature contributes to its global management mode…I mean that the management ideologies are always kept globally consistent. In this sense, our talent-related management should be promoted by the headquarters'.

The empirical findings show that the influence or even pressure from headquarters does exist, however it is not a determinant in the implementation of TM. Some researchers hold a similar view. For instance, Scullion and Starkey (2000) argued that 'the central issue for MNCs is not to identify the best international HRM policy *per se,* but rather to find the fit for the firm's strategy, structure and HRM approach' (p. 1063). Martin and Hetrick (2006) identify the general drift in the strategic management literature and practices of many MNCs from global to local solutions to meet increasingly differentiated markets. They further argue that 'workforce segmentation is merely a manifestation of this general trend' (p. 228). Dowling *et al.* (1999) state that the earlier studies of headquarter-subsidiary relationships tended to stress flows of knowledge and policy from headquarters to

subsidiaries, however there is a significant limitation to this approach, as the former periphery (subsidiaries) could develop into independent centres for investments, key activities and influence. Forsgren (1990) feels that it is more realistic to regard some MNCs as loosely coupled political systems, rather than tightly bonded, homogeneous, hierarchically controlled systems. Bartlett and Ghoshal (1990) develop the notion of the MNC as an inter-organisational system, which is a network of exchange relationships among different organisational units including external organisations (such as host government, customers, suppliers and competitors) as well as headquarters and national subsidiaries.

According to the Director of Consultancy in G, in talking about the company's Leadership and Talent service line, their training institute, based in the headquarters in the USA, explored TM-related products and training materials a long time ago. Since then, those products and training materials have been gradually introduced to their wide range of subsidiaries and offices around the world. However, because there is normally a time gap for the transfer of management ideology from the USA to China, G (China) at the beginning just tried to comprehend those training materials and fumble towards their own way, rather than passively accept and then sell those products. It was after China's market became mature enough that G officially started establishing its Leadership and Talent business line in China.

Hence, a subsidiary in a global corporation will unavoidably be influenced by its headquarters; but, the influence is limited, because modern companies are supposed to be rational, their business behaviours based on their reasoned analysis. Pure coercion from the headquarters does not seem to fit in this prerequisite, and the empirical findings do not support it.

With regard to the other coercive factors mentioned in the literature, the researcher could not trace any evidence of their influence, except that of government. The influence from the government was only mentioned during the interview with the Public Relations Manager from C. According to him, the National Talent Working Meeting held in Beijing in 2003 was the first nationwide meeting organized by the central government of China, and covered nearly all the talent-related policies, rules and methods. This meeting also symbolized that TM had started to be widely discussed and practised in China. The Public Relations Manager mentioned this when he briefly outlined the external environment for TM. C entered China's market in 2005, so the influence from the Government at their early stage of development could by no means be overlooked. However, given that he did not consider this influence as a critical factor in motivating the company to accomplish TM, and that nobody else brought it up during the study, the researcher acknowledges the existence of

the influence from the Government on the one hand, but refutes the proposition that it played a vital part on the other.

2) Normative mechanism

This mechanism assumes that the degree of professionalization of employees affects the nature of the management control system and its related practices. According to DiMaggio and Powell (1983), there are two sources of isomorphism. One is from formal education, such as universities and professional training institutions, because these organisations are key actors for developing organisational norms among professional managers and their staff. The present researcher found no empirical support for this argument. In fact, the interviewees were from a rather broad professional background: managerial, technical, sales, marketing, and so on. As for HR practitioners, they held degrees in a wide range of disciplines, rather than just HRM. For instance, the HR Manager from D graduated with a BA in geography. Therefore, this argument is worth doubting.

The second is professional networks, such as professional and trade associations. These organisations could be another vehicle for defining and promulgating normative rules about organisational and professional behaviours. However, this argument is not supported by the empirical findings. In China, there is a shortage of nationwide HR professional associations. Most of the HR-related associations are just regional or specific economic section-focused organisations. For instance, TEDA (Tianjin Economic-Technological Development Area) Association of Human Resource Management is based in Tianjin, Shenzhen Association of Enterprises with Foreign Investment is based in Shenzhen. Among these, one relatively influential organisation is the Human Resource Association in Foreign Enterprises (HRA), which is owned by Beijing Foreign Enterprise Human Resource Service Co., Ltd. (FESCO). Nearly all of the foreign enterprises in Beijing are clients of FESCO, including case study organisations. When the researcher contacted FESCO, she found very limited documentary evidence that FESCO has been involved with promulgating TM. Meanwhile, the case study company interviewees expressed the view that FESCO only helped them process routine or administrative work, such as recruitment or social insurance. Therefore, their relationship with FESCO was not strategic, and did not involve TM issues. This finding echoes a recent report by China's central news agency---Xinhua Agency (2007). According to this report, compared with multinational giants that have already entered the Chinese market, China's domestic human resources service organs lag behind in terms of many perspectives, not only in technology, experience, and capital, but also in talent-related tailor-made services.

3) Mimetic mechanism

This mechanism refers to imitations of the strategies and practices of competitors as a result of uncertainty, or fads in the field of management. As was seen in 5.5.3, this study's empirical findings did not support this argument.

5.7 Is TM a management fashion?

As was seen in Chapter 2, 'management fashion' has drawn considerable academic and operational attention, with Abrahamson being a representative figure of those people who are dedicated to such research. He offered a systematic model of management fashion, which has been very influential in this field. Therefore, with regard to the question whether TM is another management fashion, the researcher draws heavily on Abrahamson's management fashion theory.

5.7.1 TM shows certain characteristics of management fashion

First of all, the empirical findings confirm that TM, as a new managerial technique, does show some characteristics of fashionable management techniques as Abrahamson (1996a) identifies, such as the rational and progressive. Abrahamson (1996a) understands 'rational' as efficient means to important ends, and perceives 'progressive' as new and/or improved ones relative to older management techniques. It is not difficult to pinpoint these characteristics in the empirical findings. In fact, the above analysis, to a great extent, has verified that TM is a rational as well as progressive managerial technique. For instance, in section 5.5, it was seen that the case study companies were inclined to adopt TM with the purpose of finding an effective 'tool' to facilitate improvements. Thus, TM can be seen as a carrier of substantive meanings. The HR Manager from D and the Senior Consultant from E expressed this view from different perspectives. An employee from D also observed,

> 'The reason that a management theory could be proposed must be that it is useful for enterprises. Nowadays, enterprises are very typical pragmatists. One management theory can only take root in enterprises when it actually goes into effect'.

What is more, sections 5.5.1 and 5.5.2 revealed that the adoption of TM is greatly motivated by 'real' organisational problems, as well as some externally created problems. In other words, TM becomes an antidote to certain internal and external problems that organisations have come up against. According to the interviewees, TM does not only gratify companies' internal demands, such as through creating systematic management procedures aimed at particular groups of people, and offsetting HRM's weaknesses and defects by stressing differentiation management; but it also helps alleviate some external

pressures, through, for example, providing effective solutions in order to help the company survive and succeed in the ever-intense war for talent.

In addition, it is worth adding that both the literature and empirical findings presented above reveal a lack of clarity regarding the definition and scope of TM. Although several strands could be explored, different companies seemed to have their own conceptions and understandings of TM. Such an ambiguity is just another important feature of management fashions in the eyes of a wide range of academics (Bijker, Hughes and Pinch, 1987; Clark and Salaman, 1996; Ortmann, 1995; Eccles *et al.,* 1992; Kieser, 1997; Watson, 1994; Swan, 2004; Rovik, 1998), because it allows interpretive flexibility on the part of those adopting new ideas. These researchers appear to agree that the ambiguity of management concepts makes interpretive viability applicable, which can then greatly increase the scope for an idea's diffusion, and enhance market opportunities for 'fashion setters' promoting diffusion, because they can claim specialist expertise in interpreting and resolving such ambiguity. Therefore, according to them, ambiguity is one of the main ingredients of management fashion. The earlier analysis showed that diversity in understanding TM among different companies does exist. Thus, TM does display a characteristic of management fashion in terms of ambiguity.

Overall, TM appears to show some characteristics of management fashion identified by Abrahamson (1996a) and other academics, such as being rational, progressive, and ambiguous in interpretation. However, this does not lead to the conclusion that TM is another management fashion. In fact, when comparing the empirical findings with Abrahamson's model, some divergences can readily be identified, as illustrated below.

5.7.2 TM is not a management fashion

5.7.2.1 Absence of 'fashion setters'

Firstly, the empirical findings show that there are no obvious 'fashion setters' during the propagation and adoption process of TM. As was discussed in Chapter 2, Abrahamson (1996a: 257) defines management fashion as:

> 'A relatively transitory collective belief, disseminated by management fashion setters, that a management technique leads rational management process'.

According to Abrahamson (1996a), 'fashion setters' and 'fashion followers' are two critical actors during the management-fashion-setting process. He defines 'fashion setters' as actors who fashion the discourses that make new fashions appear fashionable and their

users appear legitimate (Abrahamson, 1996b). Furthermore, Abrahamson (1991), together with some other scholars, explains that a variety of organisations and individuals can work as fashion setters, such as management consultants, business schools, business press organisations, academic gurus, and hero managers (DiMaggio & Powell, 1983; Hirsch, 1986; Kimberly, 1981; Meyer, 1992; Mintzberg, 1979; Strang & Meyer, 1994; Huczynski, 1993). Among these possible fashion setters, management consultants or consulting firms are normally regarded as active actors in diffusing fashionable management ideas and rhetorics. O'Shea and Madigan (1997) even argue that the whole consulting industry is a fad, albeit a fad with longevity. However, the empirical findings of this study depict a different picture. Almost all of the interviewees refuted the idea that consulting firms played a critical role in their adoption of TM. For example, the Deputy General Manager from B observed, 'we wouldn't count on consulting firms'.

According to the Sales Manager from A, the term TM emerged from consulting firms' conclusions of the widespread talent-related management activities conducted by companies. The logical order should be that the emergence of the term followed management practices. Therefore, a view was widely held in A that the adoption of TM was not significantly correlated with the influence from consulting firms.

With respect to the three consulting firms in this research, the consultant interviewees denied that they play the part of 'fashion setters', and refuted the proposition that consulting firms are simply there to disseminate fashionable ideas or gaudy terminologies with a short-shelf life. For instance, the Senior Consultant from E argued that what consulting firms do is to first formalize and generalize operations and practices that occur inside enterprises, and then shape their understandings into applicable techniques and solutions for their clients. Thus, she commented that the creation of their new concepts or theories is based on their clients' actual demands, rather than on their own imaginations.

The other two consultant interviewees held a similar view. According to them, a normal procedure of their consultancy service is to evaluate their clients' demands first, and then put forward their corresponding solutions, set up relevant programmes and finally carry out plans and appraise results. In general, the consultants stressed that the emergence of TM is due to gradually increasing market demands; the initiative should reside in companies, rather than consulting firms. Therefore, it is not appropriate to claim that consulting firms take up a 'fashion setter' role in the diffusion process of TM.

In order to better elucidate this opinion, the Director of Consultancy from G gave a persuasive example from her own experience. According to her, there is a time gap between the US and China in terms of the development of management ideology. In fact,

the headquarters of G explored their TM-related projects approximately ten years ago in the US. However, at that time the market in China was not mature enough to accept and develop TM as a new managerial technique, which meant that Chinese enterprises were not sensitive to the idea of the tailored management of talents. In consequence, G in China was not dedicated to propagating and disseminating TM as an efficient managerial technique, but rather to comprehending their headquarters' training materials and groping their own way towards application. Only since 2005, has a large market for TM gradually come into being in China, G then started to set up their business line specially focusing on talent leadership. In brief, this Director of Consultancy tried to convey the idea that even though consulting firms are now keen on TM business, they are not the real driving force in the diffusion of TM, they are just trying to meet their clients' demands.

In fact, a number of scholars are in support of this viewpoint. For example, Brittain (2006: 3) observed that ''there is a general view in business that TM is a 'good thing' and senior people are becoming more interested in it---which gives us the opportunity to help develop thinking, systems and tools around TM''. Fincham and Evans (1999: 33-37) have noted that 'consultants themselves trade in fashions, of course, but they also rely on developing new ideas into applicable methodologies and techniques…consultancies tend to be pragmatic in their use of techniques'. Canback (1999) also mentioned that

> 'We live in a free and open economy, and if clients did not derive value from consulting services, then they would stop using them, … [however, the] management consulting industry has grown so fast over the past twenty years,…[that], this industry is more than a fad and with longevity' (p.3).

In addition, some researchers support the consultant interviewees from another perspective. It has been widely acknowledged that 'interpretive variability' (Ortmann, 1995) plays an important role in making any set of ideas and concepts broadly applicable. During the dissemination process of new managerial techniques, considerable efforts are required; consultants are quite often perceived as a best choice to take over such a job. In the eyes of some academic researchers, consultants are most likely to be seen as 'neutral agents' (Benders, *et al.,* 1998) or 'translators' (Czarniawska and Sevón, 1996) whose main task is to interpret their clients' abstract conceptual insights with their expert knowledge and then help clients apply them within the organisations. Benders, *et al.* (1998) further point out that consultants often emulate a concept that has already become accepted and popular in business, rather than *creating* a management fashion themselves; therefore, consultants just 'hitch-hike on a hype' (p. 201). Indeed, Benders *et al.* (1998) provide strong support for the consultant interviewees by observing,

'Early customers demand combined with exposure to the initiator's publicity leads emulators to join the market…Consultants are highly pragmatic, and tend to go along with customer demands and interpretations…It would be naïve to assume that consultants and clients necessarily take a new fashion at face value; instead, many consultants critically judge the claims, pick out what they think is suitable in particular projects…obviously, consultants and their clients may have more of a down-to-earth and critical pragmatic attitude than the naïve consumer of the prevalent management rhetoric' (pp. 207-13).

Bloomfield and Danieli (1995) argue that, like other economic actors, consultants have an interest in selling their knowledge and doing business. In this sense, the involvement of consulting firms in the iterative processes which make a managerial idea applicable in client organisations shows nothing but their business acumen.

The above empirical and literature findings thus cast serious doubt on the extent to which consulting firms act as effective and dynamic 'fashion setters' in the adoption and dissemination process of TM, at least with respect to the present research.

5.7.2.2 Absence of 'fashion followers'

Secondly, even though the data collected in this study cannot *prove* whether other possible fashion setters, such as business schools, business press organisations, academic gurus, and hero managers, are involved in and play a role during the process, as some academics have argued, it demonstrates that the case study organisations are by no means 'fashion followers'. Abrahamson (1996b) defines 'fashion followers' as actors who translate fashionable techniques when the legitimating discourse becomes fashionable. According to Abrahamson (1996a), fashion followers are rendered vulnerable to fashion, therefore they readily land themselves in a passive position during the management fashion-setting process. However, the empirical findings show that the real motives for the case study organisations to adopt TM were to meet their own demands for further development, in order to survive and succeed in the intensifying war for talent. All the case study companies were inclined to reject the idea that they accepted TM simply because they were blindly imitating or following the others. As a result, they strongly disagreed with the view that they are just a group of psychologically vulnerable 'fashion followers' when they adopt and carry out TM. In section 4.2.4, it was shown that the four case study companies held a similar view, that their acceptance of TM was based on their own urgent demands for further development. Pressure to do so could be from both the internal, which was to retain current talents in order to enhance organisational competence and competitiveness, and the external, which was to attract more talents to join the company in order to succeed in the ever-fierce competitive marketplace.

The consultant interviewees were also against the idea that their client companies were fashion followers, without their own thoughts and opinions---just like 'sheep being herded'. They believed that the fundamental reason for their clients adopting TM was their own needs, rather than influence from external organisations. According to them, contemporary enterprises are pragmatists, all of their business behaviours being dominated by one end goal, which is to chase profits. In this sense, blindly following or imitating others cannot fit in the whole settings. Hence, contemporary enterprises are by no means naïve 'fashion followers' in the eyes of consulting firms. For instance, the Senior Consultant from E said,

> 'I don't think that our clients create the demands for TM, simply because they observe and copy the others. They can only create those demands spontaneously. They will not blindly follow the others'.

5.7.2.3 Absence of 'management-fashion-setting process'

Thirdly, according to Abrahamson (1996a), a management-fashion-setting process is built upon the interactions between the two main actors, fashion setters and fashion followers. Since the interviewees unanimously denied the existence of 'fashion setters' and 'fashion followers' during the adoption of TM, the core ingredients of Abrahamson's (1996a) model---the management-fashion-setting process--- becomes extraneous. In Abrahamson's (1996a) article, he stressed that 'my theory of management fashion suggests that management-fashion followers are consumers who influence the supply of management fashions' (p. 279). Thus, he emphatically describes fashion demand by management-fashion followers as an essential factor during the whole process. According to him, socio-psychological and techno-economic forces compete to shape management fashion demand. He further argues that the fundamental assumption of most socio-psychological explanations is that fashion followers are rendered vulnerable to fashion by one of four socio-psychological states, i.e., collective frustration, collective boredom, collective status-seeking, and collective taste. Techno-economic forces are classified into three aspects: macro-economic, political-contradiction and technical-contradiction. The states and forces are discussed in more detail below:

1) Collective frustration

Abrahamson (1996a) believes that fashions are in demand because they can satisfy individual managers' psychological needs and gratify their psychological drives for the relief of frustration and despair. However, this was not the case with the empirical findings in this study. The data shows that individual psychological influences are very limited during the decision process. Both case study organisations and consulting firms stressed that the acceptance of TM is a rational business behaviour, with individuals'

psychological needs having no role during the process. As some interviewees mentioned, 'the current enterprises are very typical pragmatists' (English Language Tutor from D), any business action essentially resides in genuine business goals rather than individual managers' sentiments and attitudes. This finding is in concert with other researchers, for instance, Williams (2000) argues that the real skills in managing talent do not involve pious hopes to calm nerves, raise false expectations and buy a temporary, uneasy peace from frustrations.

2) Collective boredom

Drawing on Abrahamson (1996a), managers' individual psychological needs to appear different and novel could also become driving forces to adopt TM, because management fashions can feed managers' insatiable appetites for individuality and novelty. Other researchers are also enthusiastic in arguing that the adoption of popular management concepts could be a way of strengthening individual identity, such as appearing innovative and modern (Simmel, 1973; Røvik, 1998; Ernst & Kieser, 2002). However, the empirical findings do not support such an argument. (The detailed analysis can be found in section 5.5.3). In the minds of the interviewees, the pursuit of individual identity is just a 'superficial trick' (HR Manager from B), which can by no means act as a driving force to push them to adopt TM, because 'only the actual initiative demands could be the real driving force' (HR Manager from D).

3) Collective status seeking

Abrahamson (1996a) argues that managers of 'higher reputation' organisations will adopt management fashions in order to differentiate their organisations from 'lower reputation' ones. During the process, they try to achieve a distinguished corporate identity. This argument is accepted by a range of academics (Simmel, 1957; DiMaggio and Powell, 1983; Fombrun and Shanley, 1990; Mohr, 1969), who contend that fashionable management techniques can be exploited to symbolize certain managers and organisations as progressing, whilst others are not. Once again, section 5.5.3 can be used here to analyse this issue. During the study, interviewees repeatedly stressed that their behaviour is based on rational analysis and judgement, whilst corporate identity in the eyes of other companies belongs to 'frivolous pursuits' (English Tutor from D), and thus can never work as a determinant in the decision making process. The following statements are illustrative:

'Our own demands have not been fulfilled, so we cannot possibly spare our limited vigour on keeping an eye on others' (Managing Director from D).

'We do not pay close attention to other companies. As I said, we decided to accept and exert TM mainly due to our own demands' (Sales Manager from A).

4) Collective taste

Abrahamson (1996b) cites Blumer's (1968) collective taste theory and argues that managers' collective taste could be another drive for fashion demand. According to Blumer (1968), collective taste operates as a sensitive selector, and provides a basis for acceptance or rejection. However, Abrahamson (1996b) comments that this collective taste theory is too vague to serve as a strong explanation for management fashions, and thus is not discussed further here.

As observed above, according to Abrahamson (1996a), besides socio-psychological forces, techno-economic forces can also shape management fashion demand. Therefore, the author will now analyse the primary data drawing upon his three forces.

1) Macro-economic explanations

Abrahamson argues that long-term macro-economic fluctuations can create sudden surges of demand for certain types of management ideas. This idea echoes Barley and Kunda's (1992) hypothesis that long-term, 50 year cycles of economic expansion and contraction parallel broad changes in managers' preferences for different types of management discourses. As far as China's post-reform economy is concerned, there has not been any significant fluctuation or sudden surge, as the overall economic situation has been in a steadily ascending state. Since China started to reform its economy from a Soviet-style centrally-planned one to a more market-oriented economy in 1978, its economy has witnessed a tenfold increase in GDP (Wikipedia, 2007), and the overall economic landscape has been dramatically changed. China not only lifted millions of people out of poverty, brought the poverty rate down from 53% in 1981 to 8% in 2001 (Ravallion, 2007), but also the economy of China became the fourth largest in the world measured by nominal GDP, and is predicted to surpass Germany to take the third place in early 2008 (USAtoday, 2007). Figure 5.4 depicts this trend.

Figure 5.4 People's Republic of China's Nominal Gross Domestic Product (GDP)

between 1952 to 2005

(Source from Wikipedia, retrieved in March 2008)

http://en.wikipedia.org/wiki/Economy_of_the_People's_Republic_of_China

It can be seen here that macro-economic fluctuations could not be traced in China's economy; in fact, China's economy has been expanding and accelerating in recent years. Hence, Abrahamson's (1996a) macro-economic explanation does not fit in this research regarding China.

2) Political-contradiction explanations

Abrahamson argues that the contradiction of different political forces in organisations can cause the ebb and flow of management fashions. Neo-Marxism, which claims the existence of an inherent, irreconcilable, structural conflict between management and work strata, provides the basic theoretical support. Abrahamson asserts that management fashions are seen as so many forms of control that emerge to suppress this inherent, unresolvable conflict, which dooms all management fashions to eventual failure.

When the case of China is considered, a careful elaboration becomes essential in taking account of the complexity in its contemporary economic, social and political contexts. Since the social and economic reform movement began in 1978 in China, the nation has experienced profound transformation. One of the most significant transformations is marketization in the economic arena and the convergence of the Chinese economy and society with the contemporary capitalism system (Wang, 1998). China's reforms have already led to the incorporation of the country's economic processes in the global

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marketplace. Nevertheless, the status of Marxism in China as the dominating political ideology has not experienced any decline. After the People's Republic of China was founded in 1949, Marxism became the state ideology. During the time of Mao, his theory, Maoism, was called 'Marxism with Chinese characteristics'. Maoism was very much a 'civil religion' at that time. After Mao passed away, Deng Xiaoping gained power and became the second-generation leader of the most populous nation in the world. Deng, a general designer of the reform movement, made great efforts in promoting his reform movement. However, he was a pragmatist, his ideology was very clear: to keep the Communist Party of China in power but make the Chinese people rich. This implied that the socialist system and the party system could by no means be reformed. Although the highest power of the party has subsequently been switched from Jiang Zemin to Hu Jintao in the Sixteenth National Congress of the Communist Party of China (in 2002), a fundamental ideological change is not to be expected (Zhou, 2003). Marxism is still the state ideology for the top leaders to control China. From a theoretical perspective, conflicts of interests between bourgeois and proletariat do not exist, because China is still a socialist country with a proletarian dictatorship. In this respect, Abrahamson's inherent, irreconcilable, structural conflict between different social classes is untenable with regard to China.

3) Technical-contradiction explanation

Abrahamson argues that there exist pendulum swings in managers' preferences for contradictory techniques, for example, between centralization and decentralization, employee motivation and control, product cost and quality, etc. These unsolvable contradictions of a technical nature can cause changes in fashion demand (Blau, 1971). The explanations proposed by Abrahamson (1996a) lack empirical research underpinning. He himself cannot even guarantee these explanations are empirically validated. Therefore, Abrahamson (1996a) claims that one of his goals is to provoke and guide empirical research on management fashion. The present study cannot provide any relevant evidence to either support or oppose this explanation of management fashion demand.

In view of the above discussion and analysis, it can be seen that the data collected in this study do not support Abrahamson's management fashion theory. First of all, as regards Abrahamson's (1996a) 'fashion setters' and 'fashion followers', both the case study companies and the consulting firms denied that they were taking any of these roles during the adoption process of TM. Furthermore, following Abrahamson's (1996a) elaboration, the author analyzed the primary data and relevant literature, which was found to refute Abrahamson's argument that management fashion demands are fostered under the competing impacts of both socio-psychological and techno-economic forces. The findings of this study indicate that the adoption of TM is fundamentally a form of spontaneous

business behaviour, based on managers' analysis and judgement, rather than Abrahamson's individuals' psychological needs, macro-economical and political influences, etc.

Abrahamson stressed in his article that one of his research goals was to 'advance a theory useful in guiding empirical research on management fashion' (1996a, p. 280). Management fashion has certainly become a heated research topic in recent times. However, management fashion theory has not been found to be useful here in explaining companies' motives and behaviours to accept and adopt TM.

Overall, then, the findings demonstrate that the emergence and development of TM amongst MNCs in Beijing cannot be explained by Abrahamson's management fashion theory. In other words, the adoption process of TM amongst MNCs in Beijing does not accord with the dissemination process of fashionable management rhetorics. Thus, the argument that TM is another management fad or fashion becomes indefensible in terms of the current study.

Chapter 6 Conclusion

In view of the above analysis, it can be seen that TM does exist in the Chinese business world, it is not just a theory, neither is it a naïve way of thinking; it is a comprehensive way of thinking that creates highly integrated systems and processes located at every level of management. In this chapter, we will conclude this study by addressing the following six key issues:

1) TM is not 'old wine in new bottles';
2) TM is not a management fashion;
3) Reasons to adopt TM;
4) The future of TM;
5) Implications of this research;
6) Limitations of this research and future study

6.1 TM is not 'old wine in new bottles'

Through comparing HRM with TM in terms of literature and empirical findings, the researcher has found that TM presages some new and different approaches to the management of human resources in organisations, rather than a simple repackaging of old techniques and ideas with a brand new label. This conclusion is in accordance with some other researchers' viewpoints. For example, Tansley, *et al.,* (2007) claim that 'the establishment of TM can encourage new thinking' (p. 69). Morton (2005) observed that 'TM is a fresh way of looking at what we do and of finding new, more powerful ways to impact our organisations' (p. 16). Ashton and Morton (2005) bluntly declared that 'TM is more than a new language for old HR work' (p. 28). Williams (2000) stated that "the real skills in managing talent are not those of being able to follow, manipulate or 'work' the current human resource systems" (p. 57).

Therefore, TM should by no means be simply and superficially considered as 'old wine in new bottles', at least with respect to the case of the MNCs in China. When discussing this issue, it is helpful to place it in a broader context. The history of the HR profession has witnessed several different labels and concepts, for instance, personnel management, HRM, strategic HRM, and the currently discussed TM. Some researchers argue that these concepts lack distinctiveness in relation to each other, and reflect a struggle by HR professionals to enhance their legitimacy, status and credibility in the organisation. This study strongly challenges this idea. The researcher sees TM as a new management ideology that may make a difference to the success and competitive advantage of the organisation, in consideration of the fact that its emergence and implementation

fundamentally conform to companies' demands for further development, and are tightly coupled with business strategies. Hence, TM should not be reckoned as 'old wine in new bottles', at least with respect to the case of the MNCs in China (Chuai, *et al.,* 2007; 2008a; 2008b; 2009).

6.2 TM is not a management fashion

This study rejects the idea that TM as a new managerial terminology refers to a management fashion as defined by Abrahamson (1996). Although the empirical findings illustrate that TM has certain characteristics of Abrahamson's management fashion (for example, TM appears both rational and progressive in each of the case study companies), the descriptions of TM by the interviewees do not comply with the critical management-fashion-setting process depicted by Abrahamson. The adoption and implementation of TM in the case study companies does not involve the necessary actors, such as fashion setters and users in the management fashion market as suggested in Abrahamson's model. Furthermore, another of Abrahamson's (1996a) assumptions---that managerial practitioners are psychologically vulnerable to management fashion---has also been seriously queried by the findings. The case study companies, as actors in the adoption and acceptance of TM, did not show any sign of being psychologically vulnerable to follow or be persuaded to take any such actions during the whole process. They not only tended to negate the idea that there exists imitation between organisations sharing the same context, but also showed a tendency to refute the idea that consulting firms, which are normally regarded as active 'management fashion setters' by a host of academics, play a critical role in the adoption of TM.

The case study organisations are well established and recognized MNCs, which take a leading role in their respective sectors, and are thus only marginally influenced by external factors. Therefore, they will under no circumstances act as 'fashion followers', and thus this study shows that the adoption of TM in those MNCs is not a fashion dissemination process. As for other type of enterprise, such as SOEs, private enterprises, joint-venture enterprises, there might be another conclusion, because different types of businesses do not necessarily fall into the same trajectory of management. The Public Relations Manager from C commented,

> 'I feel that our company plays a leading role in the dissemination process of TM. There might be some followers during the overall process. It cannot be ruled out such a possibility that some enterprises, especially small businesses imitate the other companies. However, in consideration of the current situation, it is still a rare phenomenon'.

Although 'twenty-first century managers are not expected to be peddlers of panaceas' (Williams, 2000, p. 113), whether MNCs will act in due course as dynamic 'fashion setters' for other types of businesses, as Gill and Whittle (1993) once predicted, remains to be seen in the further expansion of TM ideology. A specialized investigation of those businesses in the future is thus recommended.

Although the interviewees were unanimously against the idea that the adoption of TM is a fashion diffusion process, they were reluctant to declare their stand on whether TM will become a management fashion in the future. A widespread view among the case study organisations was that managerial terms are just some 'gaudy stuff'. There are always various labels or names, which could describe the connotations, emerging to replace the old ones, although the essence will be the same. For instance, the HR Manager from B claimed that 'each term is just transitory; however, the connotations will always be kept intact'.

One English Tutor from D stated,

> 'TM shows a strong tendency for further development in our company, because our company concerns the talent-related issues. There might be alternations of names; however, that is what management theorists and consultancy firms care about. I firmly believe that the substantial contents of TM will carry on'.

The Senior Support Engineer from B observed: 'there might be another label to replace the term of TM; however, its particular management practices will definitely stay'.

Overall, the interviewees tended to believe that TM could not avoid the fate of being replaced by another name in the future, but the substantial principles under the term would continue. Tansley, *et al.,* (2006) mention that some researchers realize that TM is a misnomer for the operations occurring in particular contexts, and should be replaced by a different yet more precise term, such as 'talent enablement'. Benders *et al.* (1998) do not even take the replacements between different labels seriously, as labels are mainly used for 'communicative purposes' and their value is clearly distinguished from that of their underlying notions.

However, some divergences can still be identified. Even though the interviewees recognize that TM as a fresh managerial term might be replaced by some other names in the future, they nonetheless believed that a talent mindset had taken root inside their organisations. This means that the essential components of TM will always be there, rather than having a short shelf life. For example, as the Associate HR Generalist from B noted:

'TM reflects a kind of differentiation management in some aspects of HRM…Generally speaking, TM is a new management ideology. However, it is by no means a substitute for HRM; it should not be isolated from HRM, either…Management theories cannot stop developing and evolving. Therefore, new terms will unremittingly turn up. In the future, the term TM might disappear, but the ideology of highlighting talents in HR practices will stay. No matter what guises the current TM will be in, it is just another wording issue, and it is not strategic'.

This finding is supported by a group of CIPD (2007b) researchers: 'what is clear is that the objectives and the activities that take place are more important than the labels given' (p. 7).

Thus, even though TM seems a bit like a management fashion when interviewees anticipated that it might be replaced by some other titles in the future, the development trajectory of TM does not tally with the descriptions of management fashion theories.

In a nutshell, this research challenges management fashion theories with regard to TM in the MNCs. For one thing, given the absence of the relevant management fashion actors (i.e. fashion setters, fashion followers, and a subsequent management-fashion-setting process) as identified by Abrahamson (1996a), as well as a widespread belief that the dissemination of TM in the MNCs is a spontaneous process driven by actual demands, the author of this study rejects the proposition that TM is another management fashion, at least with the respect to the MNCs in China. For another, although the interviewees anticipated that the term TM might be substituted by other names in the future, the substantial idea of TM, to be precise, a talent mindset, will not be washed away.

Therefore, the finding still diverges from that which management fashion researchers elaborate upon their theories and models. Hence, for the case of MNCs in China, TM is not a management fashion, not only now but also in the future.

6.3 Reasons to adopt TM

The study is not limited to a discussion about whether TM brings anything fundamentally new to the practices of people management, or (as the title of this thesis puts it) whether TM is just 'old wine in new bottles', it was also designed to investigate the motives behind the adoption of TM among a range of companies in China. Thus, in this section the author will conclude by presenting in summary terms the essential reasons given by MNCs in Beijing for adopting TM.

There are a number of internal and external factors generating interest in TM. In general, there are two lines of argument in the literature with regard to the reasons for companies to adopt and implement TM. As was seen in section 5.5, one is from a substantive

perspective, and the other is from a symbolic perspective. The empirical findings of this study give strong support to the first line of argument, which asserts that companies favour and accept TM mainly because it can satisfy companies' demands---in most cases their demands for survival and success in the intensifying talent war. Sections 5.5.1 and 5.5.2 also clearly demonstrated the internal and external problems that TM is expected to overcome. As for the internal organisational problems, it was widely believed among the case study organisations that TM can counteract traditional HRM's weaknesses and defects by stressing differentiation management, providing tailored services and focus for different segments of employees, and setting up different career paths for different groups of people. Therefore, TM can help prevent a loss of talents, especially professional talents, and give full play to their talents and initiatives inside the organisation. As for the external challenges, the attraction and retention of talented individuals was the issue of most concern to the case study companies, due to the demographic shifts in the current labour market. Therefore, the majority of the interviewees saw it as the biggest challenge, and the immediate reason to adopt TM. In summary, sections 5.5.1 and 5.5.2 demonstrated that company's decision regarding the adoption of TM took both internal and external problems into consideration, and that TM encapsulates some novel techniques and offers some effective solutions for those internal and external problems.

This conclusion is backed up by a one-year long CIPD research project *Talent: Strategy, Management, Measurement* (2007b), which similarly suggests that the forces driving the increased interest in talent and TM are a mix of external supply issues and internal organisational demands. Therefore, one must conclude that company's acceptance of TM is chiefly motivated by actual problems they come up against. In other words, there is every reason to believe that there are substantive driving forces for companies to adopt TM, which also contribute to the ensuing diffusion and popularity of TM.

Besides the substantive explanation for the adoption of TM, there is also a symbolic explanation in the literature. However, this study refutes the idea that companies are adopting and disseminating TM because they are just simply chasing some symbolic or socially institutionalized meanings, such as employment branding, the credibility of the HR department, assimilation with competitors, unity of policies with headquarters, and so on. Each of these symbolic and socially institutionalized meanings was addressed via an interview question. The interview transcript analysis found that the pursuit of symbolic or socially institutionalized meanings was not an impetus for the case study companies to adopt TM. Their starting point was in substantive considerations. As one interviewee observed, 'the emergence of TM is affirmatively for the purpose of resolving problems' (HR Manager from D).

It should be noted that the emphasis on substantive rather than symbolic understandings of TM does not mean that TM is immune to symbolic meanings. In fact, the interviewees in this study held the view that symbolic meanings were attached to the adoption and implementation of TM, even though they did not act as a driving force inspiring MNCs to favour and then accept TM. Other studies have come to a similar conclusion, for instance, the CIPD researchers (2007b) found in their report that a focus on TM can bring many potential benefits, such as enhancing an organisation's image and adding value to the 'employer of choice' and branding agenda in the labour market. Williams (2000) also argues that enhanced public image and reputation are one of the potential outcomes for the organisation as a result of effective TM.

Overall, even though some symbolic considerations cannot be completely excluded from enterprises' concerns, they can by no means act as an overwhelming motive for prestigious global companies. As some interviewees mentioned during the study, the pursuit of symbolic or socially institutionalized meanings is not firmly rooted in companies' internal demands. Thus, they can hardly produce long-term effects in these global giants.

6.4 The future of TM

Strang and Meyer (1994) argue that everything seems to diffuse, including 'rumours, prescription practices, boiling drinking water, totems, hybrid corn, job classification systems, organisational structures, church attendance, national sovereignty' (p. 100). Spell (2001) adds that the same is true of beliefs regarding what constitutes good management. In view of the above findings and analysis, this also seems to be the case with TM. The findings of this study predict a promising future for TM in organisations. This conclusion is based upon the following:

1) The war for talent will persist.

Now more than ever, it is imperative that organisations manage people well (Tucker, *et al,* 2005). Talent has become top of the agenda for many leaders, and all studies of top management cite talent-related issues as critical to the business (Morton, 2006). The dynamic nature of global business is putting an ever-increasing pressure on companies to be constantly on the lookout for exceptional talent in a market where demand far exceeds supply (Duttagupta, 2005). Therefore, it is reasonable to believe that the war for talent will be a defining feature of the business landscape for many years to come (Michaels, *et al,* 2001). As was noted at the outset, TM derives from the phrase 'the war for talent'. Therefore, with this increasingly vigorous war for talent, it is anticipated that TM will

continue gaining attention and concern in the future. Combined with the empirical findings of this study, two fundamental forces are seen to fuel the war for talent:

a) An intensifying demand for high-calibre managerial and professional talents

Shortages of international managers are a growing problem for international businesses (Scullion, 1994). Over the next 10 years, the demand for talented people will far exceed the availability of skilled workers at all levels and in all industries (Sharma, 2006). Whether referring to it as a 'talent war', 'skill shortage', or 'employment seller's market', shortages of international talents are increasingly putting constraints on the implementation of global strategies (Evans, *et al.,* 2002) and therefore threatening the competitive position of many corporations. When the case in China is considered, the general situation is not optimistic. According to Zhang and Carter (2007), the demand for talent has already created significant shortages in several specific job functional areas within foreign enterprises across China, including:

* Human Resource Managers
* Senior Finance Managers
* General Managers
* Specialized Engineers
* Jobs needing the application of very new concepts and technologies
* Jobs in new business sectors opening in China, such as insurance, law, banking, consultancy.

Statistics strongly support the above:

*China's baby boomers are producing children significantly below the rate necessary to maintain the country's population; the rate required is 2.1 children per mother compared to the actual rate of 1.3 to 1.8 children (Kahn, 2004). In just 10 years, the working population in China will begin to shrink (Jackson & Howe, 2004).

*The projected supply of Chinese university graduates between 2003 and 2008 is estimated at 15.7 million. Only about 1.2 million of these graduates will be suitable for employment in multinational corporations; meanwhile, China will need 75,000 globally effective leaders in the next 10-15 years. Current estimates are that there are only 3,000-5,000 individuals in China who meet the criteria (McKinsey Global Institute, 2005).

The data collected in this study also depict a looming picture of the emerging situation. The case study organisations unanimously expressed a profound concern about the difficulty in satisfying their increasing demands for managerial and professional talents. This explains why TM has become one of the hottest topics in the context of understanding those factors which will ultimately help MNCs as well as other businesses to be successful in a Chinese post-WTO marketplace.

b) In the continuing war for talent, the most critical issue is attracting and retaining top employees.

Attracting and retaining the best available people is likely to become even more challenging as the competition for top-performers and high-potential employees intensifies. Demographic trends, an increasing need for and a shortage of skilled labour, a broadened geographic mobility of labour, and the obsolescence of the concept of a job for life have placed real power into the hands of workers with transferable skills (Reed, 2001). An organisation's key assets are also its most mobile assets. Skilled workers are increasingly moving from job to job as a deliberate choice, designed to increase and enhance their knowledge base and therefore their future employability and earnings potential. Many surveys and studies have shown that companies worldwide are experiencing shortages of talented employees. On a global scale, the major social crises of the 21st century may be the by-product of labour shortages (Hewitt, 2001).

A plethora of research suggests that companies worldwide are putting attracting and retaining their talents at the top of the HR agenda. In fact, TM originated in the late 1990s as a means of highlighting the problems that organisations are having in attracting and retaining talented people (Armstrong, 2006). The recent Talent Pulse Survey 2005 of over 1,400 HR practitioners worldwide by Deloitte consultancy (Deloitte, 2005), reports that the most critical people management issues for companies are in attracting and retaining high-calibre workers. HRVote, *Human Resources Magazine*'s online voting forum, also reports that attraction and retention is the top business issue for HR professionals in 2005. Taking these statistics from multiple sources into consideration, it is not difficult to draw the conclusion that the retention of key workers is the most critical HR factor to plan for in the future (PricewaterhouseCoopers, 2004). According to Towers Perrin (2004a), the number one priority on the HR agenda is to attract and retain key talent.

With respect to the case of China, the attraction and retention of talented individuals has also become a key strategic issue for organisations. A dramatic change in the world view of China's leaders illustrates this trend. For example, former president Jiang Zemin recognized that there was a global market for talent, and that China must compete within

that market, even for its own people (*Singapore Strait Times*, 2000). Former premier Zhu Rongji also remarked at the Sixth Session of the Worldwide Chinese Businessmen's Association at the end of 2001 that China would stress the infusion of human talents and technical skills, rather than attracting foreign capital. This was an important response to the idea of 'building national strength through science and education', and an important step towards the current policy of 'strengthening the country through human talent'.

The reality for foreign enterprises operating in China is that on the one hand, the currently available managerial and professional talents cannot satisfy their increasing demands along with their business expansion in China. On the other hand, domestic companies will become their competitors for all kinds of strategic resources on an equal footing following the elimination of trade restrictions and increased domestic market access as a result of China's entry of WTO. Therefore, the battle for talents will be tougher than at any time in China's history. A panic about the resourcing of talents can be sensed in the current empirical study. Nearly all the interviewees commented that the attraction and retention of talents was the key factor in their adoption and implementation of TM. Thus, the secondary and empirical findings demonstrate that attracting and retaining the best available people is likely to become even more challenging as the competition for high-performers and high-potential executives intensifies. Hence, attracting and retaining talent will take all the energy and creativity people can muster (Frank & Taylor, 2004).

The IT Support Manager from D claimed that 'the concept of TM turns up under a particular supply-demand relationship of the market'. The emergence and development of TM accompanies the phenomenon of the 'talent war', 'labour shortage', or 'talent gap', etc. The gradually deteriorating situation in the talent market means that research in the domain of TM can only become more focused and mature, rather than fade away on the historical stage. McCauley and Wakefield (2006) support this conclusion. They argue that with the forthcoming deteriorating talent shortage, effective TM will become even more important in the future. Hence, the continuing war for talent will keep the topic of TM in the spotlight.

2) The emergence and development of TM conforms to companies' long-term business strategies.

The CIPD study (2007a) observes that ultimately organisational success resides in the most effective TM. If the intensifying war for talent is the external cause for the prosperity of TM in the future, the fundamental satisfaction of the demands for further development will be without a doubt the internal cause. Chapter 5 showed that the popularity of TM is inspired by externally created problems, as well as real organisational challenges.

Today, some of the ideologies which HRM has asserted, such as egalitarianism, can no longer help enterprises sort out the ever more complicated problems, and therefore a more directed and detailed management ideology targeting particular groups of people is urgently required. The data presented in this study illustrate that during the formation and development process of any new terminology, fresh management thoughts and ideologies will always be absorbed. For instance, the IT Support Manager from D observed:

> 'HRM came into being by making use of different social science theories for reference, such as labour economics theories, social psychology theories and organisational behaviour theories. Likewise, TM will also draw in some other social science theories in order to enrich and perfect itself'.

TM, as a new managerial concept, openly acknowledges that the pursuits and concerns of different groups of people are not identical; consequently, it asserts a kind of differentiation management by distinguishing management means and methods for different groups of people. In this sense, the emergence of TM becomes a necessity when HRM develops to a certain degree; in other words, the emergence of TM turns out to be a logical result of the further development of traditional HRM.

Diversity across people always exists. This could be in terms of many aspects, such as competence, potential, professional background, and so on. TM confirms such a divergence, and then advocates differentiation management in accordance with their perspective situations. Hence, TM is a breakthrough and evolution in the domains of contemporary management ideologies. This also explains why the interviewees held an optimistic view about the future of TM. For instance, the Deputy General Manager claimed: 'TM won't disappear as long as the divergence among people exists'.

Overall, not only the macro context, but also the organisational situation at a micro level means that TM is not facing a gloomy future. In fact, with the objects of current TM being more deliberately segmented, some new categories of talents will be constantly explored, and functional areas will be more deeply exploited as well. Thus, as Morton (2004) argues, TM is an evolving field, and the breadth and depth of TM will be extended. It is clear that the topic of TM will be long-range project for HR professionals and other senior executives (Sandler, 2006). Hence, instead of stepping down from the stage of history, TM can anticipate its forthcoming prosperity in the not too distant future.

6.5 Implications of this research

The term 'Talent Management' has become popular as a result of a major study---*The War for Talent*---by consultants at McKinsey and Company, who undertook their original work in

1997 on the impact of how companies managed their leadership talent on corporate performance (Michaels, *et al.*, 2001). Following this, numerous studies and discussions have focused on the topic of TM, which is becoming more and more important to modern HR practices. For instance, the CIPD (CIPD, 2007a) in the UK identified TM as one of their three major research objectives; developing countries such as China and India have also realized the paramount importance of managing talents in the contemporary knowledge economy and in the context of intensifying global competition (Martin and Hetrick, 2006). Thus, Schweyer (2006) argues that talent has become a decisive factor affecting whether countries will thrive or stagnate in the 21st century.

Given the increasing numbers of consulting firms involved in TM, and the growing numbers of articles and books on the topic, one might think that TM is a well-defined and mature area of practice supported by extensive research and a core set of theories and models. However, this is not the case, as 'the discussion on TM has only just begun in earnest' (SOCPO, 2005, p. 10). The earlier literature review on TM reveals an absence of clarity regarding the definition and scope of TM; furthermore, most of the current discussion regarding TM is to be found in practitioner-oriented publications, whilst there is meanwhile a shortage of systematic academic research on TM. Although TM has been seen as a complex research area which is at an early stage of development, an abundance of evidence demonstrates that it is increasingly viewed as an important and interesting research topic (Tansley, *et al.,* 2007; Cooke, 2008). In such a context, despite the fact that TM sometimes seems just as mysterious as human beings, some of those mysteries might reveal themselves if assiduous research is carried out (Donahue, 2001). Thus, this study regarding TM is expected to contribute to the development of research into TM from an academic perspective, to arouse more attention from other scholars, and therefore to provide a greater analytical and conceptual understanding for practitioners who adopt TM.

What is more, because TM is a fairly new concept within the field of theory development, there are many gaps and omissions left for further attention. Given the difficulty in identifying the precise meaning of TM, due to the confusion regarding definitions, terms, and the many assumptions made by different authors, the author first offered a broad review of the current literature on TM. Based on this review, she narrowed the research interest down to a comparison study between TM and traditional HRM, from both the literature and practical perspectives. The research interest was initially inspired by early comparison studies in the HR domain, for instance, between personnel management and HRM, conducted by Storey (1995b), Blyton and Turnbull (1992), and Legge (1995), and between HRM and strategic HRM, carried out by Mabey *et al.* (1998) and Beaumont (1992). Whilst TM, as an emerging managerial discourse, has received intensive discussion recently, there has not been a systematic comparative study between TM and

traditional HRM. Consequently, some argue that TM is just a re-packaging of old ideas, and is not that distant from traditional HR practices or disciplines. However, this study is expected to help to bridge this theoretical gap.

6.6 Limitations and future research

This study inevitably has its own particular limitations in terms of the following aspects:

First of all, as was seen in an earlier chapter, the Chinese labour-market system is currently in a state of transition (Warner, 1997; Shen, 2007). There is not a homogeneous set of people management means and methods shared by the vast variety of Chinese businesses. Each type of enterprises presents intrinsic characteristics which might be distinct from each other. Therefore, it is important to reiterate that the empirical material gathered for the present study has come exclusively from well-established MNCs with offices in Beijing, China. Other types of enterprises, such as state-owned, private and joint-venture enterprises may display different features in relation to TM and HRM, and hence further investigation is urgently required into the TM policies and practices in such organisations (Chuai, *et al.,* 2007; 2008a; 2008b; 2009).

Moreover, since the mid-1990s TM initiatives have been introduced by a growing number of MNCs in response to the growing problem of shortages of international talents, which is increasingly regarded as a major constraint on the implementation of international strategies (Scullion and Collings, 2006). However, Scullion and Starkey (2000) argue that TM approaches vary in significant ways across different types of international firm. For example, they contend that TM can differ in three distinctive groups of companies: centralised HR companies, decentralised HR companies and transition HR companies. This study takes well established and recognized MNCs as a whole without paying close attention to possible sub-groups. Thus, it is expected that future studies regarding MNCs should go into more detail in researching different types of MNCs.

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Key terms in Chinese

Talent Management -------------------------------------人才管理

Human Resource Management --------------------------人力资源管理

Appendix 1

Interview guide to case study organisations

Group A

1) When did your company start talent management (TM), or talent-related activities, such as talent training, talent recruitment?

2) How did your company start talent management (TM), or talent-related activities, such as training, recruitment?

3) What is your main motive/reason to adopt TM?

Group B

4) Do you know if other companies in your business sector also adopt TM?

5) Have the headquarters (business partner) adopted and advocated TM?

6) Are there any external or internal factors affecting your decision making about TM?

Group C

7) What does 'talent' refer to in your company?

8) What are the key functional areas covered in your company's TM strategies?

9) What kinds of people are included in your company's TM programmes?

Group D

10) Who or which department normally organizes TM programmes in your company? In other words, who or which department takes the immediate responsibility for TM in your company?

11) Why do you think they would like to adopt and advocate TM? Have they achieved any benefits during the process, such as the improved recognition or status in your company?

12) Do you think that the adoption of TM will bring any symbolic meaning to your company?

13) What do you think of the role the HR department plays in the overall TM process? Has the HR department gained a higher degree of recognition and credibility during the whole process?

14) What role do the line managers play during the TM process?

15) What role do the senior managers play during the TM process?

Group E

16) What does TM mean to you (or your department)? Do TM programmes bring any difference to you (or your department), compared with the traditional HRM practices? If they do, what is the difference? Does TM bring any benefits or disadvantages to you (or your department)? (for employees/line managers)

17) Could you describe your TM programmes?

Group F

18) Is there a formal succession planning in your company? If there is, what is the

target group of your succession planning?

19) Can you tell any difference between succession planning and HR planning in your company?

Group G

20) How would you describe your company's TM strategies? What does TM refer to in your company?

21) Is there anything fundamentally new with TM? What is the main difference between TM and HRM practices in your company?

22) Has TM replaced the way of managing people in any aspect in your company? If it has, in what aspects?

Group H

23) How would you evaluate TM strategies and practices in the overall business performance?

24) How would you predict the future of TM in your company?

Appendix 2

Interview guide to consultancy firms

Group A

1) When did your company first hear of talent management (TM)?
2) How did your company first hear of talent management (TM)?
3) When did your company start the TM-related business? Or how long has your company been providing TM-related services to clients?
4) What is your main motive/reason to get involved with TM business?

Group B

5) Do you know if there are other consultancy companies propagating TM or selling TM-related products or services to clients?
6) Can you introduce a typical TM consulting process?
7) Why do you think TM is so popular?

Group C

8) How do you define TM?
9) How do you explain TM to your clients?
10) How do you distinguish TM from HRM to your clients?
11) When you advocate TM to your clients, will you persuade them to replace any aspect of HRM with TM?
12) How much does the TM-related business make up your overall business? In other words, is the TM-related business one of your main business?

Group D

13) Why do you think companies would like to adopt TM?
14) According to your experience, do you think the adoption of TM can bring any symbolic meaning to companies?
15) What are the benefits that TM can bring to your clients?
16) How do your clients perceive of TM? Are they satisfied with the results TM brings to them? If they are not, what is the main complaint?
17) When you advocate TM to your clients, who or which department do you normally design to take the immediate responsibility for TM? (What role do HR departments play?) What roles do line managers and senior managers respectively play?
18) Can TM bring any effects on HR departments?

Group E

19) How do you predict the future of TM?
20) How do you predict the development tendency of TM-related business in your company?

Appendix 3

Paper accepted for publication by *Management Research News*, Special Issue about China, Volume 32, Issue 6, 2009 (co-authors: Professor David Preece and Professor Paul Iles)

<div align="center">

Is Talent Management just 'old wine in new bottles'?

The case of MNCs in Beijing

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Background and objectives

A recurring topic among HR professionals has been the search for an appropriate role and status for practitioners, who have suffered the pain of trying to achieve credibility, recognition and status in the eyes of senior management groups and even employees (Shipton & McAuley, 1993; Legge, 1995). However, despite the inability of the HR profession to resolve its credibility problem, the situation has never been as favourable to HR professionals as it is now in making their mark at the strategy table (Ulrich, 1997). With the emergence of the so-called "knowledge economy" since the late 1980s, more and more personnel managers have shown a willingness to adopt different roles and rhetorics to strengthen the impression of an upgraded position in organisations.

Since the emergence of the HR profession, several labels have been employed, including "Personnel Management", "Human Resource Management" (HRM), and "Strategic HRM", and now we have "Talent Management" (TM). Nevertheless, Furusten (1999), Huczynski (1993) and Abrahamson (1991; 1996) believe that in many cases, popular management concepts represent nothing but old techniques that have been re-invented or re-discovered. Recently, there has also been a debate as to whether TM is just old ideas re-packaged. Is TM nothing new (Adamsky, 2003), just a fad or a fashion that integrates some old ideas and gives them freshness?

The aim of the present study is to explore whether TM practices are fundamentally different from traditional HRM, and whether TM is another struggle by HR profession to improve its credibility and status inside organisations.

The emergence of TM in China

Since 1997, when the U.S consultancy McKinsey exposed the 'war for talent' as a 'critical driver of corporate performance', TM has become an increasingly popular phrase. In the face of ever-encroaching globalization, the People's Republic of China has enjoyed nearly three decades of economic growth-an average of around 10 per cent per annum over the years since Deng Xiao Ping launched the 'Open Door' and 'Four Modernizations' policies

in 1978 (Newton and Subbaraman, 2002). From the onset of the reforms, dramatic changes have taken place in China's enterprise structure and management, including the decentralization of planning and decision-making processes, the introduction of responsibility systems enhancing individual accountability for performance, and the encouragement of private and foreign-invested enterprises. Allied with these changes, the Chinese labour-management system is currently also in a state of transition (Warner, 1997, Shen 2007). At the same time, the HR function has also evolved, along with organisations in general (Schweyer, 2004). The changing political environment, reformed legal frameworks and economic pressure have continuously added new dimensions to HRM (Poole, 1997). Most recently, with the widely recognized importance of intangible resources in today's knowledge economy, attention has focussed upon a new concept, TM, also with respect to the HR function. In China, the exacerbating shortage of managerial talent and aggravating pressure of fierce competition has helped fuel an interest in TM. TM, at least as a newly emerging terminology, has become the latest trend within the field of people management in China as well as in the Western world, particularly in MNCs which are well-exposed to Western management ideology.

Methodology

Given the themes, questions and issues outlined above, a case study method was selected as the main research methodology. The study was undertaken in Beijing, and the target companies were limited to MNCs, for the following reasons:

Firstly, there is no homogeneous model of HRM in Chinese enterprises. In state-owned enterprises, the labour management system is as yet a 'hybrid' creature, half-way between the old-style Maoist model and a market-driven one, but which has not fully evolved either on Western or East Asian lines. In private and collective enterprises in China it is likely that HRM systems are being reformed differently, on the basis of existing conditions. Meanwhile, in more prominent MNCs, the term HRM is in fact mostly *de rigueur* (Warner, 2002). Given TM as a newly emerging managerial concept, it would seem more likely that MNCs are establishing their own TM strategies.

Secondly, in China "tier-1" and "tier-2" cities, such as Beijing, Shanghai, and Guangzhou, which have less than 20% of China's population, possess more than 80% of the leadership talent (Lau, 2007). Moreover, based on a countrywide survey, three out of four people who have attended higher education (especially those with a Master's degree or PhD) want to work in Beijing, Shanghai or Guangdong (Lau, 2007). In consideration of this 'unbalanced' development, it would appear more likely that TM will be on the agenda of organisations in these big cities.

Thirdly, one of the authors/researchers has a number of years' study and work experience in Beijing, and thus has access to a range of people and organisations there.

Four in-depth case studies were conducted in Beijing in the IT, health care, and education sectors. Interviewees were provided with an interview schedule and the interviews were semi-structured, planned to last from half to one hour and, with the permission of the interviewees, were tape- recorded. The interviews were conducted with a range of stakeholders in each organisation, always including at least one HR specialist (including the senior HR professional wherever possible), senior and functional managers, and non-managerial staff. In addition, to broaden the perspectives and insights, the researchers interviewed three consulting firms normally regarded as management fashion setters.

Empirical findings

The case study companies are coded as A, B, C, D, and the three consulting firms as E, F, and G. A is a full-service, full-spectrum communications software company and a market leader in the industry with 25 corporate offices and headquarters in the USA. B is one of the world's largest IT management software providers, a global company with headquarters in the USA and 150 offices in more than 45 countries. C provides online multi-vendor sales channels for diagnostic, treatment and surgery planning solutions; it is headquartered in London with offices in the USA, Japan and China. D, registered in Canada, is mainly responsible for education investment, management, consultation, communication and cultural media, with 22 branch offices in China and Canada. E is a leading provider of HR outsourcing and consulting services, headquartered in the USA, located in 35 countries and employing approximately 24,000 associates. F is also headquartered in the USA, and is a well-established consulting firm, serving more than 8,000 clients from 88 offices in 47 countries worldwide. G is headquartered in the USA and employs more than 15,000 individuals, serving clients from more than 180 cities and 42 countries worldwide.

A summary of some of our key empirical findings is provided in Table 1.

	Defining Talent	Defining TM	What is the difference, if any, between TM and HRM?	Why adopt TM?
A	Key employees with distinguished perform-ance & competence	Competence development but with an organisational focus	TM breaks HRM's egalitarianism, tends to favour elites	Urgent demands for retention and attraction of talents
B	Part of human resource with better performan-ce & competence	Improvement of organ-izational competence as a whole	TM is a part of HRM, because its target is part of human resources	Retention and attraction of talents for further development
C	All employees, as long as they meet their job requirements	Equal to traditional personnel development	TM emphasizes different-iation, management TM ≤ HRM	Demand for organisational competence development; pressure from talent war
D	People occupying key positions in each job sequence	A smooth supply of suitable people for key positions	TM is one part of HRM, a more directed & detailed management	Demands for retention and attraction of talents
E	People with high strat-egic value & high deg-ree of scarcity	A series of functional mo-dels to guarantee smoo-th talent supply	Point of departure for TM is talents, rather than split functional models like HRM	TM's management ideo-logy satiates the demands of current enterprises

F	Part of employees dire- ctly relating with core business value chain	Life and development cycle of talents	TM works from the pers- pective of people rather than mgt functions	Overcome the hurdles of retention and attraction of talents
G	People occupying the posts with core business competence	Competence development of the whole organisations	TM is discussed from the perspective of organizati- onal development	Enterprises' internal urgent demands

Table 1 Summary of key empirical findings

Analysis

The analysis below addresses the following research questions:

8) Is TM really different from HRM?

9) Is TM another managerial rhetoric through which HR struggles to improve its legitimacy?

Is TM really different from HRM?

Similarities and differences between TM and traditional HRM were explored.

Similarities

Two clear similarities between TM and HRM were identified:

1. Both TM and HRM identify placing the 'right' people into the 'right' roles as an important means of integrating people practices with organisational goals, including individual development.

Tichy et al (1982, p.51) argue that 'an essential process of human resource management is one of matching available human resources to jobs in the organisation', and Huselid (1995) claims that HRM activities involve getting the right person into the right spot (employee skill and organisational structures) in order to contribute to higher productivity. A similar finding was found in the empirical study, typified by the Public Relations Manager at company C: *'simply speaking, TM is to get the right people into the right places, make sure that people and places are well matched'.*

This argument can be found in a wide range of literature on TM; e.g., according to Duttagupta (2005), TM assures that a supply of talent is available to align the right people with the right jobs at the right time, based on strategic business objectives. Stainton (2005, p. 39) claims that 'talent management is concerned with having the right people in the right roles in the right environment with the right manager to enable maximum performance'.

2. Both TM and HRM cover the same key functional areas of people management.

The majority of people management treatises on HRM and TM have identified the same key functional areas. For example Cascio (1998, p. 2) explicitly defines HRM as 'the attraction, selection, retention, development and use of human resources in order to achieve both individual and organisational objectives'. This is the same as, or similar to, most of the descriptions of TM offered during the interviews. Nearly all the respondents

mentioned that their TM projects cover almost all the traditional functional areas of HRM, albeit sometimes with a different focus. This commonality between TM and HRM is also found in the literature. For instance, Creelman (2004) defines TM as the process of attracting, recruiting, and retaining talented employees; whilst Knez *et al* (2004) assert that TM refers to a continuous process of external recruitment and selection and internal development and retention. Thus, HRM and TM share much in common

Differences

Notwithstanding the above, it is important to note some key differences between HRM and TM:

1. For the majority of our interviewees, TM is just one part of HRM.

TM is talent-focused, with a more directed and detailed focus by management upon certain groups of people, i.e. 'talents', as against HRM's focus on the management of all staff. Except for company C, which takes a broader view of 'talents', all the companies took this position, for instance, one teacher from company D stated,

> *'TM is just one aspect of HR…HRM cares about the management of all employees in enterprises; while TM just focuses on the most valuable people in organisations. Therefore, from this point of view, TM is just one part of HRM'.*

This conclusion is directly related to the way in which each company defines talents. If they adopt a relatively narrow, exclusive definition, they will logically come to this conclusion.

2. TM requires not only the 'buy-in' of HR department and line managers like HRM, but also that of the senior management team.

Staff in the case study companies unanimously asserted that all stakeholders have to be involved in the process of TM- a 'talent mindset' is essential. According to the Sales Manager from company A, TM is a top-down process, and the buy-in of the senior management team plays a key role because TM can only be effectively conducted with its support, thus it controls the orientation at a macro level. Her view was that the HR department plays the roles of advocator and designer of the whole system, as well as that of 'result examiner; in most cases, it also takes the responsibility to coordinate different functional departments in order to guarantee a successful accomplishment of TM activities. As for the other functional departments, they are responsible for concrete operations, but they can always seek guidance and consultancy from HR departments. In essence, all the other case study companies took this position.

The normative literature claims that TM will not be a success if it is seen purely as an HR initiative (CIPD, 2006). It needs to be embedded in the entire organisation, led by the senior management team, supported by a range of initiatives developed by HR and implemented by HR and line managers: 'Superior talent will be tomorrow's prime source of competitive advantage. Any company seeking to exploit it must instil a talent mindset throughout the organisation, starting at the top' (Chambers, et al, 1998, p. 48).

3. TM emphasizes segmentation, while HRM asserts egalitarianism.

A viewpoint widely held among case study company interviewees is that TM is significantly different from HRM in that the latter treats each employee in the same way and avoids differentiation regarding the allocation of company resources, whereas TM sees the needs of 'core' and 'non-core' employees as being different, and 'starts to pay attention to different demands of different groups of people' (IT support manager, company D).

The HR manager from company A explained this phenomenon with reference to Maslow's need-hierarchy: the needs of employees with different performances and potential are different; therefore management means and methods for them should be distinguished. TM stresses favouring the deployment of company resources towards 'selected elites and key employees' (sales manager from company A). The Finance manager from company A pointed out: *'It is a kind of waste of a company's resources to manage employees without any particular emphasis in pursuit of egalitarianism'.* The HR manager from company B echoed the above: *'Traditional HRM means that enterprises equally distribute their resources; while TM emphasizes a differentiated distribution of resources'.*

Similar positions in the normative TM literature can be detected. For example, Ledford & Kochanski (2004, p. 217) argue that 'Segmentation, that is the division of the workforce into parts that are treated differently, is fundamental to talent management'… 'Successful organisations tend to have a dominant talent segment, while their weaker peers have a bit of everything. But no company can be all things to all people… 'Ideally, a company should simply figure out who it is aiming for, and make sure its brand is tailored to the talent segment it seeks to attract' (Chambers, et al, 1998, p. 51). Whilst traditional HRM stresses managing human resources as the organisation's most important asset and main source of competitive advantage, it also advocates egalitarianism, considering everyone as (potentially) equally capable. TM advocates take the opposite perspective, arguing that employees should be distinguished from each other in terms of their performance, potential and core competencies (Berger, 2004). TM stresses 'talentism' (Lin, 2006) and premises the classification of employees, viewing segmentation as, in effect, a practical version of labour economics. Without segmentation, managers would treat all employees as equally valuable, regardless of their performance, competence, potential, or other characteristics

that distinguish them from each other. This is seen as potentially creating unnecessarily high costs in recruiting, hiring, training, developing, and compensating employees.

4. Starting points.

The starting point of HRM, according to the senior consultants respectively from company E and company F, is that HRM concerns the accomplishment of separate functional models, such as recruitment, training, development, and assessment; its focus is not people but the successful fulfilment of each function. On the other hand, the starting point of TM is people, namely talents. Under TM, management functions are no longer seen as divided, but as linked, tightly connected with each other around talents. Consequently, the ultimate result of TM is a smooth supply circle of talents. A senior engineer from company B commented:

> *'before, we only had a selection mechanism, we lacked the corresponding management means and methods aiming at those selected top talents in the following course…the current TM makes the management of those specific group of people systematized'.*

According to the senior consultant from company E, this can be seen as a fundamental change in thinking. However, it is just such a change that enables TM to gain its popularity in the management world.

The above comparisons between TM and HRM ideology and practice demonstrate that it is unacceptable to conclude that TM is completely new or a repackaging of HR practices. As Associate HR generalist from company B observed:

> *'TM is a logical result of the further development of HRM, it is not something completely different and isolated from HRM, it is a kind of management developing and evolving on the basis of HRM; moreover, it is still covered by HRM'.*

TM therefore has elements of both HRM and TM. As Neil Paterson (Director for regional business units at Hay Group) has asserted 'there is an element of TM being both a soundbite and a bandwagon' (Warren, 2006, p. 29). This is supported by Guest: 'TM integrates some old ideas and gives them a freshness' (cited by Warren, 2006, p. 29). TM has emerged and developed in its own particular social and economic contexts and time period, inheriting from and building upon existing practices, norms and processes, and drawing upon an extant language which defines what an organisation needs from its employees to meet its performance requirements, both now and in the future.

Is TM the latest managerial rhetoric through which HR struggles to improve its legitimacy?

Berglund (2002) argues that HR professionals have attempted to (re)establish their legitimacy and status by showing a willingness to adopt different roles and rhetorics to impress their colleagues. Evans (1999) argues that companies have gradually begun to realize that talented employees play a critical role to the success of the organisation, which has resulted in more enhanced responsibilities for HR professionals. She further claims that through TM the HR function will increasingly become valued as a strategic business partner with top management, ensuring that HR activities are aligned with the business goals of the organisation.

Our empirical findings do not entirely support the above argument. Interviewees unanimously commented that the real driving force for adopting TM is their own demands for further development and the urgent demands for the attraction and retention of certain staff ('talents'), rather than some 'superficial pursuits' (one teacher from company D). Much evidence could be found for this; for instance, interviewees in company B asserted that the HR department played the role of strategic partner and consultant; excluding routine work, all of the other decisive work has already made HR department in a strategic position. Certainly, if the HR department does a great job, it will gain the line departments' respect, but that is all. The improvement of the position of HR might be an effect of TM; however, it is 'by no means a point of departure for our adoption of TM' (HR manager from company B**).**

Other interviewees said they do not take the pursuit of an improvement of the HR department's legitimacy and status into consideration during their decision processes regarding TM, for example:

> 'T*here are three classes of departments in our company, the HR department belongs to the A-class, and has always been valued; our HR department is a stable department, it won't make any decisions based on those superficial pursuits' (one teacher from company D).*

The Organisation Studies literature often claims that popular management concepts are powerful tools for individual managers inside their organisations, enhancing their efforts to appear modern and innovative (Ernst & Kieser, 2002; Abrahamson, 1996). Contrast this with an observation from one of our interviewees:

> *'Maybe certain individuals have this kind of cognitions or understandings in their subconscious; however, it is definitely not controlled by the HR department or these several individuals to decide for their enterprise to do or not to do something, because enterprises are organisations chasing for profits, they will do cost accounting for any business action' (senior consultant from company F).*

On the basis of our case study findings and the argument developed above, then, we challenge the idea that TM is just another struggle and attempt by HR departments to

establish and enhance legitimacy and credibility- there is more to it than that, as has been shown above.

Conclusion

The paper has explored what is distinctive about TM, and the factors and purposes influencing the adoption of TM in China. The history of the HR profession has witnessed several different labels and approaches, often overlapping in time, such as personnel management, HRM, strategic HRM, and now TM. Some writers have argued that these concepts lack distinctiveness in relation to each other, merely exemplifying the struggle by HR professionals to enhance their legitimacy, status and credibility in and outside of the organisation.

Through comparing models of HRM with normative and empirical findings relating to TM, our research has found that TM seems to presage some new and rather different approaches to the management of the people resource in organisations, rather than a simple repackaging of old techniques and ideas with a new brand label. Meanwhile, this study strongly challenges the idea that TM is another struggle by HR professionals to enhance their legitimacy, status and credibility; instead, TM seems a new management ideology that may make a difference to the success and the competitive advantage of the organisation. Therefore, TM should not be simply considered as 'old wine in new bottles', at least not with respect to the case of MNCs in China.

Finally, this study only concerns well established and recognized MNCs. Other types of enterprises, such as state-owned, private and joint-venture enterprises may show other features, because different types of businesses do not necessarily fall into the same trajectory of management. Hence, it is worth conducting further investigation into TM in those companies in the future.

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Is Talent Management really the same as Human Resource Management?
The case of MNCs in Beijing

INTRODUCTION

A recurring topic among HR professionals has been the search for an appropriate role and status for practitioners, who have suffered the pain of trying to achieve credibility, recognition and status in the eyes of senior management groups and even employees (Shipton & McAuley, 1993; Legge, 1995). However, despite the inability of the HR profession to resolve its credibility problem, the situation has never been as favourable to HR professionals as it is now in making their mark at the strategy table (Ulrich, 1997). With the emergence of the so-called "knowledge economy" since the late 1980s, more and more personnel managers have shown a willingness to adopt different roles and rhetorics to strengthen the impression of an upgraded position in organizations (Berglund, 2002; Meisinger, 2006).

Since the emergence of the HR profession, several labels have been employed, including "Personnel Management", "Human Resource Management" (HRM), and "Strategic HRM", and now we have "Talent Management" (Iles, 2007). Within such a context, some critics believe that the majority, if not all, of the changing rhetorics found in the human resource management area are just management fashions (Huczynski, 1993), because they describe the same area and are not significantly distinguished from each other (Lorenz, 1986; Legge, 1995). Meanwhile, other academics have argued that effective personnel practices are surprisingly stable and not particularly faddish (Pfeffer, 1994). What is more, the adoption of such practices will contribute to enhanced financial performance (Huselid, 1995).

In order to explore these arguments, academics have undertaken comparison studies between different managerial models and concepts in the HR profession. For example, when HRM started to diffuse in the literature and gain more acceptance among practitioners (at least in terms of using the label), a host of researchers focused their research interests on the comparison between HRM and personnel management (Foulkes and Livernash, 1982; Du Gay and Salaman, 1992; Price, 1997; Guest, 1987; Fowler, 1987; Armstrong, 1987; Blyton and Turnbull, 1992; Storey, 1989). Similarly, when the term HRM had the prefix 'strategic' attached, comparisons, for example, between HRM and strategic HRM

were also explored by some researchers (Fombrun, et al., 1984; Beaumont, 1992; Mabey et al., 1998).

More recently, TM as a new label within the HR function has increasingly attracted attention from academics and practitioners. Notwithstanding these initiatives, there are many gaps and omissions left for further theoretical development, not least because of TM's newness. For instance, to the best of our knowledge, there has not been a systematic comparison between TM and traditional HRM practices, and thus debates are emerging regarding whether TM is just a re-packaging of old ideas and not distinct from traditional HR practices or disciplines. Hence, identifying the differences between TM and HR, linked to corporate objectives, becomes necessary (Likierman, 2007).

The aim of the present research project is to gain an understanding of TM among multinational corporations (MNCs) in Beijing, and to discover whether TM practices as promulgated and practiced are fundamentally different from traditional HRM.

THE EMERGENCE OF TM IN CHINA

Since 1997, when the U.S consultancy McKinsey exposed the 'war for talent' as a 'critical driver of corporate performance', TM has become an increasingly popular phrase. In the face of ever-encroaching globalization, the People's Republic of China has enjoyed nearly three decades of economic growth-an average of around 10 per cent per annum over the years since Deng Xiao Ping launched the 'Open Door' and 'Four Modernizations' policies in 1978 (Newton and Subbaraman, 2002). From the onset of the reforms, dramatic changes have taken place in China's enterprise structure and management, including the decentralization of planning and decision-making processes, the introduction of responsibility systems enhancing individual accountability for performance, and the encouragement of private and foreign-invested enterprises. Allied with these changes, the Chinese labour-management system is currently also in a state of transition (Warner, 1997; Shen, 2007). At the same time, the HR function has also evolved, along with organizations in general (Schweyer, 2004). The changing political environment, reformed legal frameworks and economic pressure have continuously added new dimensions to HRM (Poole, 1997). Most recently, with the widely recognized importance of intangible resources in today's knowledge economy, attention has focused upon a new concept, TM, also with respect to the HR function. In China, the exacerbating shortage of managerial talent and aggravating pressure of fierce competition has helped fuel an interest in TM. TM, at least as a newly emerging terminology, has become the latest trend within the field of people management in China as well as in the Western world, particularly in MNCs which are well-exposed to Western management ideology.

METHODOLOGY

Given the exploratory and qualitative nature of the questions and issues outlined above, a case study method was selected as the main research methodology. The study was undertaken in Beijing, and the target companies were limited to MNCs, for the following reasons:

1. There is no such thing as a homogeneous model of HRM in Chinese enterprises (as elsewhere). In state-owned enterprises, the labour management system is a 'hybrid' creature, half-way between the old-style Maoist model and a market-driven one, but which has not fully evolved either on Western or East Asian lines. In private and collective enterprises in China it is likely that HRM systems are being reformed differently, on the basis of existing conditions. Meanwhile, in more prominent MNCs, the term HRM is in fact mostly de rigueur (Warner, 2002). Given TM as a newly emerging managerial label/concept, it would seem more likely that MNCs are establishing their own TM strategies.

2. In China, "tier-1" and "tier-2" cities, such as Beijing, Shanghai, and Guangzhou, which have less than 20% of China's population, possess more than 80% of the leadership talent (Lau, 2007). Moreover, based on a countrywide survey, three out of four people who have attended higher education (especially those with a Master's degree or PhD) want to work in Beijing, Shanghai or Guangdong (Lau, 2007). In consideration of this 'unbalanced' development, it would appear more likely that TM will be on the agenda of organizations in these big cities.

In-depth case studies were conducted with four MNCs in Beijing respectively from IT, health care, and education sector. They are coded as A, B, C, and D. Interviewees were provided with an interview schedule and the interviews were semi-structured, planned to last from half to one hour and, with the permission of the interviewees, were tape- recorded, and subsequently transcribed and content-analysed. Over twenty interviews were conducted across the case-study organizations with a range of stakeholders, including at least one HR specialist in each organization (the senior HR professional wherever possible), senior and functional managers, and non-managerial staff. In addition, in order to broaden the perspectives and insights, we carried out interviews in three management consultancy firms, coded as E, F, and G.

A is a full-service, full-spectrum communications software company and a market leader in the industry with 25 corporate offices and headquarters in the USA. B is one of the world's largest IT management software providers, a global company with headquarters in the USA and 150 offices in more than 45 countries. C provides online multi-vendor sales channels for diagnostic, treatment and surgery planning solutions; it is headquartered in London with

offices in the USA, Japan and China. D, registered in Canada, is mainly responsible for education investment, management, consultation, communication and cultural media, with 22 branch offices in China and Canada. E is a leading provider of HR outsourcing and consulting services, headquartered in the USA, located in 35 countries and employing approximately 24,000 associates. F is also headquartered in the USA, and is a well-established consulting firm, serving more than 8,000 clients from 88 offices in 47 countries worldwide. G is headquartered in the USA and employs more than 15,000 individuals, serving clients from more than 180 cities and 42 countries worldwide.

FINDINGS

The presentation and analysis of our findings is structured around addressing the following two main questions:

-How is TM defined?
-Is TM seen as being the same as HRM?

Defining TM

A review of the literature focused on TM reveals a lack of clarity regarding the definition and scope of TM, because TM means a host of different things to different people. This was also the case during the interviews. Nevertheless, we found some aspects were held in common, and we therefore explored two strands of perspectives on TM, based on our empirical findings (see Table 1). The first perspective takes the view that TM covers the same functional areas as HRM (such as employee recruitment, development, deployment and retention), but with a focus on top performers and 'high potentials' rather than all the staff in a given organization. This conception also sees TM as a set of practices to ensure different functions are tightly linked with each other, instead of being (semi-) isolated from each other as (it was argued) was often the case with HRM. The second perspective sees TM in a very different way, by equating it with organizationally-focussed competence development. The paper outlines and discusses our findings for these two strands of TM in the following sections.

PLACE TABLE 1 HERE

TM as integrated HRM, but with a selective focus

The first strand defines TM as a collection of typical HR department practices and activities covering functions such as recruitment, development, deployment and retention of talented individuals. For example, the Deputy General Manager from B argued 'basically, the key functional areas TM covers overlap with those of HRM'. One employee from D also stated

that 'as far as the scope is concerned, TM basically covers all functional areas HRM is involved in'. The senior consultant from F expressed 'as for the managerial functions, TM is still something like recruitment, training, retention and incentives, and so on'. The senior consultant from G similarly claimed 'as far as the functions are concerned, they should be overlapped between HRM and TM'.

At this point, the components of a TM system seem to be outlined without generating much if any new thinking. The different components of TM put forward by some authors are, in essence, quite similar to this viewpoint. For example, Morton (2006) depicts eight categories of activities of TM: recruitment, retention, professional development, leadership development, performance management, feedback/measurement, workforce planning and culture. Fitz-enz (2005) argues that TM encompasses six human resources services: staffing, leadership development, succession planning, performance management, training and education and retention. Farley (2005) proposes that TM includes all processes needed to optimize the people resource within an organization. The central concerns in this definition of TM are thus to attract, recruit, develop and retain such individuals, and the concept extends through a wide set of activities in these different phases. Therefore, 'developing, redeploying and retaining top employees' serves as a general definition of TM. TM here is an umbrella phrase which includes employee recruitment, retention, performance management, skills and competency management, succession planning, redeployment, learning management, training, on-boarding, career development processes, internal career centres and internal career paths.

Although defining TM in terms of the functions of traditional HR seems to add nothing new to the understanding of how to manage talent, Barlow (2006) argues that TM could become a new label for HRM for managers. As some interviewees commented, the overarching managerial focus of TM is upon "top performers" and "high potentials" rather than all the staff in their companies. In company D for instance, the HR manager observed that 'TM is a whole management system aiming at a particular group of people … who occupy the key posts'. The Managing Director commented:

> HRM, in general sense, is the management of all employees. While TM is the management of key talents among all employees, it should be a kind of directed management based on the differentiation of employees; it is totally distinguished to the management of common employees.

The above line of argument would appear to be somewhat limited in differentiating TM as a new concept. The consultants, however, offered some reasons for accepting it: for them, a constant and smooth supply of talent is the end goal of effective TM, and all the functional areas mentioned above should be at the service of this overall goal. The senior consultant from Company E said that:

> TM and HRM are two different viewpoints in the observation of problems… HRM more emphasizes the differentiation of functional models, while TM more concerns people, namely talents.

Similarly, the senior consultant from Company F:

> The target of TM is not those functions of HRM, but a certain category of people, for example, we have a service line for leadership talent supply, while all functional models have to serve this whole business line.

This understanding of TM echoes some researchers' viewpoints, for instance Duttagupta (2005) argues that TM is the strategic management of the flow of talent through an organization; Kesler (2002) and Pascal (2004) state that TM, to some people, is a set of practices to ensure a smooth continuity of talented employees into roles throughout the organization. In this sense, TM programmes are mainly designed to create talent pools that feed particular job classifications, and they focus on the individual skills, competencies, and behaviours that make those employees successful in the future. Therefore TM is not a simple summation of the isolated HR functions, but on the other hand it is not equal to succession planning, and it is oversimplified to use these two terms interchangeably. Blass *et al*, for example, have argued:

> TM is more than HRM, leadership development initiatives or succession planning. It is the collective approach to recruiting, retaining and developing talent within the organization for its future benefit, and extends beyond the domains listed above to include strategy, organizational culture and change management (2006: 1).

In summary terms, the substance of this first strand of TM involves the combination of those two viewpoints in an attempt to assure the life and development cycles of particular groups of talents across and within these sometimes split and separated functional areas.

TM as organizationally- focused competence development

This strand of TM is one which equates it with competence development, but adds an organizational focus. Interviewees in companies A and B were inclined to see their TM in this way; the finance manager from Company A for instance observed:

> Our company intentionally trains and develops the best performers with particular emphasis, makes corresponding career plans according to their own strengths and characteristics…I feel TM is a double-win process, where both company and employees can get developed.

An HR generalist from Company B claimed that TM is 'a kind of management in pursuit of an improvement of core employees' key competence'. A more extreme view came from the

HR manager in C, who saw its TM as, in essence, equal to traditional personnel development, in the sense that TM is a developmental approach, applying the personnel development process to everyone in the organization:

> I need an outstanding and stable team; I must guarantee that employees have a fine development. Employees must grow up together with company. … (Thus) it is not necessary for us to specially list some documents or rules and call them TM; we put them into employee development.

This perspective accords with that of some academics. For instance, Williams (2000) claims that 'there is often a wealth of potential   competence waiting to be tapped, released and creatively channelled in most organizations' (p. 170). Armstrong (2006, p. 389) points out that 'the approach (of TM) should be one that emphasizes the ability of everyone to succeed and thereby achieve extraordinary results with ordinary people'. Ashton and Morton (2005) state that 'it (TM) aspires to yield enhanced performance among all levels in the workforce, thus allowing everyone to reach his/her potential, no matter what that might be' (p. 30).

The substance of this perspective, then, is to keep track of employees' competence and performance, and ultimately trigger an improvement in organizational competence as a whole. Again, we find a similar understanding of TM amongst some authors. Stockley (2005), for example, defines TM as:

> A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organizational needs. Talent management involves individual and organizational development in response to a changing   and   complex   operating   environment. (http://derekstockley.com.au/newsletters-05/020-talent-management.html,   accessed in 2007)

Williams (2000: 82) argues that:

> The central purpose and effort of talent management is to find, develop and intelligently use outstanding ability and to fulfil high potential to the optimum longer-term advantage of the business and the individual.

Redford (2005) sees TM as an attempt to ensure that all employees strive to the maximum of their potential, and therefore help achieve the maximum possible organizational performance. Wilcox (2005) sees TM as involving the implementation of accelerated development paths for the 'highest potential' employees.

The focus of TM from this perspective, then, is upon the strengths and weaknesses of the organization *per se*, current and future competence requirements, and any potential competence gaps which may emerge. In contrast to the first perspective's focus upon achieving a smooth life and development cycle of talents, this perspective has the

improvement of overall organizational competence and performance as the final purpose, albeit that in *application* there might be an overlap with the first perspective.

Comparing and contrasting TM and HRM

Our interviewees saw similarities and differences between TM and traditional HRM. We outline and discuss these in the following two sections (see Table 2 for a summary).

PLACE TABLE 2 HERE

Similarities between TM and HRM

1. Both TM and HRM see placing the 'right' people into the 'right' roles as an important means of integrating people practices with organizational goals, including individual development. This line of argument can be found in much of the TM literature. Tichy *et al* (1982, p.51) argue that 'an essential process of human resource management is one of matching available human resources to jobs in the organization', and Huselid (1995) claims that HRM activities involve getting the right person into the right spot in order to contribute to higher productivity. According to Duttagupta (2005), TM ensures that a supply of talent is available to align the right people with the right jobs at the right time, based on strategic business objectives. Stainton (2005, p. 39) claims that TM 'is concerned with having the right people in the right roles in the right environment with the right manager to enable maximum performance'.

We found examples of the above in our empirical study, typified by the Public Relations Manager at C: 'simply speaking, TM is to get the right people into the right places, make sure that people and places are well matched' and the HR manager from Company D:

> The discussion of talents cannot be isolated from the concept of traditional posts…posts and employees should match up with each other… TM is a whole management system aiming at a particular group of people…who occupy key posts.

2. TM and HRM cover the same key functional areas of people management. The majority of people management treatises on HRM and TM have identified the same key functional areas. For example Cascio (1998, p. 2) explicitly defines HRM as 'the attraction, selection, retention, development and use of human resources in order to achieve both individual and organizational objectives'. Creelman (2004) defines TM as the process of attracting, recruiting, and retaining talented employees, whilst Knez *et al* (2004) assert that TM refers to a continuous process of external recruitment and selection and internal development and retention.

The majority of interviewees said that their TM initiatives covered almost all the traditional functional areas of HRM, albeit sometimes with a different focus. For instance, an employee from Company D observed 'as far as the depth is concerned, TM may be involved more deeply; as far as the scope is concerned, TM basically covers all functional areas HRM is involved in'. The Senior Technical Officer from Company C said 'TM should cover the same functional areas as HRM, except that TM might pay more attention to employees' career plan and design'. Expressing the matter slightly differently, some interviewees stated that the functional areas of TM and HRM overlap with each other to a large extent; for example, the Education Coordinator from Company B: 'basically speaking, the functional areas that TM and HRM respectively involve overlap with each other'.

It is the conceptualization of TM as a collection of common human resource management and development practices, functions, activities or specialist areas (such as recruitment, selection, employee development, and career and succession management) that, to a significant degree, has generated the debates about whether TM is merely a re-branding of HR practices aimed at keeping them seemingly new and fresh (Byham, 2001; Chowanec & Newstrom, 1991; Heimen & O'Neil, 2004; Hilton, 2000; Mercer, 2005; Olsen, 2000).

Differences between TM and HRM

1. For the majority of our interviewees, TM is just one part of, and therefore not synonymous with, HRM. TM involves a directed and detailed focus by management upon certain groups of people, as against HRM's focus on the management of all staff. All the companies took this position apart from company C. For instance, an employee from D stated:

> TM is just one aspect of HR…HRM cares about the management of all employees in enterprises; while TM just focuses on the most valuable people in organizations. Therefore, from this point of view, TM is just one part of HRM.

The overwhelming view was that HRM is concerned with the management of all employees, thus 'HRM is a kind of macroscopic management' (Sales manager, Company A), whilst TM highlights a group of individuals who are regarded as the most valuable and critical for the company's future development. Similarly, the Deputy General Manager in company B observed:

> TM pays more attention to top performers, while HRM covers a much wider scope, such as workforce planning, etc., all kinds of managements that deal with people. It should be said that TM is included by the whole HRM.

The above view is directly related to how each company defines TM: if a relatively narrow, as against broad, definition is adopted, then this conclusion would seem to follow logically.

2. TM emphasizes segmentation, while HRM asserts egalitarianism. A viewpoint widely

held among case study company interviewees is that TM is significantly different from HRM in that the latter treats each employee in the same way and avoids differentiation regarding the allocation of company resources, whereas 'TM sees the needs of core and non-core employees as being different, and starts to pay attention to different demands of different groups of people' (IT Support Manager from D).

The HR manager from company A elaborated on the matter by referring to Maslow's need-hierarchy: the needs of employees with different performances and potential are different; therefore they should be managed differently. TM stresses favouring the deployment of company resources towards 'selected elites and key employees' (Sales Manager, company A). The Finance manager from the same company commented 'It is a kind of waste of a company's resources to manage employees without any particular emphasis in pursuit of egalitarianism'. The HR manager from company B echoed the above: 'Traditional HRM means that enterprises equally distribute their resources; while TM emphasizes a differentiated distribution of resources'.

Similar arguments in the normative TM literature can be detected. For example, Ledford & Kochanski (2004, p. 217) argue that:

> Segmentation, that is the division of the workforce into parts that are treated differently, is fundamental to talent management… Successful organizations tend to have a dominant talent segment, while their weaker peers have a bit of everything. But no company can be all things to all people.

Chambers *et al* (1998, p. 51) claim that 'Ideally, a company should simply figure out who it is aiming for, and make sure its brand is tailored to the talent segment it seeks to attract'. Whilst traditional HRM stresses managing human resources as the organization's most important asset and main source of competitive advantage, it also advocates egalitarianism, considering everyone as (potentially) equally capable. TM advocates the opposite perspective, arguing that employees should be distinguished from each other in terms of their performance, potential and core competencies (Berger, 2004). TM stresses 'talentism' (Lin, 2006) and is premised on the classification of employees, viewing segmentation as, in effect, a practical version of labour economics. Without segmentation, managers would treat all employees as equally valuable, regardless of their performance, competence, potential, or other characteristics that distinguish them from each other. This is seen from this perspective as creating unnecessarily high costs in recruiting, hiring, training, developing, and compensating employees.

3. Starting points. Interviewees in firms E and F took the view that the 'starting point' of HRM is that it is fundamentally about separate functional models, such as recruitment, training, development, and assessment; its focus is not on people *per se*, but the successful fulfilment of each function. On the other hand, the starting point of TM is people, ie 'talents'.

Under TM, management functions are no longer seen as divided, but as linked, tightly coupled with each other around talent. Consequently, the key objective of TM is a smooth supply of talent to/in the organization. The senior consultant from company E commented:

> HRM always emphasizes the perfection of its own functional models, and does not focus on its ultimate products, namely people, while the starting point of TM is the people who are needed according to business strategies at different stages of development, rather than different functions.

A senior engineer from company B held a similar view:

> Before, we only had a selection mechanism, we lacked the corresponding management means and methods aiming at those selected top talents…the current TM makes the management of those specific group of people systematized.

A similar line of argument can be found in the literature. Oakes (2006), for example, noted that the range of functions TM addresses has been referred to elsewhere as the 'employee life cycle' or 'cradle-to-grave' employment applications.

Sullivan (2004) claims:

> TM produces excellent results because it overcomes the major problem of traditional recruiting, which is isolation. It instead integrates the previously independent functions of recruiting, retention, workforce planning, employment branding, metrics, orientation and redeployment into a seamless process.

According to a consultant in firm E, it is this, the essential simplicity of TM which explains its popularity with senior managers.

CONCLUSION

The above comparisons between TM and HRM terminology and practice lead us to the conclusion that it is unacceptable to conclude that TM is completely new or merely a repackaging of HR practices. TM has emerged and developed in its own particular social and economic contexts and time period, inheriting from and building upon existing practices, norms and processes, and drawing upon an extant language which defines what an organization needs from its employees to meet its performance requirements, both now and in the future. Therefore, TM contains elements of HRM. As an HR generalist from company B observed:

> TM is a logical result of the further development of HRM, it is not something completely different and isolated from HRM. It is a kind of management developing and evolving on the basis of HRM; moreover, it is still covered by HRM.

The empirical material presented in the paper illustrates that TM has been enthusiastically pursued in MNC businesses in Beijing, China, as well as having found a number of

academic advocates. However, not perhaps surprisingly, no single concise conceptualization or definition is shared by all organizations.

The history of the HR profession has witnessed several different labels and approaches, often overlapping in time, such as personnel management, HRM, strategic HRM, and now TM. Some writers have argued that these concepts lack distinctiveness in relation to each other. Through comparing HRM with the literature and empirical findings relating to TM, we conclude that TM is not completely identical to, nor purely distinguished from HRM as traditionally understood. It is too simplistic to conclude that TM is completely different from or a repackaging of HRM. TM has both distinctive features and overlaps with HRM. The Director of regional business units at Hay Group has asserted that 'there is an element of talent management being both a soundbite and a bandwagon' (quoted in Warren, 2006, p. 29), a view which is supported by Guest: 'TM integrates some old ideas and gives them a freshness' (cited by Warren, 2006, p. 29). TM has emerged and developed in its own particular socio-economic and organizational contexts, and has its own particular history, but one which has been influenced by pre-existing HRM models and practices. Therefore, it can be argued that an effective approach to TM should inherit from and build on existing processes, provided that they are using a common language to define what an organization needs from its employees to meet its performance requirements and gives to them in return, both now and in the future.

It is important to reiterate that the empirical material gathered for the present study has come exclusively from well-established MNCs with offices in Beijing, China. Other types of enterprises, such as state-owned, private and joint-venture enterprises may display different features in relation to TM and HRM, and hence further investigation is required into the TM policies and practices in such organizations.

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Table 1. DEFINING TALENT MANAGEMENT

A	Competence development but with an organizational focus
B	Improvement of organizational competence as a whole
C	Equal to traditional personnel development
D	A smooth supply of suitable people for key positions
E	A series of functional models to guarantee smooth talent supply
F	Life and development cycle of talents
G	Competence development of the whole organizations

Table 2. WHAT IS THE DIFFERENCE, IF ANY, BETWEEN TM and HRM?

A	TM breaks HRM's egalitarianism, tends to favour elites
B	TM is a part of HRM, because its target is part of human resources
C	TM emphasizes differentiation management, TM $\leqslant$ HRM
D	TM is one part of HRM, a more directed & detailed management
E	Point of departure for TM is talents, rather than split functional models like HRM
F	TM works from the perspective of people rather than management functions
G	TM is discussed from the perspective of organizational development