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Talent Management and HRM in Multinational companies in Beijing:
Definitions, differences and drivers*

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Abstract

Talent Management (TM) has attracted increasing attention from academics and practitioners in recent years, but there are many gaps and omissions left for further theoretical and empirical development. One line of debate has been whether TM is merely a re-packaging of what already exists, not being distinct from traditional HRM practices or disciplines. The paper has three main components: (i) a review of how ‘Talent’ and TM has been conceptualised in the literature and the outline of a framework we have derived therefrom which identifies four main perspectives on TM: exclusive-people; exclusive-position; inclusive-people; social capital; (ii) the presentation and analysis of our research findings relating to TM perspectives and practices in seven multinational corporations (MNCs) in Beijing; (iii) a concluding discussion which compares and contrasts our findings with the extant literature and our framework. Six of the companies had adopted ‘exclusive’ perspectives, seeing TM as ‘integrated, selective’ HRM. For some, this involved an ‘exclusive-people’ focus on certain groups of ‘high-performing’ or ‘high potential’ people, whilst for others it meant an ‘exclusive-position’ focus on certain ‘key’ positions in the organization. Just one organization had adopted an ‘inclusive-people’ approach. Two of the companies emphasized ‘organizationally-focussed competence development’, concentrating upon smooth talent flows and development, and moving towards a ‘social capital’ perspective which took cognizance of networks, contexts and relationships as
well as human capital. The implications of our findings for research and practice are outlined.
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INTRODUCTION

Talent management (TM) is a term in common currency today, yet it did not appear until the late 1990s, when McKinsey & Company first referred to it in their report *The War for Talent* (Michaels *et al*, 2001). TM is said to be critical to organizational success, being able to give a competitive edge through the identification, development and redeployment of talented employees. For example, in a UK Chartered Institute of Personnel and Development (CIPD) study quoted in Clarke and Winkler (2006), over 90% of the respondents believed that TM activities can positively affect an organization’s bottom line, and more than half had already undertaken TM activities. In a U.S. Institute of Management and Administration IOMA survey, nearly three-quarters of the respondents said TM was at the top of their critical HR issues list (Sandler, 2006). Yet most writing about TM has come from consultants and practitioners, rather than from academic research, and a number of critical questions remain for further empirical research and theoretical development. These include what is meant by TM, how TM differs from earlier approaches to managing people, and what drives organizations to adopt TM.

TM is often projected to be the next core competency in HR domain expertise (Morton *et al*, 2005); the management of senior managers and ‘high-potential’ people who have been identified as strategic human resources has been recognized as a key role for the corporate HR function, especially in the global
firm (Scullion and Starkey, 2000; Scullion and Collings, 2006). Martin and Hetrick (2006) argue that as the knowledge economy continues to develop, the value of ‘outstanding talent’ will continue to be recognized.

For many, TM raises many issues for management, organizations and HRM, as it challenges bureaucratic emphases on systems and structures (talent, it is argued, involves an organization-wide change towards a TM ‘mindset’) and egalitarian models of HRM. TM from an ‘exclusive’ perspective presents a differentiated/segmented view of the workforce in which certain talents are more highly prized than others. ‘Talent’ is a relative term—the talented exist in relation to the ‘un’-or ‘less talented’ (as we will see later, however, the ‘inclusive’ perspective takes a rather different view).

To date, the TM phenomena has not been subject to a significant degree of critical scrutiny, and there has been relatively little empirical research into the nature and application of talent and TM strategies in organizational practice and the issues arising (Iles, 2007): ‘The discussion on TM has only just begun in earnest’ (SOCPO, 2005: 10). Lewis and Heckman (2006: 139) point out:

given the number of consulting firms engaging in talent management and the growing numbers of articles and books on the topic, one might also believe ‘talent management’ to be a well-defined area of practice supported by extensive research and a core set of principles.
There are problems in the way TM has been defined in the practitioner press, and a lack of data supporting many practitioner claims. As Lewis and Heckman (2006: 140) point out, ‘the terms in the debate….are not clear and confuse outcomes with processes with decision alternatives’.

What is more, as Cooke (2008) has noted, there has also been little empirical research regarding TM in China. It seems to us, then, that it is necessary to explore the TM phenomena via an examination of both the extant literature and an empirical investigation of organizational practice in China, asking ‘What is talent and what is TM? How are they conceptualised in the literature and by practitioners, and operationalized in organizational practice?’ Does TM possess some features which are distinct from HRM?

Of course, with regard to the empirical work, it was necessary to place some specific boundaries upon the population from which the data would be gathered; we focussed upon multi-national corporations (MNCs) located in Beijing, China (the methodology is outlined in more detail in a separate section below), and the following three main questions:

1) How was TM defined in these Chinese MNCs?

2) In what ways, if at all, was TM seen as differing from HRM?
3) Is TM merely ‘old wine in new bottles’, in essence little/no different from HRM, or is it quite distinct? Does it offer something new to organizations?

The rest of the paper is structured as follows: (i) Differentiating TM from HRM; (ii) What is talent? (iii) What is talent management? (iv) The emergence of TM in China; (v) Methodology; (vi) Findings; (vii) Concluding discussion.

DIFFERENTIATING TM FROM HRM

A search for journal articles with the key words ‘talent management’ in the journal databases *Emerald* and *British Business Premier* between 1985 and 2006 shows a dramatic increase in the numbers of articles relating to TM during this period (Chuai, 2008). In Emerald, the number rose from 0 in 1990 to 109 in 2000 to 275 in 2006; in British Business Premier (which trawls a much larger number of journals), from 0 in 1985 to 230 in 2000 to 760 in 2006.

This shows many characteristics of a management ‘fad’ or ‘fashion’ (Abrahamson 1996a,b); is TM just another in a long line of management fashions, doomed to lose its popularity after reaching its peak? Some commentators (see, for example, Adamsky, 2003) are of the view that TM is simply a repackaging of old ideas under a new name- ‘old wine in new
bottles’. Many of the key ideas promulgated by TM practitioners, such as assessment centres, succession planning and 360 degree feedback, are not new, stemming from the 1950s (Cappelli 2008). Guest has commented:

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: 29).

Whilst Stewart has 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 (2008:4).

On the other hand, others (Dutta-gupta, 2005; CIPD, 2007b; Chuai et al, 2008) argue that there is something fundamentally different from HRM under the TM label- it is not simply a management fashion or fad. Moran (2005) claims that TM is not just another fashionable HR term and the latest management fad; it is crucial to business success. Duttagupta comments that ‘TM is a lot
more than yet another HR process; the talent mindset is not just another HR fad’ (2005: 2). However, before we consider how TM is defined in practice, we need to analyse how talent is defined first.

**WHAT IS TALENT?**

As a Corporate Institute of Personnel and Development (CIPD) report has observed: ‘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’ (2007a: 2). This appears to have been difficult to achieve in practice, as organizations often derive their own conceptualization of what talent is, rather than accept a universal or prescribed definition (CIPD, 2007b). A survey conducted by Towers Perrin (2004) found that 87% of participants used a given definition of ‘talent’ consistently across their organization; however, none of the 32 companies surveyed used the same definition, and definitions adopted depended on an organization’s business strategy, the type of firm, the overall competitive environment, and other factors (CIPD 2007a). Accordingly, the consultancy company Towers Perrin recommends that definitions of talent be tailored to individual organizations, thus adopting a contingency approach (Towers Perrin, 2004). Some authors, such as Tulgan (2001) go further, seeing little point in trying to define ‘talent’ because you ‘know’ who the valuable employees are; however, other commentators do feel that it is necessary and possible to define talent. Michaels *et al* (2001: xiii), for example, define talent very broadly as follows:
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.

For Williams (2000: 35), talented people are those who do 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…

We have seen, then, that defining talent has proved to be a challenging and problematic business for commentators-has this also been the case for talent management?

**WHAT IS TALENT MANAGEMENT?**

The short answer to the question posed at the end of the previous section is ‘yes’. A review of the literature on TM reveals a variety of definitions.
Duttagupta’s (2005: 2) view is that ‘In the broadest possible terms, TM is the strategic management of the flow of talent through an organisation. Its purpose is to assure 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’. For Schweyer (2004: 38):

‘TM is encompassing all HR processes, administration and technologies. It commonly refers to the sourcing…screening…selection…on-boarding…retention…development…deployment…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’.

Creelman (2004: 3) claims that:

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?’
On the basis of our TM literature review and notwithstanding that, as Ashton and Morton (2005: 30) have observed ‘[Clearly] there isn’t a single consistent or concise definition of TM’, in our view three broad strands of thought regarding TM can be identified, often associated with a particular theoretical or disciplinary base (Lewis and Heckman 2006 present a related, but somewhat different analysis):

1) **TM is not essentially different from HRM;** both involve getting the right job at the right time and managing the supply, demand and flow of people through the organisation; it involves a collection of typical HR activities such as recruitment, selection, training and appraisal. TM may be a relabelling or rebranding exercise, replacing the word ‘people’ by the word ‘talent’ may enhance HR’s credibility or status or show its ‘fashionability’ (as with earlier moves from ‘personnel’ to ‘HRM’), but conceptualising TM in terms of the functions of traditional HRM/D seems to add little or nothing which is new to our understanding of how to manage talent strategically (Lewis and Heckman, 2006). As Barlow (2006) has noted, TM could then in effect become a new label for HRM/D for many managers.

2) **TM is integrated HRM with a selective focus;** TM may use the same tools as HRM, but the focus is on a relatively small segment of the workforce, defined as ‘talented’ by virtue of their current performance or future potential. TM covers a range of activities such as recruitment, development, deployment and
retention, all of which are focussed upon ‘talented’ individuals, with the key processes supportive of each other, and with a focus upon selected, critically valuable employees. The key challenges are thus to attract, recruit, develop and retain such individuals (eg CIPD 2007b). The focus here is on ‘talent pools’, both internal and external to the organization. Much of the theory adopting this perspective borrows concepts from marketing theory, such as ‘employer brand’ and ‘workforce segmentation’ to focus on attracting and retaining key individuals (Tansley, 2009; Martin and Hetrick, 2006).

3)TM is organizationally focussed competence development through managing flows of talent through the organization; the focus here is on talent pipelines rather than talent pools, and concepts are drawn not from marketing theory but from operational research and logistics theories (see, for example, Cappelli, 2008). This strand is more closely related to succession planning and human resource planning, and focuses primarily on talent continuity, linking into succession planning (SP). TM is then the strategic management of the flow of talented employees through a variety of roles and jobs in an organization, often supported by software systems (Kesler, 2002; Pascal, 2004; Duttagupta, 2005, Schweyer, 2004). TM programmes are designed to create talent pools that feed particular job classifications and focus on capturing and developing the individual skills, competencies, and behaviours that make those jobs and employees
successful in the future. The focus is more on developing an enterprise-wide, holistic ‘talent mind-set’. As Blass et al (2006:1) note:

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.

Whilst the above discussion and analysis has moved us some way in the direction of extracting what are seen as the main features of TM (and whilst the distinctions between TM as HRM, as integrated HRM with a selective focus, and TM as organizationally focussed competence development is deployed in that part of our research findings section below which examines how our sample population defined TM), it does not go far enough in our view in capturing the contrasts in perspective which can be detected in the literature between, on the one hand, an exclusive versus inclusive people focus, and, on the other, a focus upon organizational positions as against the people themselves. Combining these contrasting perspectives results in the four-quadrant model captured in Figure 1, where we have four main perspectives on TM, which are outlined and discussed below: (i) exclusive-people; (ii) exclusive-position; (iii) inclusive-people; (iv) social capital.
Perspectives on TM

Exclusive-people

This TM perspective takes a relatively narrow view of talent: those people who have the capability to make a significant difference to the current and future performance of the organization (Morton, 2006); it adopts a position similar to definition 2, ‘TM is integrated HRM with a selective focus’. An extensive range of the academic and practitioner literatures adopt this position. Berger (2004) talks about the ‘superkeeper’:

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: 5)

On this view it is not possible for everyone in the organization to be considered as a talent and managed accordingly- talented employees are seen as fundamentally different from others in terms of their current and past performance and competence, as well as their potential. Branham (2005)
postulates the Pareto Principle, i.e. that 20% of the workforce can contribute 80% of the value.

The ‘exclusive-people’ perspective implies that talent is neither title nor position-related; it is based on segmentation- the division of the workforce into sections to be treated differently, such as through differentiated ‘employee value propositions’. Without segmentation, managers would treat all employees as equally valuable, regardless of their performance, competence, potential, or other features, arguably leading to unnecessarily high costs for recruiting, hiring, training, developing, and compensating employees. Therefore, the argument goes, it is both reasonable 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 other employees (Walker, 2002). In this sense, segmentation is a practical version of labour economics and the application of marketing principles; Larson and Richburg (2004) refer to GE’s controversial segmentation of its employees into categories ‘A’ (the top 10-20%), ‘B’ (the middle 70%) and ‘C’ (the lowest 10-20%) (see also Ledford & Kochanski, 2004; Walker, 2002). Ledford and Kochanski (2004: 217) argue that such segmentation 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’.
Exclusive-positions

This perspective on TM also takes a narrow/ exclusive position, but on a different basis, going further than definition 2 in its focus on selectivity. Huselid et al (2005) is perhaps the most influential work here: for them, the talent- defining process is closely coupled with the identification of ‘key positions’ in the organization. It makes little sense to ‘topgrade’ or recruit solely ‘A players’ across the enterprise, removing all ‘C’ players; the starting point of TM is the identification of strategically critical jobs (what they call ‘A positions’); only the people (‘A players’) occupying those positions can be considered talents. They should receive a disproportionate level of financial and managerial investment, providing extensive opportunities for development. Ideally a ‘perfect match’ of ‘A players’ and ‘A positions’ is then expected to contribute to ‘A performance’. Huselid et al (2005) argue that, given the limited financial and managerial resources available to attract, select, develop and retain top performers, companies simply cannot afford to have ‘A’ players in all positions. A portfolio approach is recommended, placing the best employees in strategic positions, and good performers (‘B players’) in support positions; ‘nonperforming’ jobs and employees (‘C players’) that do not add value are to be outsourced or eliminated.

This perspective has some common ground with the ‘exclusive-people’ one in that it emphasizes ‘workforce differentiation’- the various ‘players’ should get disproportionate attention and investment according to the strategic
importance of their positions for the organisation. Just as marketing requires customer differentiation, talent management requires employee/ potential employee differentiation.

Inclusive-people

In contrast to the above two exclusive perspectives on TM, this one takes an ‘inclusive’ stance, often from ‘humanistic’ considerations, that potentially everyone in the organization has ‘talent’, and that the task is to manage all employees to deliver high performance. It asserts that, in the ideal organization, everyone has a role to play and something to contribute, whilst often offering little guidance on how to do so. Though perhaps closest to the first perspective, this inclusive ‘whole workforce’ approach to TM seems comparatively rare in practice (Clarke and Winkler, 2006), but some commentators support this approach. For instance, Bones (cited in Warren, 2006: 25) argues that ‘an inclusive talent management strategy is a competitive necessity’, and Buckingham and Vosburgh (2001: 17-18) claim that:

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.
According to Stainton (2005), TM should adopt a broad approach by recognizing that everyone has the capability and potential to display talent—therefore everyone, for example, should go through the same talent-identification process. Opportunities are essential, as talent requires an opportunity to be displayed; regular opportunities need to be provided for everyone to learn, grow and strive to fulfil their potential (Walker, 2002). Ashton and Morton (2005: 30) argue that 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’.

Social capital
This perspective views the majority of TM writing as too dependent on an individualistic orientation, which sees talent essentially as a form of human capital. This neglects the importance of context, social capital and organizational capital in relation to organizational performance. Iles and Preece (2006), following Day (2000), differentiate ‘leader development’ (focussed upon the individual, aimed at enhancing the human capital of leaders) from leadership development programmes (focussed upon collective/group actions aimed at enhancing social capital through developing bonds, bridges, trust and networks). In a similar vein, TM as usually defined is seen as over-stressing individual talents (attributes or characteristics of individuals), and downplaying the role of such factors or contingencies as
teams, cultures, divisions of labour, leadership and networks in giving talent direction and opportunity.

Organizational capital, in the form of routines and processes, can also be influential here, as shown by Groysberg et al’s (2004) work. They report the findings of a six year research project focused on tracking ‘high-flying’ CEOs, researchers, software developers and ‘leading professionals’ in professional services; when an organization hired a ‘star’ from outwith the organization, the star’s performance often plunged after time and they did not stay with the company for long. In addition, there was a sharp decline in the performance of the group the person worked with, and the company’s market value fell. Organizations should therefore focus on growing talent internally and retaining the stars who emerge, as company-specific factors impact on the stars’ success, including resources and capabilities, systems and processes, leadership, internal networks, training and team membership.

This study draws attention to the ways in which competitive advantage and organizational performance is mediated by the complex organizational systems within which people work, and draws our attention to the need to manage and study TM in its particular social and organizational contexts.

THE EMERGENCE OF TM IN CHINA
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, slowing only recently as the global recession deepens (Newton and Subbaraman, 2002, Warner 2008). 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-owned/invested enterprises. At the same time, the Chinese labour-management system is currently in a state of transition (Warner, 2008; Shen, 2007); for Warner (2008:774):

‘the’ narrative of Chinese human resource management…may thus be seen as taking a recognisable path, from ‘plan to ‘market’, from ‘egalitarian to inegalitarian’ and from ‘status to contract’, unintended consequences notwithstanding’.

In particular, there has been recent attention to the demands of the knowledge economy, the importance of human capital and the need to manage employees’ careers (eg Zhao 2008, Wang and Wang, 2008) as well as to the rising costs of employee turnover, especially of professionals and support staff. A shortage of managerial talent and pressure of fierce competition has
helped fuel an interest in TM. In 2005 McKinsey claimed that over the next 10-15 years Chinese companies would need many more ‘globally-effective’ leaders to realise their global ambitions than they currently possessed (reported in Wilson, 2008). What is more, many older leaders were educated during the Cultural Revolution, and may lack skills and experience in strategy, innovation, enterprise and empowerment, whilst younger leaders, despite high education levels, may have received little management training. Expatriates are continuing to fill many talent gaps, with increasing use of managers from the Asia-Pacific region and foreign-born Chinese.

Other McKinsey research (Lane and Pollner, 2008) has specifically addressed the issue of growing talent shortages in China and the imbalance between business opportunities and the supply of qualified managers and executives in particular. The growing need for talented managers is a major challenge to both multinationals and local businesses. Forty four per cent of Chinese executives reported that insufficient talent was a major barrier to expansion, as continued growth will increase demands for talent at a time when multinationals are increasingly competing with local firms for scarce talent in the same talent pool. There is often a mismatch between the graduates turned out by Chinese Universities and the skills and attributes required by employers, with those recruited often having high expectations (which if not met may lead to high turnover). Chinese companies in the survey worried about managerial capabilities, and said they would increasingly look abroad to
recruit talent- the McKinsey survey found that 43% of executives expected the proportion of foreign managers at senior levels to increase over the next three years. In a recent study conducted by Mercer, cited in Wilson (2008), 72% of respondents in China claimed that their main challenge in staff recruitment was a lack of qualified candidates in the labour market. Another key challenge was how to develop and retain existing staff, making the management and leadership development of local staff a priority. However, according to Wilson (2008), many companies in China lack the commitment to develop a comprehensive leadership development strategy, or the expertise to implement one.

Qiao’s (2008) study of leadership development in four multinational companies in China (ABB, BenQ, Lenovo and Motorola) confirms this general picture; talent development could not keep pace with business development in China. The two local Chinese companies, employing an ‘exclusive-people’ perspective on TM, had skewed their training budget to those identified as A+ (those in the talent pool that out-performed their peers). Succession planning however was often seen as not working well, due to a shortage of talent ready to fill leadership positions, fast-changing and volatile markets, and the ‘over-high’ expectations of those identified as ‘talented’. Short-term business goals also often conflicted with long-term talent development objectives. ‘Talent readiness’ was seen as a key issue by CEOs,
line managers and high-potentials, but HR tended to use turnover rates and internal fill-in rates as its success criteria, not ‘talent readiness’.

Thus, TM and development are clearly of growing importance in China, and are posing a number of challenges. At the same time Cooke (2008), in her review of HRM in China, identified TM as an under-researched area; the present paper offers a contribution to addressing this matter. In particular, how do companies in China perceive TM, why do they adopt it, and do they see it as being similar to or different from ‘traditional’ HRM? TM, at least as a newly emerging terminology, has become the latest fashion 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. As Warner (2008: 783) has noted: ‘full-blown HRM is mostly associated with large-sized firms, whether ‘red-chip’ or ‘blue-chip’.

**METHODOLOGY**

Given the exploratory and qualitative nature of the questions and issues outlined above, structured interviews were selected as the main data collection method. The study was undertaken in Beijing, and the target companies were limited to MNCs, for the following main reasons:

1. MNCs are the type of enterprise where TM is most likely to be found in China, as we have seen from the literature on the adoption of HRM in China (Warner, 2008). In state-owned enterprises, the labour management system is
often a ‘hybrid’ creature, half-way between the old-style Maoist model and a market-driven one, but which has not fully evolved. As many state-owned enterprises (SOEs) may still be practicing relatively unreconstructed old-style ‘personnel management’, so it is most likely that TM will be adopted in MNCs in China, albeit ‘with Chinese characteristics’. Given that TM is a recently emergent label/concept, MNCs are where TM is most likely to be found, not least in MNC management consultancy firms, which have played a leading role in developing and promulgating TM since McKinsey’s *The War for Talent* in 1997. In addition, consultancy firms are often regarded as ‘management fashion setters’ (Abrahamson, 1996a); though this paper will not systematically explore the issue of whether TM in China is merely a ‘fad’, as its focus is more on how MNCs and consultancies operating in China understand and conceptualise TM, it will also explore whether TM in China can be seen as ‘old wine in new bottles’.

2. In China, “tier-1” and “tier-2” cities, such as Beijing, Shanghai, and Guangzhou, whilst having less than 20% of China’s population, possess more than 80% of the leadership talent (Lau, 2007). Moreover, based on Lau’s (2007) nationwide 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. Given this, it appeared more likely that TM would be on the agenda of organizations in these cities.
Semi-structured interviews were carried out (in Mandarin) in seven MNCs located in Beijing. Two were IT companies, one was in health care, one was in the education sector, and three were global consulting firms (see Table 1 for more details about the organizations and the interview programme undertaken in each organization). In the Findings reported below they are coded as A, B, C, D, E, F, and G in order to ensure anonymity.

PLACE TABLE 1 HERE

A pilot study was undertaken in one organization, involving a number of interviews conducted by two people: one of the authors and a Chinese academic from a local university. Their analyses and conclusions were compared, using a semi-structured interview schedule, and as a result a few amendments were made to the schedule. Twenty two interviews were then conducted in the case study organizations. As we were interested in exploring participant views of talent management, we did not provide our respondents with a definition of talent or talent management, but used the Mandarin for these terms (‘rencai’, ‘rencai guanli’).

In order to capture the views of a cross-section of staff from each organization, at least one HR specialist (including the senior HR professional wherever possible), senior and functional managers and non-managerial staff were
interviewed, at different levels of the hierarchy (strategic, policy, operations) and from different departments.

Interviewees were provided with a copy of the interview schedule, and the interviews lasted from half to one hour; with the permission of the interviewees (which was granted in all cases) they were tape-recorded, and were subsequently transcribed (shorthand notes were also taken during the interviews). The transcripts were translated into English by one of the authors, a native Mandarin speaker and trained interviewer. The transcriptions were then sent to the interviewees, and were subsequently amended/clarified via the telephone and emails. The data was content-analysed, categorized and organized under various themes and topics such as how talent and talent management were defined, what were seen as the key differences between TM and HRM, and what was driving the organizations to adopt TM. Where extant and available, company documentation on organizational policies on TM and HRM were also analysed.

FINDINGS

The presentation and discussion of our findings is organized in terms of addressing two main questions:

(i) How is TM defined in these Chinese organizations? This draws upon the three main definitions of TM found in the literature (as HRM, as integrated
HRM; or as organisational competence development) and our four perspectives on TM (exclusive-people, inclusive-people, exclusive-positions, and social capital);

(ii) How, if at all, is TM seen as differing from HRM?

The question ‘Is TM distinctive from HRM or is it merely “old wine in new bottles”? ’ will be discussed in the concluding section of the paper, which also addresses why the companies have adopted TM.

**Defining TM**

The review of the TM literature revealed a lack of clarity regarding the definition and scope of TM, and this was also the case with our Beijing organizations. When the definitions were compared and contrasted, however, we did find commonalities across the organizations, and that, broadly speaking, they reasonably readily fell into one or the other of the three main forms identified through the literature review: a) TM as rebranded HRM b) TM as integrated HRM/D with a selective focus; c) TM as organizationally-focussed competence development.

*TM is not essentially different from HRM*

Some interviewees claimed that there were no essential differences between TM and HRM, as they covered the same areas: ‘Basically, the key functional
areas TM covers overlap with those of HRM’ (Deputy General Manager, B). An Associate HR generalist in the same company 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.

This view was shared by others; for example: ‘As far as the scope is concerned, TM basically covers all functional areas HRM is involved in’ (employee, D); ‘As for the managerial functions, TM is still something like recruitment, training, retention and incentives, and so on’ (senior consultant, F).

*TM is integrated HRM with a selective focus*

This perspective takes the position that TM covers the same specialist areas as HRM (such as recruitment, development, deployment and retention), but with a particular focus on selected individuals, usually seen as ‘top performers’ and ‘high potentials’; the HR specialisms are also tightly integrated with each other (which, it was believed, was often not the case with HRM). Illustrations form the interview transcripts follow to illustrate this focus of TM upon ‘top performers’ and ‘high potentials’:
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. (MD, D).

On this selective focus:

The target of TM is not those functions of HRM, but certain categories of people, for example, we have a service line for leadership talent supply, while all functional models have to serve this whole business line (senior consultant, F).

The main problem claimed for traditional HRM was that it lacked a systematic and directed management focus aimed at particular groups of people. For example, the Senior Support Engineer from B:

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.
TM, as a new terminology and model may help counteract 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.

Here, then, TM practices are designed to create talent pools by focussing upon the individual skills, competencies, and behaviours of identified employees—what we have described as an ‘exclusive-people’ perspective. Some go further, differentiating ‘positions’ as well as ‘people’ (ie an ‘exclusive-positions’ perspective)- for example ‘TM is a whole management system aiming at a particular group of people…who occupy the key posts’ (HR manager, D).

*TM as organizationally-focused competence development*
The finance manager from company A observed that:

Our company intentionally trains and develops the best performers with a particular emphasis, make 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.

The Associate HR generalist from company B said that their TM is ‘a kind of management in pursuit of an improvement of core employees’ key competence’.

The HR manager, company C, commented:

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

The essence of this perspective, then, is to keep track of employees’ competence and performance, and thereby trigger an improvement in organizational performance. The focus is not so much on the individual and discrete functional areas, but the whole organization and current and future
employee competence requirements, and any potential competence gaps which may come to light, which can be filled by ensuring that talent pipelines deliver the requisite competence levels.

Given these different perspectives on TM and its links to HRM, it is necessary to now explore our interviewees’ perceptions of the similarities and differences between HRM and TM in more detail.

**Comparing and contrasting TM and HRM**

Most interviewees saw both similarities and differences between TM and HRM, and our content analysis of the interview transcriptions identified three main similarities and four main differences, as outlined and illustrated below.

**Similarities between TM and HRM**

1. TM and HRM both emphasize integration with business strategy.

The findings support the view that strategic integration is a core element of TM. For example, the Deputy General Manager from B claimed that: ‘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’.
As with Strategic HRM in particular, then, some of the companies regarded the linking of TM to the overall organization strategy as a key business priority.

2. TM and HRM both recognize the importance of appropriate role allocation. This is about placing the ‘right’ people into the ‘right’ roles as a means of integrating people practices with organizational goals. The Public Relations manager at C commented: ‘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 similarly commented:

   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.

Whilst the matching process between employees and positions is a dynamic one, given contextual and organizational change, it is common to both TM and HRM.

3. TM and HRM cover the same key functional areas of people management.
Nearly all the interviewees said that their TM projects cover almost all the traditional functional areas of HRM, albeit sometimes with a different focus. For instance, an employee from company 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 involved in.

The Senior Technical Officer from company C commented: ‘TM should cover the same functional areas as HRM, except that TM might pay more attention to employee’s career plan and design’. The Education Coordinator from B noted: ‘Basically speaking, the functional areas that TM and HRM respectively involve overlap with each other’.

The majority of people management treatises on HRM and TM have also identified the same key functional areas- Stewart (2008: 4), for example, has observed that ‘TM can be argued to encompass most if not all of the processes that the HRM function is responsible for’. With respect to this aspect at least, then, it can be argued that TM is a re-branding of HRM practices in order to attempt to keep them seemingly up-to-date and fresh.

_Differences between TM and HRM_

1. HRM has a broader scope than TM
For the majority of the interviewees, TM is just one constituent of HRM. TM has a more directed focus upon a certain group of people, as against HRM’s concerns with the management of all staff. All the organizations took this position apart from C, which adopted a broader view of ‘talents’.

In company D, an employee commented:

"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 Sales manager said that:

"HRM is a kind of macroscopic management…[whilst]… TM highlights a group of individuals who are seen as the most valuable and critical for the company’s future development."

In company B, the Deputy General Manager observed:

"TM pays more attention to top performers; while HRM covers a much wider scope, such as workforce planning, etc., all kinds of arrangements
that deal with people. It should be said that TM is included by the whole HRM.

2. TM emphasizes segmentation, HRM egalitarianism.

Another viewpoint widely held by the interviewees is that TM differs radically from HRM in that the latter treats each employee in a similar way and tries to avoid differentiation in the allocation of company resources, whereas TM treats certain employees differently, and ‘starts to pay attention to different demands of different groups of people’ (IT support manager, D). The sales manager from A commented:

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.

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.

The Finance manager from the same organization said: ‘It is a kind of waste of a company’s resources to manage employees without any particular emphasis in pursuit of egalitarianism’. This point is echoed by the HR manager from B: ‘Traditional HRM means that enterprises equally distribute their resources; while TM emphasizes a differentiated distribution of resources’.

TM here, then, stresses ‘talentism’ and is premised on the classification of employees, viewing segmentation as, in effect, a practical version of labour economics or employee marketing. 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 was seen as potentially creating unnecessarily high costs in recruiting, hiring, training, developing, and compensating employees.

3. HR emphasises function, TM focuses on people
Many interviewees saw HRM as focused on the efficient carrying out of its various functions (such as recruitment, training, development, and assessment), whereas TM was always focused upon people *per se*, i.e. ‘talents’. For TM, the functions are not seen as divided, but as linked and
tightly-coupled with each other around talent. 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.

A senior engineer from B expressed a similar view:

Before, we only had a selection mechanism, we lacked the corresponding management means and methods aimed at those selected talents in the following course…the current TM makes the management of those specific groups of people systematized.

4. TM stresses the capture and retention of ‘talents’
For almost all the interviewees, the attraction and retention of talents had become a key issue. For example, the HR manager in A 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: ‘Currently, the talent competition is increasingly intensifying. Attraction of external talents and retention of our own talents are our main considerations’. The Senior Technical Officer from C made a similar point:

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 impacts on our decision process and talent strategies.

Given the fierce competition to attract and retain such people, especially experienced professional and managerial staff familiar with the ever-changing labour market in China, it is perhaps not surprising that both our findings and the TM literature are in concert over this matter that ‘the war for talent’ was a major driver of TM in China.

**CONCLUDING DISCUSSION**

The paper has explored what is distinctive about TM and the factors influencing the adoption of TM in China. For most, if not all, the companies we studied TM seems to promise new and rather different approaches to the management of the people resource in organizations, rather than a simple repackaging of old techniques and ideas with a new brand label. TM, then, is not seen as just another attempt by HR professionals to enhance their legitimacy, status and credibility, but as offering a distinct approach to the
management of the people resource, which it is hoped will make a difference to the success and the competitive advantage of the organization. TM is not simply considered as ‘old wine in new bottles’; it is neither completely new nor merely a repackaging of traditional HR practices.

Most interviewees saw a continuity with HRM; both TM and HRM were seen to emphasize integration with business strategy, the importance of appropriate role allocation, and both covered the same functional areas of recruitment, selection, training and development and appraisal and reward management. However, whilst there were such similarities, there were also differences; HRM was seen to have a broader scope than TM, and HRM was seen to emphasise egalitarianism in contrast to the ‘segmentation’ focus of TM. HRM was seen to focus on management functions, TM on the people involved, with a particular focus on the attraction, retention and development of ‘talents’.

The three conceptualizations of TM derived from the literature review were all present in the MNCs we studied. The first definition, _TM is not essentially different from HRM_, was the dominant definition in company C (the healthcare company). This company also claimed that pressures from ‘the war for talent’ were driving it to adopt TM. It also defined as ‘talented’ all those employees who met the job requirements, the closest we came to an ‘inclusive-people’ perspective among our cases. Two companies saw ‘talent’
in terms of ‘key employees with distinguished performance’ (A, the software company) or ‘people with high strategic value and high degree of scarcity’ (company E, the outsourcing consultancy), thus adopting an ‘exclusive-people’ perspective on TM that tended to see TM as integrated HRM with a selective focus. These companies were the most likely to claim that their adoption of TM was driven by the need to attract and retain such ‘talents’. In contrast, company F, the consulting firm, whilst sharing this definition of TM, took a more ‘exclusive-position’ orientation- here ‘talent’ was associated with ‘that section of the workforce directly relating to the core business value chain’; the main driver of TM here was seen as the need to overcome the barriers in attracting and retaining talents. This was similar to company D, the educational consultancy, which saw ‘talent’ in terms of ‘people occupying key positions in each job sequence’; again, attracting and retaining ‘talents’ was seen as the prime driver of TM. Company G, a consulting firm, also took an ‘exclusive-position’ perspective, defining talent as ‘those people occupying those posts with core business competence’, but appeared to be moving towards TM as organizationally-focused competence development, seeing TM primarily as focussed on the development of the whole organization. In thus taking a (form of) OD orientation, it came closest to a ‘social capital’ perspective, as did company B, which saw TM as one element of HRM, focussing upon the improvement of organizational competence as a whole whilst simultaneously focussing on attracting and retaining ‘talents’.
In terms of managerial implications, the study suggests that adopting a particular perspective on TM’s relationships with HRM and a particular model of TM will affect what the focus of TM is and how it is practised. Adopting a ‘no different from HRM’ and ‘inclusive-people’ perspective may bring about little change, beyond re-labelling, in how people are managed. Adopting an ‘integrated HRM with a selective focus’ perspective and an ‘exclusive-people’ model may cause organizations to focus efforts and resources on attracting and retaining ‘talent’, in the belief that such people are the main drivers of high performance, perhaps to the neglect of other employees. Adopting an ‘exclusive-position’ perspective may lead them also to focus on outsourcing positions and focussing resources and effort on selected positions. Taking an ‘organizational competence’ model seems to be associated with a greater emphasis on ‘talent development and talent flow’, not just on talent attraction and retention. If accompanied by a ‘social capital’ perspective, this may, in contrast, lead organizations to focus less on individual talents and more on enhancing networks, teamwork, trust and relationships, as well as on organizational culture, structure and processes. The present study has not directly explored such implications, and future studies should examine not only the implications of different definitions and models held by different stakeholders (eg HR, line and senior managers), but also the people management implications of holding certain models on organizational performance and on employee attitudes and perceptions, including engagement and commitment, perhaps through longitudinal and survey-based
research. In addition, future studies might explore the extent to which such models and definitions are adopted in practice, and whether they vary across sector, size and nationality. There is some indication that consultancies were more likely to see TM as essentially different from HRM, but this needs further study. It may be that consultancies act as ‘fashion-setters’ in promulgating such models of TM, and that MNCs may play a similar role with respect to SMEs; again, this needs further study.

We suspect that, in broad terms, our findings on how companies define talent and talent management, the differences they see between TM and HRM, and what has led them to adopt TM would be echoed in other companies, especially multi-national corporations. Clearly further research into these matters is required, not least because our empirical material has come exclusively from MNCs. Other types of enterprise, such as state-owned, private, joint-venture, and public may display different features in relation to TM and HRM. Scullion and Starkey (2000) argue that TM approaches vary in notable ways across different types of international firm: centralized HR companies, decentralised HR companies, and transition HR companies. Future studies of TM/HRM could explore these differences and the reasons for them in more detail. What is more, the Chinese labour market is in a state of transition (Warner, 2008; Shen, 2007), and hence HR and TM policies and practices may also be experiencing change and development—but isn’t this always the case for all organizations?
Notes

*We wish to thank the editors and the anonymous reviewers for their constructive comments and suggestions.

REFERENCES


![EXCLUSIVE](EXCLUSIVE)

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<tr>
<th>POSITIONS</th>
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<td>key roles/ positions</td>
<td>key, selected people</td>
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<td>social capital</td>
<td>wide talent pool</td>
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![INCLUSIVE](INCLUSIVE)

Figure 1: Perspectives on Talent Management
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<th>USA</th>
<th>Communications software company; market leader in the industry; 25 corporate offices</th>
<th>5 interviews: HR manager, Finance Manager, Senior Administrator, Technician, Sales Manager</th>
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<tr>
<td>B</td>
<td>USA</td>
<td>Large IT management software company; 150 offices in more than 45 countries</td>
<td>5 interviews: Deput General Manager, HR Manager, Associate HR Generalist, Senior Support Engineer, Education Coordinator</td>
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<tr>
<td>C</td>
<td>UK</td>
<td>Provides online multi-vendor sales channels for diagnostic, treatment and surgery planning solutions; offices in the USA, Japan and China</td>
<td>5 interviews: Marketing Director, HR Director, Senior Technical Officer, Sales Operation Manager, Public Relations Manager</td>
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<td>D</td>
<td>Canada</td>
<td>Education investment, management, consultation, communication and cultural media; 22 branch offices in China and Canada</td>
<td>4 interviews: Managing Director, HR Manager, English Language Tutor, IT Support Manager</td>
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<td>E</td>
<td>USA</td>
<td>Leading provider of HR outsourcing and consulting services, located in 35 countries and employing approximately 24,000 associates</td>
<td>1 interview with the Senior Consultant responsible for Talent and Organisation Consulting</td>
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<td>F</td>
<td>USA</td>
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<td>G</td>
<td>USA</td>
<td>Long-established consulting firm; over 15,000 staff, serving clients from over 180 cities and 42 countries worldwide</td>
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Table 1. The case study organizations and interview programme