REGULAR ARTICLE

Enabling effective talent management through a macro-contingent approach: A framework for research and practice

Karin A. King\textsuperscript{a,}*, Vlad Vaiman\textsuperscript{b}

\textsuperscript{a} London School of Economics and Political Science, London WC2A 2AE, UK
\textsuperscript{b} California Lutheran University, Thousand Oaks, CA 91360, USA

Received 30 November 2017; accepted 17 April 2019
Available online 10 June 2019

JEL CLASSIFICATION
50.1: human resources;
50.4: competitive strategy

KEYWORDS
Talent management;
Contingency model;
Systems theory;
Micro;
Macro;
Cross-level

Abstract The forces and systems, which shape the available supply, composition and flow of talent into and out of organisations today have become increasingly complex and fluid. Most firms today extend their operations across regions and many compete globally, existing within one or more external contexts, known as macro talent management systems (MTM). Shaped by economic, political, regulatory, technological, and cultural conditions, MTM has the potential to directly or indirectly empower or disrupt organisational ability to attract, engage, and retain the talent crucial to achieving competitive business objectives. Yet organisations today may overlook the influence of external MTM systems to complement or constrain organisational talent management effectiveness, limiting the firm’s ability to generate benefit and mitigate risk stemming from variance in macro talent contexts. Introducing a macro-contingent view of talent management, this paper identifies three pivotal shifts needed to enable effective talent management practice and proposes a framework for future research.

© 2019 ACEDE. Published by Elsevier España, S.L.U. This is an open access article under the CC BY-NC-ND license (http://creativecommons.org/licenses/by-nc-nd/4.0/).

Introduction

The talent management literature has emerged rapidly, however its conceptual utility remains indistinct (Morley et al., 2017). At its essence, talent management is purported to create value (Sparrow and Makram, 2015), primarily for the firm, through strategic management of talented employees as a differentiated and strategic resource of the firm (Barney, 1991; Barney et al., 2001) who possess human capital (Becker, 2008). Management of talent as a strategic resource is coordinated through strategic human resource management decisions (Vaiman et al., 2012) and practices (Wright et al., 2001) as a differentiated activity with an associated differentiated HRM architecture (Collings and
Mellahi, 2009). Talent management therefore presents a significant potential source of value for a firm (Huselid and Becker, 2011), however its contribution to the firm remains challenged (Collings, 2014a).

The forces, systems and structures which shape the available supply, composition and flow of talent into, within and out of organisations today has become more complex and fluid than ever before. Firms exist today within a complex environment. Most firms not only operate and compete nationally, but extend their operations across one or more regional and national setting to compete internationally. Each regional or national environment in which a firm operates represents a contextually-based macro talent management (MTM) system (Khilji et al., 2015), shaped by national and regional economic, political, regulatory, technological, and cultural conditions, which in turn influences the organisations embedded within it. As such, macro talent management has the potential to directly or indirectly empower or disrupt the ability of organisations to attract, engage, and retain the talented employees and human capital they require to achieve their competitive business objectives, that is, talent management (TM) undertaken by the firm. Yet organisations today may be overlooking the influence of respective national macro talent management systems to either complement or constrain their intra-organisational talent management strategy and practices. To do so may limit the effectiveness of the firm’s talent strategy and overlook the opportunity to leverage benefit and mitigate risk stemming from variance in macro talent contexts. We define effectiveness in organisational talent management as the design and implementation of the business-centric talent strategy, which considers cross-level interactions influenced by one or more external macro talent contexts to leverage strategic advantage and to mitigate talent risk generated by variance in the embedded system.

Enterprises may operate within one or more macro talent contexts. Whether singular- or multi-national in their strategy and operation, organisations exist as systems embedded within regional and national contexts which establish the institutional, political, market and cultural conditions in which the firm operates. Multi-national corporations operate in multiple national contexts, each of which have distinct macro talent contexts. Business subsidiaries may adopt commonly-held core strategies (such as mining companies which conduct mining operations in multiple continents and institutional contexts) or may strategically vary and disperse their business segments nationally or by region for firm advantage (such as organisations which adopt a distributed global supply chain in manufacturing). Where firms operate only within a single national context, they may be subject to variance in macro talent contexts across regions which can inform their talent strategy and its effectiveness. One example is the relative talent attractiveness of cantons or regions in Switzerland resulting in part from between-canton variance in taxation policy as a business tax-related location strategy (Swissinfo, 2018). The emergence of industry-centric regions which build conditions attractive for investment in a common competence is a further example of macro level talent systems within which a firm may operate. Examples of this include Silicon Valley, the preferred location for information technology start-ups, and Bangalore, India which has established a reputation for world-leading call centre infrastructure and business process outsourcing. In both instances the firms which operate within the regional talent system can draw on the benefits of the system to support their organisational talent strategy, such as high quality workforce, but will also be subject to its challenges, such as intense regional competition for talent. Research has shown that firms must actively consider and make decisions about their talent in order to be effective in implementation of business strategy through human capital (Khoreva and Vaiman, 2019). In order to do so, it is imperative that firms understand the conditions and consequences of the macro contexts in which the firm operates, and how macro-level characteristics and outcomes of the system will inevitably influence the firm’s ability to access, retain, and deploy talent to positions most pivotal to strategic advantage.

Evidence of the limitations of organisational talent management are seen in the continued struggle by organisations with mis-matched skills supply and demand (Cappelli, 2015), overlooking possible macro-level interventions which could serve to develop talent pipelines or reconfigure organisational staffing across multiple macro talent contexts. This prevailing micro-level orientation towards a firm’s talent requirements may also be reflected in the continued struggle of organisations to implement HR practices consistently globally (Morris et al., 2009). Such variance may not only be indicators of the challenges firms experience when striving to implement standardised HRM processes across national contexts, but may indeed signal important variations in across the multiple macro level talent systems in which the firm operates which necessitate global-local flexibility in implementation of talent management across the enterprise. However, rather than leveraging macro-context variance for enterprise advantage, a one-sized-fits-all approach is often adopted through what is commonly perceived to be best-practice (Vaiman and Collings, 2014) which ironically results in organisations becoming increasingly similar (DiMaggio and Powell, 1983) rather than differentiated for competitive advantage. In contrast, an integrated micro-macro talent strategy could offer firms not only a solution to the challenges of implementation inconsistency but also distinct strategic advantage through greater interaction with the one or more macro talent contexts at play across the enterprise. Evidence for this can be seen, for instance, in organisations where talent strategy aligns closely with business strategy such that talent strategy varies with business context, and the firm interacts closely with the macro talent system(s) regionally in which it is embedded. For example, researchers have found that leading multinational organisations, argued to demonstrate greater effectiveness in talent management, draw on both local and global considerations when directing their talent management practices (Stahl et al., 2007).

In this paper we argue that three predominant orientations exist which constrain talent management currently. First, that a micro-macro gap exists in talent management such that the dominance of the micro-level perspective, that is, a focus of talent management largely at the firm-level of measurement, constrains the organisation’s effectiveness in talent management through lack of strategic consideration of the influence of the macro talent system in which the enterprise operates. We argue that while organisational
talent management takes place largely within the organisational context, to be effective, talent management requires a focus well beyond the organisation itself to look across multiple external talent systems. Second, that a primarily HR-centric orientation towards organisational talent management may constrain the primacy of talent management as a crucial lever of business strategy. Third, that a primarily intra-organisational focus may limit management agency due to a lack of contextual integration of the firm talent strategy within the external talent environment. Drawing on contingency and systems theories, this paper introduces a contingency-based approach to organisational talent management and argues that macro talent management directly influences organisational talent management and therefore the use of commonly accepted organisational talent management practices is necessary but not sufficient for effective talent management at the firm level. Effective organisational talent management cannot be achieved in an organisational “vacuum”, but requires integrated consideration of the macro talent context(s) in order to influence effectiveness of the embedded micro talent system.

This paper is a critically reflective conceptual study presented in three sections. Following this introduction, a review of the extant literature and theoretical foundations is presented which identifies three current limitations. In the subsequent section, a macro-contingent approach to organisational talent management is introduced along with a framework for future research. In the final section, limitations of the macro-contingent approach are discussed along with implications for research and management practice.

Theoretical foundations

Talent management is concerned with the systematic identification of positions which are key to the organisation’s competitive advantage sustainably over time, coupled with the identification, development and management of one or more talent pools which are comprised of high performing individuals with the high potential to be appointed to work in these positions now and in the future (Collings and Mellahi, 2009). Given its strategic relevance to the organisation’s ability to compete, a differentiated HR architecture is applied to manage employees identified as talent and positions considered pivotal to the company’s future competitive performance (Collings and Mellahi, 2009). This is an established form of workforce differentiation (Becker et al., 2009; Huselid et al., 2005) and is applied in practice through the identification of relative potential of employees to contribute to the competitive performance and advantage of the firm in future.

In the exclusive philosophy of talent management, some proportion of an organisation’s employees are seen as the organisation’s “talent” (Stahl et al., 2012) and managed as a strategic resource of the firm, as they hold some form of valued human capital. This is in contrast to the inclusive philosophy whereby the full workforce is conceptualised as being the organisation’s talent (Meyers and van Woerkom, 2014). While most organisations which adopt talent management do apply some form of workforce differentiation methods in identifying and managing talent (which is indicative of the exclusive approach) (Meyers and van Woerkom, 2014), this paper adopts a hybrid approach. The hybrid approach to talent management recognises both exclusive and inclusive definitions of talent. We define the hybrid philosophy of talent management as an inclusive and exclusive philosophy of talent management whereby the organisation’s full workforce is seen as organisational talent in complement to the differentiated identification of specific workforce segments and individuals who are identified as having higher relative potential to contribute to the firm’s performance and advantage through active development, retention and deployment in strategic positions. The hybrid philosophy is an integrative approach to talent management in that it considers both the overall organisational workforce as its foundational talent pool as well as the identification and management of specific workforce segments as specific talent pools for business strategic capability requirements.

While the scholarly talent management literature has developed significantly in the past decade (Gallardo-Gallardo et al., 2015), limitations exist which may hinder its continued development. The remainder of this section presents a review of the literature which illustrate three main limitations.

Talent management as a micro-level construct and measure

The topic of talent management has developed quickly in the scholarly literature (Vaiman and Collings, 2013) and is currently characterised by a dominant focus on talent management at the firm level (Gallardo-Gallardo and Thunnissen, 2016; Khilji et al., 2015) and at a single level of empirical enquiry (Collings, 2014a). At the firm level, organisational talent management can also be referred to as micro talent management (Sparrow et al., 2018), and as such, for the balance of this paper, we refer to organisational talent management and micro talent management interchangeably. While the literature which considers the employee response to talent management at the individual level is still developing following multiple calls (Tarique and Schuler, 2010), a micro-level orientation continues to be illustrated by the focus of the current literature in large part on frameworks and empirical studies which consider the management of talent at the firm level. This is also illustrated by a focus on firm performance as a priority but distal outcome of talent management (Collings, 2014a). The management of talent by the organisation has been conceptualised as a talent system comprised of key components which interact to generate outcomes for the firm (King, 2015a). As a strategic system of the firm, a firm-level orientation is therefore necessary to support monitoring, intervention and effectiveness of the strategic system.

However limited consideration of cross-level interaction of macro level factors on micro talent system is constraining (Sparrow et al., 2018) and if unexamined, may assume limited relevance of macro level factors or greater than actual firm-level agency. For example, lack of effective consideration of cross-level interactions can result in unforeseen barriers to access of reliable talent supply from external markets in either quality or quantity or both. Such macro talent constraints are currently faced by a range of UK businesses in the context of the UK’s planned exit from the
European Union and the uncertainty of the macro talent context which it currently entails. A fresh example of this is the UK’s National Health Service (NHS) which is reported to be experiencing not only an acute shortage of staff due to constraints in their ability to attract non-UK talent related to macro level change, such as country-level talent attractiveness and institutional changes in access to employment visas, but coupled with high levels of turnover in the existing UK-based workforce (Foundation, 2019). Cross-level modelling could enable a more informed and proactive view of the organisation’s talent strategy and practice vis-à-vis the wide range of macro level factors and conditions which may support or constrain the organisation’s effectiveness and could support greater management agency, even proactively.

Multi-level research and cross-level modelling has been called for repeatedly in management literature (Hitt et al., 2007; Hox et al., 2017), specifically in human resources management (Ostroff and Bowen, 2000), and in talent management (Collings et al., 2018). Introducing a multi-level model of the link between global talent management and performance in multi-national enterprises (MNEs), scholars have conceptualised the influence of global talent management on organisational performance outcomes through multi-level theorising (Collings et al., 2018), arguing that routines are used to coordinate the firm’s use of talent across multiple levels including headquarters, subsidiary and individual levels. A further example is presented by Tarique and Schuler (2010) which introduces a conceptual model of the influence of expatriate talent across subsidiaries in the context of multinational organisations. While these two models have yet to be empirically examined, they extend the literature by presenting talent management as systems conceptualised across levels. Further, where the importance of macro contexts is recognised in the talent literature (Khilji et al., 2015) the contexts are thus far framed within the scope of multi-national enterprises and their management of talent globally (Collings et al., 2018). However, cross-level frameworks are required which can be used to critically consider macro level factors which influence talent management whether local or regional, national or multi-national to support effectiveness in micro talent management.

In summary, a predominantly micro-level or firm-level orientation to talent management limits the cross-level integration of talent strategy and maintains a micro-macro gap in the integrated talent system. Cross-level consideration of the interaction of macro and micro talent systems is required for effectiveness in talent management.

**Talent management as an HR-centric practice**

In addition to the predominant focus on the firm level and generally as a single level of measurement, a prevailing orientation towards talent management as a component of human resource (HR) practice may also constrain organisational talent management. While talent management can be readily recognised as a people-centred strategic practice, a review of the current literature illustrates why an HR-centric view may be limiting. Talent management has emerged as a scholarly topic from within the strategic human resource management (SHRM) literature, in part due to its close relationships with the field of human resources (Vaiman and Collings, 2014) and given its phenomenologically driven development as a practitioner focused topic (Gallardo-Gallardo et al., 2015) within the practitioner field of HR. HRM is concerned with linking human resources with the needs of the firm and in doing so considers largely “Internal aspects” (Schuler and Jackson, 2008, p. 5).

There is some degree of argument for a close alignment between talent and SHRM. Within the scope of HRM, there are several points of relatedness or interface including the concept of talent being directly related to human resources, as opposed to other resources and given the practical implementation of talent management as an activity implemented within the organisation’s overall suite of workforce practices. For example, recruitment: HRM is concerned with the attraction and retention of the wider workforce for business operational requirements (Torrington et al., 2017), and talent management is concerned with the secure access to talent for specific strategic positions such as leadership candidates for appointment to leadership positions (Collings and Mellahi, 2009) and specific talent pools as identified by the business (Collings and Mellahi, 2009). Training and development: HRM is concerned with the training requirements of the full workforce (Torrington et al., 2007), and talent management may specifically be concerned with the development of leadership competence and the development of individual potential for deployment to pivotal roles in future (Vaiman and Collings, 2014). Compensation: HRM is concerned with the organisation’s compensation strategy and the administration of pay programmes across the annual performance cycle as part of an overall bundle of SHRM practices (Schuler and Jackson, 2008), while talent management is concerned specifically with the differentiated management of pay and rewards for employees identified as high performers or as having high potential, as well as their retention and deployment to strategic positions in the organisation (Collings and Mellahi, 2009). This may include expatriation, individualised retention plans and differentiated investment in development, each of which may require differentiated pay structures. Finally, as a strategic activity of the firm, undertaken to support firm performance as a strategy directly related with differentiated human capital, talent management garners the direct attention and involvement of the CEO and executive management team (Cappelli and Keller, 2014) in most organisations today and requires strategic alignment beyond the prevailing focus of implementation as a strategic HRM practice.

Despite these points of interface and commonality between the topics of talent management and strategic HRM, talent management has been identified as a bridging literature (King, 2017) which spans topics beyond the scope of SHRM. Other scholars have also stressed the importance of talent as a strategic imperative beyond the essentials of effective human resources management. For example, scholars have articulated the relevance of talent management to business strategy and business growth (Teece, 2011), the management and development of human capital (Delery and Roumpi, 2017), executive decision making (Khoreva and Vaiman, 2019; Vaiman et al., 2012), corporate social responsibility (Bhattacharya et al., 2008), diversity (Sheehan and Anderson, 2015), and to the concept...
of leadership potential, whether viewed as being innate or developable (Meyers et al., 2013). Talent management is a form of workforce differentiation (Becker et al., 2009) and relies on a differentiated architecture for its management (Collings and Mellahi, 2009), some of which may lay outside of the HR architecture, as can be argued by the direct involvement of management to develop talent in the line and through in-role assignments. The literature has also argued the importance of alignment of talent management as a component of business strategic competitiveness (Collings, 2014a).

However, a recent review confirmed that the majority of scholarly TM literature is currently positioned within the strategic human resource management literature and HRM journals (Gallardo-Gallardo and Thunnissen, 2016), despite the topic’s acknowledged relevance to multiple other literatures (Collings et al., 2015). While this current proximity to the SHRM literature has been valuable in the early emergence of the talent management literature, forward development will be supported by further specification of interfaces with other literatures. While close linkages to HRM are necessary to implement effective talent management, such as for the development of potential to be deployed in key leadership positions, talent management is inherently a differentiated and strategic activity (Collings and Mellahi, 2009). We argue that without sufficient delineation of scope, clarity of management directive, and board-level governance, talent management may be constrained by a conventional, albeit strategic-HRM-centric orientation.

In summary, a primarily HR-centric orientation towards organisational talent management may constrain the primacy of talent management as a crucial lever of business strategy. As stated earlier, talent management is neither the conceptual nor the practice equivalent of effective HRM, and this paper has argued that a business-centric orientation extended beyond an HR-practice orientation towards talent management is required for effective talent management.

**Talent management as an internal focus of the firm**

The firm’s management of talent is implemented within the firm as an internal firm-based system (King, 2015a). Correspondingly, management’s focus on talent management within the firm is a necessary component of management of the internal system. Management involvement has been identified as one element of good practice in the implementation of talent management in large multi-national organisations (Stahl et al., 2012). This is achieved in large part through a focus internally on two key activities within the organisation: first, the in-line identification of talent through ratings of relative potential; and second, the annual review of talent within the organisation (Mäkelä et al., 2010). In contrast, one component of implemented talent management in practice which adopts an external orientation to some extent, for example, is the recruitment and selection of talent to meet business strategic requirements. Recruitment is a significantly outward-facing activity, as few firms today rely solely on an internal labour market (Bidwell, 2017). As such, talent recruitment is one activity in which talent management may more sufficiently engage with the external macro talent context. For example, this could be particularly important when selection for a strategic position has not been successful through use of the firm’s internal labour market and an external candidate is required. However, talent recruitment is a largely reactive and vacancy-driven activity. Beyond recruitment, organisational talent management often turns inward focus (Sparrow et al., 2018) and is known to be a time-intensive activity of internal focus, particularly for management (Vaiman et al., 2012).

The predominance of an internal orientation to talent management in the extant literature is illustrated by the conceptual frameworks and empirical studies which are concerned with various aspects of the design and implementation of talent management within the firm and its effectiveness. For example, whether the firm elects to apply an inclusive or exclusive definition of talent (Meyers and van Woerkom, 2014), and how employees perceive these philosophies in practice (Sonnenberg et al., 2014) and the study of individual justice reactions of employees to their firm’s use of talent management practices (Gelens et al., 2014). An inward orientation towards talent management necessarily directs management attention to the strategic management of the firm’s talent within the organisation and may support critical review of the effectiveness of implemented talent practices. Some consideration has been given to the relevance of talent management to stakeholders of the firm (Collings, 2014b; King, 2015b), extending beyond those which are internal (namely the firm’s management and employees, who may be both job-holders and share-holders), reinforcing its strategic relevance beyond the management of human resources as an internal activity of the firm.

However the shared interests, challenges and strategic priorities of what might be described as the firm and its external “talent ecosystem” which is comprised of the firm and its diverse range of stakeholders at all levels (individual, organisational, community, societal, national) is as yet largely unconsidered and this may in part be resulting from a predominant internal orientation to talent management, with the external orientation towards recruitment being the main exception. Widening the lens to further consider a range of parties which might be concerned with the extent to which an organisation’s talent management is effective, or not, researchers have considered the wider community in which employees and their families reside, local educational institutions which participate in the development of talent potential (King, 2015b), and regionally-based industries which establish business ecosystems which share complementary reliance on the quality and quantity of talent supply (King, 2018).

A predominant internal focus may contribute to the often reactive nature of talent attraction rather than supporting a strategic approach to talent recruitment through examination of cross-level interactions and the opportunity for the firm to forecast and proactively manage externally-driven talent risk or to develop firm-specific competitive opportunities. Here again, the stark contrast of the UK National Health Service’s requirements for nursing talent and qualified medical doctors relative to its low talent attractiveness and complex sourcing issues (CIPD, 2018), presents a compelling example of the urgent need for organisations to engage
actively with the complex macro level talent conditions in which the organisation is embedded, if to successfully manage talent within the organisation, in this case in service of high quality patient care in the UK. Although context is understood to be inherently relevant to TM (Schuler et al., 2011), and greater calls for contextual consideration of talent management exist (Thunnissen et al., 2013), a wider contextually-based view of talent management has yet to be sufficiently adopted in literature and in practice, which is in part constrained by the predominant internal orientation to talent management.

In summary, a primarily internal orientation to talent management may limit management agency due to a lack of contextual integration with the external macro talent management context. Adoption of an external orientation to complement the internal focus on talent management is required for effective talent management. In the section which follows, the paper draws on systems and contingency theories and introduces a framework for future research along with three proposed shifts in orientation to address these limitations.

Introducing a macro-contingent approach to talent management and research framework

Macro talent management (MTM), which has recently been introduced in the literature, refers to “the activities that are systematically developed by governmental and non-governmental organisations expressly for the purpose of enhancing the quality and quantity of talent within and across countries and regions to facilitate innovation and competitiveness of their citizens and corporations” (Khilji et al., 2015, p. 237). The concept of MTM contributes to the developing literature by introducing and specifying the macro talent environment, its core processes and functions and the outcomes of national level talent activities such as national educational achievement levels, employment rates, and country competitiveness outcomes (Sparrow et al., 2018). However, the interface between organisational talent management and its corresponding macro talent environment (including contextual factors, core processes and activities, and consequences), is not yet developed in the literature’s conceptualisation of MTM, such that a micro-macro gap can be said to persist.

The existing macro level literature is largely comparative in nature (comparison of variance between countries), and the literature has not yet sufficiently explored micro-macro integration or cross-level study (Al Ariss et al., 2014). For example, cross-level examination could consider the consequences of macro talent management outcomes for organisational talent management strategy; which macro talent context and environment factors present barriers to effective organisational talent management and how they might be overcome (Al Ariss et al., 2014). As a result of limited cross-level modelling or study, research questions remain focused at the separate micro or macro levels, and multi-level modelling in talent management is yet undeveloped and required (Khilji et al., 2015). As the scope and boundaries of the talent management literature continues to evolve with further study (Mellahi and Collings, 2010), future research will be necessary to identify intersections across a multi-level model of GTM (Khilji et al., 2015). This is consistent with calls in the ongoing development of the SHRM literature for greater clarification of the micro-macro divide and cross-level empirical measurement (Molloy et al., 2011).

In this section, we now introduce a macro-contingent approach to organisational talent management and argue that effectiveness of the micro talent system can be influenced by an integrative cross-level consideration of one or more extra-organisational macro talent systems. We further argue that the effectiveness of a macro-contingent approach to talent management will vary to the extent to which the firm adopts three orientations: first, shifting upward from a single-level of measure at the micro level to adopt a cross-level orientation; second, shifting across from an HR-centric to a business-strategic orientation; and third, shifting outward from an internal to an external orientation. These three shifts are explained in detail in the remainder of this section.

Conceptualising talent management as a nested system

This paper argues that organisational talent management occurs within a wider macro-level external context within which the organisational talent system is inherently embedded or nested. As such we argue that the micro talent management is a system inter-related with the macro talent system, and thereby with its inputs, activities and outcomes. Two theoretical foundations can be used to argue the importance and relevance of broadening and extending our view of talent management, to integrate the macro-level, business-centric and extra-organisational context into organisational talent management. First, contingency theory (Luthans and Stewart, 1977), which has been widely used in management sciences, explains that the preferred approach to organising must be informed by the context in which the organisation is functioning and aims to perform (Luthans and Stewart, 1977). Based on contingency theory then, an organisation’s practice of talent management which is designed to fit in the context in which it operates would be more likely to be effective than one which ignores the context or does not take context into account. Second, systems theory in management (Von Bertalanffy, 1972) has been used to develop systematic frameworks (such as conceptual, theoretical or operational) which aim to describe relationships (Boulding, 1956; Johnson et al., 1964; Von Bertalanffy, 1972). Systems theory explains that the interaction of the main elements in a system will result in outcomes of that system (Anderson, 1999). Previous literature has proposed systems-based views of human resource management (Bowen and Ostroff, 2004), organisational talent management (King, 2015a) and of global talent management (Collings et al., 2018).

Fig. 1 that presents the macro-contingent view of organisational talent management and aims to illustrate the dynamic interface of micro and macro level talent systems, extending the view of organisational talent management into the wider context of the macro system(s) in which the organisation is embedded and operates.
Fig. 1 illustrates a nested system comprised of two interrelated systems: organisational talent management which is an intra-organisational system and macro talent management which is an extra-organisational system. The micro talent system (the inner of the two rings in Fig. 1) is embedded within one or more macro talent contexts which operate with direct or indirect influence on the firm by virtue of shared national or regional context. The macro talent system (the outer of the two rings in Fig. 1) is comprised of three components as specified by the Khilji et al. framework (2015). They are: the MTM context and environment; processes and functions; and the macro level outcomes (Khilji et al., 2015). Conditions generated by the outcomes of the macro talent system are therefore consequential to the organisations operating within these contexts. For example, outcomes such as the quality and quantity of talent the macro system produces or country competitiveness for global talent, etc. (Khilji et al., 2015).

The micro talent system is comprised of eight components as specified in the figure. This framework draws on the Stahl et al. framework (Stahl et al., 2012) which specified six talent practices. We have re-specified these practices as components of the micro level talent system and extended its specification to include two additional components: management involvement and talent review; and board reporting and governance.

Further, as indicated in Fig. 1, the two systems are dynamic and interactive in nature. That is, the micro and macro systems, as indicated by the inner and outer rings respectively, interact and as functional systems are dynamic. This is denoted by cross-over arrows which illustrate the fluid interplay between the two nested systems. There are multiple points of interface between the micro and macro system which can be further specified in future development of the framework. Khilji et al. (2015) explain that conditions in the macro context and environment interact with core processes and functions in the macro talent context which together generate macro talent outcomes. We further argue that interactions between the micro and macro systems across each of the specified components generate change in the dynamic integrated system, and that such interactions can cause change to any
component of the macro or micro system. For example, the action of a firm(s) to influence macro level processes, such as industry-education partnership which prioritise scare skills development for industry specific strategic positions, can influence not only internal firm outcomes (such as talent development), but also external macro outcomes such as aggregate regional talent supply, which then subsequently influences micro level talent outcomes (such as attraction or retention). As a cross-level contingent model, the macro-contingent view of organisational talent management integrates both a greater concern with the extra-organisational context for talent and a greater concern for the adaptation of the intra-firm talent system in consideration of the external context.

Three shifts in orientation towards a macro-contingent view of talent management

First, a shift upward from a single, micro or firm-level orientation to an integrated cross-level micro-macro view of talent management is required. As an established practitioner topic viewed as one of the most strategic issues faced by management today (Mellahi and Collings, 2010), the critical importance of talent has been argued, requiring that an organisation knows its pivotal talent (Boudreau and Ramstad, 2005), identifies its “experts” (Idnopoulos and Kempler, 2003), and that organisations carefully manage their “A-players” (Huselid et al., 2005), while developing the competence needed to build star teams (Mankins et al., 2013). However, this intense and largely internal focus has not reliably resulted in expected performance outcomes attributable to talent management (Collings, 2014a). Despite intense executive focus on talent, challenges persist which range from claims of insufficient supply (Cappelli, 2015), through to retention of talented employees once employed in an organisation (Lawler Iii, 2008). Considering this in the wider context of a fiercely competitive global economy, the unwavering focus on talent is unsurprising; however, the lack of organisational intervention in the wider macro contexts in which they operate, may be surprising.

Seeking wider context, firms do consider talent management practices relative to peer organisations which can provide relevant micro-level comparative insight. However between-firm comparison may result in mimicking of best practice as a form of collective rationality, rather than being strategically aligned to the firm-specific requirements (DiMaggio and Powell, 1983). Consideration of the external competitive talent context does not by definition require consideration of the one or more macro level contexts in which the firms may compete and operates. Rather a shift across levels is required, upward from micro to macro, in addition to consideration of talent management effectiveness between organisations at the micro level.

Beyond the organisational level of focus, talent management occurs within a wider context which is external to the organisation, shaped by contextual and environmental factors (Khilji et al., 2015), which in turn set the national or regional context(s) within which organisations seek, attract, engage and manage their talent. For example, macro factors which shape the macro context in which firms operate include government policies for educational attainment, immigration, and labour legislation. National and regional processes influence macro level development, quality and availability of talent. For example, such processes include national planning for labour supply, educational interventions for skills development, targeted visa initiatives to facilitate access to talent and programmes to enhance cross-regional labour mobility (Vaiman et al., 2018). The interaction of these contextual factors and core processes influence and shape a nation’s macro level talent outcomes (Khilji et al., 2015). For example, macro level national outcomes influenced by macro talent factors include economic development measures such as productivity and employment, educational attainment and workforce quality, and the extent to which a country is viewed as being able to compete for global talent, known as talent attractiveness. This is consistent with the concept of environmental fit which suggests that organisations must make a link between their HR strategy and the institutional environment the organisation exists within (Boselie, 2014).

An integrated approach to the management of organisational talent requirements with critical consideration of the macro-level external context and factors within which they operate is largely overlooked. The predominant single-level focus on talent management at the firm or micro level has resulted in limited cross-level conceptual or empirical research in the literature. Where talent management has been examined at the macro level, studies have primarily been limited to a single level, the macro level specifically (Vaiman et al., 2018). Multiple calls for cross-level conceptual and empirical research (Collings, 2014b; Minbaeva, 2016; Thunnissen, 2016) restate the importance of cross-level research in advancing the literature. We, therefore, propose the following:

**Proposition 1.** The effectiveness of organisational talent management will be positively associated with the extent to which the talent system is designed to consider both micro and macro and cross-level interactions, across one or more macro contexts relevant to the enterprise.

Second, a shift to widen the orientation from an HR-centric orientation to a business-centric imperative is required. The scholarly strategy literature acknowledges a close alignment between business strategy and external factors which are used to identify strategic opportunity (Hill et al., 2015) and explain that competitive advantage is enabled through differentiated resources of the firm (Barney, 1991). However the value and definition of exclusive talent may vary by business (Sparrow and Makram, 2015) and with changes in strategy over time. Access to individual human capital resources (Ployhart et al., 2014) in service of the strategy therefore requires a direct alignment between talent management and the business strategy. This close alignment of talent strategy to business advantage may be constrained by a primarily HR-centric orientation to talent management.

The talent management literature has specified four ways in which talent management is differentiated from strategic human resource management. Specifically: talent management is a component of the strategic advantage which requires the involvement of management and board-level governance; talent management is of strategic import to
A wider and more diverse range of stakeholders than is HRM; talent management is defined and directed with a narrower focus related to its specification of human capital; and talent management by definition requires high degrees of differentiation from the approaches taken to manage the wider workforce of the organisation (Vaiman and Collings, 2014). A primarily HR-centric orientation towards talent management in the exclusive approach, may constrain its operationalisation as a driver of strategic advantage and the imperative of direct management involvement and board governance of talent outcomes. We propose the following:

Proposition 2. The effectiveness of organisational talent management will be positively associated with the extent to which the talent system is designed to align with and enable business strategy.

The third shift in orientation required is a shift outwards, from a primarily internal focus to an external, contextually-based orientation which informs the internal perspective through critical integration of the firm’s talent strategy and practice within the external macro talent system in which the firm is contextually anchored. A review of the extant literature indicates that talent management is as yet largely viewed as a within-organisation concern (Collings et al., 2018; King, 2017; Vaiman and Collings, 2014) and correspondingly, effective talent management necessarily requires an intra-organisational focus. However, this prevailing focus of talent management as existing and occurring within the organisation may limit management’s consideration of external contexts which influence talent management outcomes at the firm or micro level. Consistent with the prevailing micro-perspective as explained earlier, talent management is also therefore primarily concerned with the internal functioning of the organisation and its performance outcomes through talent. As a result, the critical integration of externally-oriented considerations into talent strategy, frameworks, and practice is as yet limited.

In addition to our argument that cross-level consideration of macro factors is imperative for effective micro talent management, likewise, it is imperative that a shift to consider the external environment is integrated into micro talent management. This external context is the context in which micro talent management is embedded, as depicted in Fig. 1. For many firms today, this contextual domain is comprised of multiple varying contexts, defined by the firm’s unique strategic and operational positioning and its participation in a range of markets. Each of these, domestically and internationally, present strategic risk and opportunity, through variance.

External conditions exist which influence internal firm processes and practices. For example, an organisation’s available quality and supply of talent is influenced by external factors. External factors may include the extent to which peer-businesses compete for common talent requirements (an example of a micro level external condition) and national talent pool quality (an example of a macro level external condition). While these factors are external to the firm’s internal talent system, the organisation’s talent strategy is contingent upon consideration of a range of external factors, at various levels, micro and macro. Adopting an external orientation towards talent strategy and talent management supports organisations to complement a primarily internal view of talent management through integration of context into organisational talent strategy.

However, consideration of the multiple facets of the external talent context is insufficient as yet in the literature. For example, limited consideration of the range of stakeholders of effective talent management beyond the shareholder orientation of organisations (Collings, 2014b) may reflect a narrow view of talent management as only of relevance within an organisation and of limited relevance to the broader society or industry sector. However sector-specific talent constraints are not uncommon, such as a visible national or regional mismatch of talent supply and demand (Cappelli, 2015), whether in leadership, technical or skill-specific talent pools. Consistent with the prevailing internal orientation towards talent management underpinned by an HR-centric orientation, the external conditions which influence the firm’s implementation of micro talent management, may not readily appear to fall within the accountability of the firm to shape, manage or govern are generally not accounted for in organisational talent management. This inward orientation to talent management is further evidenced by the absence of contextually relevant conceptual frameworks in talent management (Thunnissen et al., 2013). We propose the following:

Proposition 3. The effectiveness of organisational talent management will be positively associated with the extent to which the talent system is designed to consider the external talent context(s) within which the firm operates.

In summary, this framework proposes an externally-orientated, cross-level, macro-contingent approach to organisational talent management and argued the importance of three shifts in orientation in both literature and practice. First, from a primarily micro level of focus and measurement to include a cross-level micro-macro orientation; second, from a primarily HRM-centric orientation to a business-centric orientation; and third, outward from a predominant internal orientation to talent management to integrate consideration of the external contextual conditions and factors which interact with and shape the organisation’s opportunity to excel in its management of talent as a strategic resource of the firm. Fig. 1 illustrates these shifts by presenting the micro system as embedded within the macro system, requiring a shift up across levels, outward from the internal firm orientation and across, from a primarily HR-centric perspective.

Discussion and conclusion

An organisation-specific lens on talent management has provided a helpful foundation for the emerging talent management literature thus far. To support the forward development of the literature and greater implementation effectiveness in practice, this paper has presented a reflective conceptual review of the talent management literature and identified three extant limitations which constrain forward development of the topic. To address these limitations, the paper draws on the theory of a strategic system, the components of which function to create system outcomes (whether effective or not so) (Von Bertalanffy,
Implications for research and limitations

This paper makes three main contributions to the literature. First, this paper has presented a macro-contingent view of talent management. The paper has argued that context inextricably matters in talent management and argues that micro talent management is a contextually-anchored system embedded within one or more macro talent systems, such that effectiveness in organisational talent management is dependent upon the unique composition of the various macro talent contexts in which it operates. The paper has reasoned that the macro talent system (comprised of context and environment, core processes and functions and outcomes) cannot be ignored if the firm is to be effective in organisational talent management, thus responding to calls in the literature for a more contextual approach to talent management (Thunnissen et al., 2013), one which extends consideration of stakeholders beyond a simplified shareholder view (Collings, 2014b). Second, the paper has presented an integrated cross-level view of talent management, which contributes to calls for cross-level conceptual models of talent management (Al Ariss et al., 2014; Khilji et al., 2015), including consideration of macro talent management (Khilji et al., 2015), and has introduced a research framework which supports future empirical cross-level research in the topic (Collings et al., 2015; Pauw et al., 2013). Third, the paper has argued the conceptual distinction between strategic HRM and talent management, consistent with calls for greater conceptual utility of talent management as a scholarly topic distinct from SHRM (Morley et al., 2017).

As a conceptual study, there are two main limitations which could also be considered opportunities for further research. First, as the conceptual framework adopts a systems perspective of organisational talent management, further specification of the micro and macro talent systems is necessary to advance the future study of cross-level interactions and outcomes. Second, as the conceptual framework adopts a contingent view, further conceptual and empirical study is required across varying contexts to further inform the approach and its relevance across a range of contexts in which organisational talent management is strategically anchored and implemented.

Practically, the macro-contingent TM framework can be tested in several ways. As a concept in development, an exploratory mixed-methods empirical design can be used to explore management's current attempts to engage with and influence the macro talent contexts in which the firm operates to identify points of integration between the micro and macro contexts which are perceived to provide most utility to the management vis-à-vis business-centric talent strategy. Alternatively, quantitative cross-level between firm comparison studies can be used to examine the relationship between macro level talent conditions, processes and environmental factors and a selection of priority competitive outcomes. More specifically, a within-firm case study design could examine variance in firm outcomes by macro talent context across multiple regional, national or sector-specific contexts in which the enterprise operates.

Implications for management practice

The integration of macro talent management into organisational talent management literature also presents a crucial opportunity for management practitioners. Organisations have intensively pursued talent management as a path to value of utmost priority to the management team, and talent continues to be a top priority reported by CEOs worldwide (Cappelli, 2008; PwC, 2017). However, adopting perceived best practices, sometimes simply as isomorphic mimicking of the practices of competitors (DiMaggio and Powell, 1983), organisations may have adopted an inward, HR-centric practice orientation towards talent management (Valman and Collings, 2014), inadvertently becoming more similar (DiMaggio and Powell, 1983) and less strategically differentiated. This paper has argued that while organisations may perceive direct agency in talent management which adopts an unwavering internal focus, this may inadvertently result in organisations becoming reactive participants in the extra-organisational macro talent system which may have both enabling and constraining influences on the effectiveness of a firm’s talent strategy.

Consider the attraction of talent, for example. Organisations often aim to improve their attractiveness to future employees through efforts such as employer branding efforts (Stahl et al., 2012) including commitments to corporate social responsibility (Bhattacharya et al., 2008), however such attractiveness efforts risk limited influence on overall supply or quality of the supply for which the organisation competes, if they are not designed to influence the wider macro talent system, focused on competing for existing, often limited, supply. The often-priority focus on the initial attraction of talent to a company may overlook the strategic requirement to examine wider, external, macro talent conditions which affect the firm’s sustainable supply of talent. The repeated reporting of ‘talent shortage’ (Dobbs et al., 2012; Economist, 2007, 2009), which has been challenged by some researchers who have examined macro level data (Cappelli, 2015), may be one indicator of a reactive approach to macro talent management. An example of an unsustainable response to macro conditions is illustrated in cases of talent poaching across peer organisations in a constrained talent pool rapidly escalating recruitment and retention costs for all stakeholders involved (Dobbs et al., 2012). A more sustainable macro-contingent approach can be established whereby the micro level system is designed based on critical consideration of macro conditions, whether favourable or unfavourable. On critical consideration of the strengths and limitations of the macro talent system(s) in which the firm operates, management may generate new dimensions of agency to influence the external environment, processes and conditions of strategic priority or concern to the firm.

Such proactive influence at the macro level for firm level talent strategy is not without precedent. Examples include:
business-education partnerships (such as to prime the supply of future talent); adaption of global-local talent management (such as to leverage varying macro talent conditions across the strategic reach of the firm); industry collaborations (such as regional branding activities for talent-specific regional talent attraction); and policy interventions (such as to reduce mobility and employment barriers or enhance talent immigration programmes). In the case of multinational enterprises, management can consider how to optimise their organisational talent system across the multiple macro talent contexts in which they operate to optimise talent supply, quality and retention in specific contexts and across the enterprise for business-specific priority purposes (i.e., talent ‘for what’ purpose in a given context).

In conclusion, while management agency is potentially at its strongest when applied internally, that is, in direct management of the organisation, a primarily intra-organisational focus on talent management may in fact limit management agency, if not sufficiently informed by the wider macro external context. Organisational talent systems which are designed to consider cross-level micro-macro interactions in the embedded talent system are better positioned to both mitigate external talent risk and to leverage the conditions within the external macro talent which offer competitive advantage. While deploying valuable differentiated SRHM practices operationally to manage talent internally within the organisation, management is further encouraged to extend beyond traditional orientations in organisational talent management to shift upward, outward, and across to identify, influence, interact with the macro talent systems in which it operates, to enable greater management agency and effectiveness in talent strategy.

References


Economist, 2007, 18 August. Capturing talent – Asia’s skills shortage; Asia’s skills shortage. The Economist 384, 58.


Talent Management: Towards a macro-contingent approach


