Talent management

Towards a more inclusive understanding

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Talent management is an organization’s line of life: It is of vital importance to organizational viability
and business success. In a majority of organizations, talent management aims at maximizing orga-
nizational profits by selectively investing in a small group of high-performing, high-potential employees
(exclusive approach). In recent years, however, interest in an alternative, more inclusive approach to
talent management has been growing because broad investments in talent development across the
workforce are deemed effective in enhancing overall employee well-being. While both approaches
bring about certain advantages and disadvantages, inclusive talent management is a particularly
timely response to pressing issues such as the overall talent scarcity, the hard-to-predict market dyna-
mics, and the trend towards more inclusive human resource management.

Introduction

Currently, there are hardly any HR managers who do not concern themselves with the management of talent in their organization. While talent management is a topic that is frequently thought about, it is only rarely figured out: Many (HR) managers actually feel that their talent-manage-
ment systems or practices do not have the desired effects (CIPD, 2012). This indicates that managing talent is a highly complex and difficult business. The complexity of talent management is reflected in questions like ‘What type of talent does this organization need?’, ‘Should this organi-
zation ‘buy’ or ‘make’ the needed talent?’, ‘Can talent actually be made / developed?’, and ‘What or who is a talent?’.

While there are many interesting answers to the latter question, there is one fundamental distinction in these answers that will be central in this manuscript: Are the answers either indicative of an exclusive understand-
ing of talent (i.e., focusing on very few, outstanding individuals) or an inclusive one (i.e., considering a majority or all individuals as talen-
ted). The distinction between an exclusive and inclusive understanding of talent is very apparent in both practitioner and academic literature (Meyers & van Woerkom, 2014). Currently, a majority of organizations
still rather agree with the exclusive understanding which translates into exclusive talent-management approaches that are directed at a minority

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of the workforce only. However, the number of organizations that subscribe to the more inclusive understanding calling for the implementation of (inclusive) talent management that is accessible for all employees is steadily growing. This article aims to explain this shift from exclusive towards inclusive talent management by juxtaposing both approaches. To this end, I will briefly describe the basic premises of both exclusive and inclusive talent management, the underlying ideas about value creation that triggers organizations to opt for one approach or the other, and the research evidence regarding both approaches. Furthermore, I will elaborate on some of the more practical reasons that generate interest in inclusive talent management. To conclude, I will put forwards practical recommendations for the successful implementation of both exclusive and inclusive talent management.

**Exclusive Talent Management**

**Basic Premises**

Originally, talent management has been coined as a highly exclusive construct: It is a tool for employees who are valuable and unique (Lepak & Snell, 1999), display high potential or high performance (Silzer & Church, 2009), and/or occupy strategically important positions within the organization (Huselid, Beatty, & Becker, 2005). This means that it is accessible to approximately 1-15% of the organization’s workforce only. The most commonly cited definition specifies that talent management is about “activities and processes that involve the systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization” (Collings & Mellahi, 2009, p. 304).

Consequently, a majority of organizations has implemented an exclusive talent management system which typically involves singling out a few high-potential employees who are knowingly or unknowingly designated as successors for leadership positions. These employees are thereupon provided with more developmental and promotion opportunities, higher salaries, and better fringe benefits than other employees. This favorable treatment of high-potential employees is in line with the principle of workforce differentiation, pleading for a differential investment in different employee groups depending on their potential contribution to a firm’s overall (financial) results (e.g., Lepak & Snell, 1999). As high-potential employees (sometimes also referred to as star employees or A-players) are deemed capable of creating exponentially more value for their organizations than average employees (Aguinis & O’Boyle, 2014), it seems justified to allocate a major share of the human resource budget to these employees. It is generally assumed that this major investment will pay off because it will trigger positive reactions such as heightened commitment and motivation among talented employees. This assumption can be further explained by drawing on social exchange theory.
Creating Value through Exclusive Talent Management: Insights from Social Exchange Theory

The essence of social exchange theory (SET) is that “social exchange comprises actions contingent on the rewarding reactions of others, which over time provide for mutually and rewarding transactions and relationships” (Cropanzano & Mitchell, 2005, p. 890). In more detail, SET specifies that transactions between two parties follow certain rules or norms of exchange, of which reciprocity (repayment in kind) is the most common. The norm of reciprocity implies that a person, who is the beneficiary of a service provided by another party (person or group), has to repay the service-providing party by offering an equally valuable service in return (Homans, 1958). When engaging in a series of consecutive interactions based on the norm of reciprocity, two parties can build long-term, trusting relationships with one another.

Applying SET to talent management, scholars assume that an organization that provides talented employees with, among others, access to development and promotion opportunities, can expect to reap the benefits of this investment because the talented employees will feel obliged to ‘reimburse’ the organization by devoting their full effort to achieving organizational goals (e.g., Dries, Forrier, de Vos, & Pepermans, 2014). In line with this idea, scholars further specify that talent management influences the psychological contracts – the perceived rules of the employer-employee exchange relationship – of talented employees: They will likely develop specific expectations of organizational inducements that they ought to receive, while, at the same time, also developing expectations about the outputs that they ought to produce for the benefit of the organization (Dries et al., 2014).

Research Evidence

Research that aims at testing SET-based assumptions of positive reactions among talented employees has thus far produced mixed results: While a majority of studies found that talented employees display, for instance, higher levels of organizational commitment and lower levels of turnover intentions than non-talented employees – which is in line with assumptions – results are not entirely consistent across studies and, most notably, across groups of talented employees (for a review see Meyers, De Boeck, & Dries, in press). The sole consistent finding seems to be that talented employees perceive that they should be provided with special benefits by the organizations (cf. Dries et al., 2014), while not necessarily perceiving that they also should make a special contribution to the organization in return. The latter finding points towards the development of psychological contracts that might have unfavorable consequences for the organization, on the one hand, because investments might not pay off, and, on the other, because heightened expectations are increasingly difficult to fulfil, meaning that there is a risk of psychological contract breach.

In general, the available research base is not yet sufficiently big to draw any definite conclusions about the effects of exclusive forms of talent management. Even though researchers often find positive correlations
between talent-management initiatives and favorable reactions among talented employees, we do not know yet whether this would translate into positive ‘net’ effects of talent management, that is, positive effects among talented employees that are substantial enough to outweigh potential neutral or even negative effects among employees who are not identified as talents. The latter, the potential negative effects among employees who are not included in the talent pool, is a major concern of proponents of inclusive talent management, a topic that will be elaborated on in the next paragraphs.

**Inclusive Talent Management**

*Basic Premises*

Inclusive talent management is deeply grounded in the assumption that all employees have valuable qualities or talents that can be productively applied in organizations. This assumption, in turn, is one of the key propositions of positive psychology (Seligman & Csikszentmihalyi, 2000), a scientific discipline that focuses on all aspects of life that are good or well-functioning, and that has gained considerable momentum since its introduction at the turn of the century. Inclusive talent management has been defined as “the recognition and acceptance that all employees have talent together with the ongoing evaluation and deployment of employees in positions that give the best fit and opportunity (via participation) for employees to use those talents” (Swailes, Downs, & Orr, 2014, p. 5). As such, inclusive talent management aims to bring out the best in all employees, allowing all employees to realize their full potential at work. This also means that it aims at investing in a broad variety of different talents. Having said that, it is important to note that inclusive talent management acknowledges the possibility that employees possess talents that do not fit a particular organization. In these cases, organizations should provide assistance to employees to find more suitable employment elsewhere (Swailes et al., 2014) so that their talents do not go to waste.

Research by the Chartered Institute of Personnel and Development (CIPD, 2012) indicates that about two-fifth of organizations implement rather inclusive talent management activities, accessible to all or at least a majority of employees. This finding partly depends on organizational size, as the prevalence of inclusive talent management approaches is somewhat higher in organizations with less than 250 employees (67%) than in larger organizations (37%). But also larger organizations are increasingly interested in more inclusive approaches to talent management. This interest is triggered by the idea that focusing on individual talents at work might positively contribute to both employee well-being and performance.

**Creating Value through Inclusive Talent Management: Insights from Strengths-based approaches**

In the context of positive psychology, scholars use the term individual strengths rather than talents. Individual strengths can be defined as trait-like individual characteristics that allow individuals to be at their personal best, meaning that they both perform and feel excellently (Peterson & Seligman, 2004; Quinlan, Swain, & Vella-Brodrick, 2012). In other
words, strengths are those individual characteristics that energize rather than exhaust a person and that are associated with superior performance. Note that superior performance in the context of positive psychology is regarded from a within- and not a between-person perspective: That is, a person’s performance is rated as superior in comparison to the past performances or general performance patterns of that particular person. Superior performance is thus about performing at one’s personal best. This within-person perspective on performance stands in stark contrast to the between-person perspective that is characteristic of exclusive talent-management approaches (Nijs, Gallardo-Gallardo, Dries, & Sels, 2014). In the context of exclusive talent management, a person is seen as talented only if she performs better than the majority of other persons (in a particular age or functional group).

Focusing on individual strengths is supposed to create value for organizations for three major reasons. First, as mentioned earlier, using strengths energizes people and makes them feel good about themselves, which can contribute to an individual's overall well-being (Quinlan et al., 2012). Second, it has been argued that people can learn quickly and without much effort when playing to their strengths (Peterson & Seligman, 2004). Quick learning progress is highly beneficial in today’s dynamic working context where many organizations depend on the continuous learning and development of their employees. Last but not least, using strengths, or doing what one does best, is naturally supposed to be related to higher productivity (Peterson & Seligman, 2004).

Research Evidence
Diverse studies have supported the assumption that using individual strengths is positively associated with well-being (Quinlan et al., 2012). In an experimental study among employees from diverse organizations, Meyers and Woerkom (2016) have, for instance, shown that participating in a half-day training, that aims to stimulate the identification, development, and use of individual strengths, is related to short-term increases in positive affect, which, in turn, translate into longer term increases in general and work-related well-being. The link between strengths and learning has not yet been extensively researched. Hints for a positive association have, however, been delivered in another experimental study that revealed that participating in a one-day strengths intervention led to increases in personal growth initiative, a variable that encompasses a person’s drive to explore and engage in activities that contribute to his or her personal development (Meyers, van Woerkom, de Reuver, Bakk, & Oberski, 2015). Finally, there is still little research evidence for the link between strengths and performance. Results of cross-sectional studies have, however, already indicated that the opportunity to develop and use strengths at work is positively related to both in-role and extra-role performance (van Woerkom & Meyers, 2015), and self- as well as supervisor-ratings of task performance (Harzer & Ruch, 2014).

Furthermore, we can draw some inferences about the link between focusing on strengths and organizational performance based on a recent study by van Woerkom, Bakker, and Nishii (2016). The authors have shown
that the positive relationship between task and emotional load at work and sickness absenteeism can be mitigated if employees perceive that their organization supports them in the use of their strengths. Given these results, one can assume that focusing on individual strengths at work might help to prevent stress-related complaints and illness, and, in doing so, help to save costs associated with sickness absenteeism.

**Contextual Factors Driving the Shift towards Inclusive Talent Management**

For some organizations the shift towards more inclusive talent management is a necessity that has arisen due to the national labor market and labor regulations. In the Netherlands, as well as in other countries around the globe, the labor market is tight and characterized by a scarcity of talent, meaning that it is difficult for organizations to attract employees with sought-after skills and profiles (Fernández-Aráoz, 2014). At the same time, Dutch labor regulations prevent employers from terminating employment contracts without just cause, meaning that organizations (especially in the public sector) often have a relatively stable core workforce. Taken together, these factors force organizations to ‘make the best out of what they have right now’, that is, to leverage the potential of the current workforce to the best of their ability. In the light of this, inclusive talent management is a more feasible option than exclusive talent management because it aims at tapping the full potential of all employees.

Furthermore, the Netherlands is currently striving to create more inclusion throughout society, an aim that also encompasses the creation of more inclusion at work (Rijksoverheid, 2016). Government initiatives in the pursuit of this aim include the so-called Participation Act (‘Participatiewet’), which came into force in 2015 and involves the provision of 125,000 new jobs for disabled people to increase labor participation of people at the margin of the labor market (Ministry of Economic Affairs, 2014). The participation act has sparked discussion about inclusive human resource management (HRM) characterized by the aim to achieve social legitimacy and to contribute to a better functioning labor market by integrating (potential) employees who momentarily do not form part of an organization’s workforce, and by recognizing the development of knowledge, skills, and sustainable employability of these (potential) employees as an end in itself (Freese, 2014). However, the successful implementation of inclusive HRM practices can be hindered by obstacles such as stereotypes (i.e., the perception of lower productivity among certain groups of employees, for instance, disabled persons) and perceived risks (i.e., negative reactions by co-workers and clients) (Borghouts & Freese, 2016). Inclusive talent management and the underlying strengths-based approach might help organizations to overcome these obstacles by instilling the habit of focusing on individual’s strengths instead of weaknesses. While people seem hardwired to focus on negative aspects in life first (Rozin & Royzman, 2001) - among them a person’s weaknesses or disabilities - developing awareness of one’s own and other people’s strengths might help individuals to develop a more positive perception of colleagues that are dissimilar to themselves. An illustrative, practical example is a small, Dutch soft-
ware testing firm that exclusively employs individuals with a particular form of autism as software testers. By focusing on the strengths of these individuals, that is, for instance, their extraordinary attention to detail, the firm has developed a successful business model that centers around offering service of the highest quality to their clients.

Finally, today’s labor market is highly dynamic and constantly changing which implies that predictions about specific talents that are needed in the future are, at best, a long guess (Spreitzer, McCall, & Mahoney, 1997). As a consequence, exclusive talent management and its integral strategy to narrowly invest in certain kinds of talent only appears obsolete to some organizations, while investing broadly in different forms of talent across the workforce through inclusive talent management is seen as more sensible.

Conclusion: Exclusive versus Inclusive Talent Management
Research among HR managers has shown that there are about as many managers with an inclusive understanding of talent as there are with an exclusive one (Meyers, 2015). The managers’ understanding of talent, in turn, influences whether talent management practices are directed at all employees, or at an elite circle of highly valuable and unique employees only (Meyers, 2015). Both exclusive and inclusive talent-management approaches have certain advantages. On the one hand, an exclusive talent-management approach offers the opportunity to target employees who are critical to an organization’s success and who are scarce on the labor market. Investing in these employees fosters loyalty and motivation among this crucial, but small group of employees. Ultimately, an organization that excels in attracting and retaining outstanding employees might be able to secure a sustained advantage over competitors (Collings & Mellahi, 2009). Exclusive talent management might be an excellent fit for organization with a competitive culture, where employees expect that exceptional performance is rewarded and thus accept an unequal allocation of benefits (Meyers & van Woerkom, 2014). Moreover, it might be the primary strategy of organizations that are known as ‘employers of choice’ and that consequently do not experience difficulties in attracting employees possessing the required skill sets from the labor market.

Inclusive talent management, on the other hand, is able to foster employee well-being, learning, and performance throughout the whole workforce by giving all employees the opportunity to fully unlock their potential (Meyers, 2015). It allows organizations to adequately respond to some of the challenges of today’s labor market because a) it aims to make the most out of all the available talent in the face of a general talent scarcity; b) it can potentially contribute to creating more inclusion throughout an increasingly diverse workforce; and c) it provides the opportunity to deal with the highly dynamic labor market by investing in different kinds of talents. As such, it is a particular good fit for organizations that aim to foster employee health and well-being and that prioritize workforce cohesion over competition.
In the end, for organizations that want to achieve it all – high commitment among the crucial few plus general high well-being and performance – a so-called ‘hybrid’ approach to talent management might be the best solution (cf. Stahl et al., 2012). A hybrid approach is characterized by slightly higher HR investments in key employees such as individuals who follow a management development trajectory and, simultaneously, broad investments in the development and use of talent throughout the organization. Given that organizational ‘stars’ cannot live up to their full potential without the support of a properly functioning, motivated core workforce (DeLong & Vijayaraghavan, 2003; Malik & Singh, 2014), many organizations might consider hybrid talent management as their approach of choice.

Implications for practice
Deciding for or against a particular talent management approach will only rarely be a clear-cut matter. The complexity of these decisions lies not only in the evaluation of the available research evidence, but also in the evaluation of ‘fit’ with a range of contextual factors: It has been argued that any talent management approach can only ever be effective if it is aligned with an organization’s culture, values, mission, vision, and strategy, as well as with its business- and national context (Sidani & Al Ariss, 2014; Thunnissen, 2016; Thunnissen, Boselie, & Fruytier, 2013). Consequently, decisions about talent management should never be taken in isolation without giving due consideration to the context in which it is implemented.

Nonetheless, based on the research evidence with regard to exclusive as well as inclusive talent-management approaches, several general recommendations for practice can be put forward. Organizations that implement exclusive talent management need to ensure that they do not violate the psychological contracts of employees inside and outside of the organizational talent pool. Employees draw up these non-written contracts based on signals (e.g., in the form of support, rewards, or developmental opportunities) they receive from the organization, and the risk of breaching them has been clearly identified in research on exclusive talent management (Dries & De Gieter, 2014; Dries et al., 2014). That is why it is crucial to have a transparent talent management approach in which the expectations of all parties are clearly communicated and managed. Organizations need to avoid that employees develop wrong expectations that cannot be met in the long run because this can easily result in psychological contract breach and, in turn, distrust, dissatisfaction, and turnover (Zhao, Wayne, Glibkowsi, & Bravo, 2007). The risk of psychological contract breach, as Dries and De Gieter (2014) point out, is particularly high if organizations have a policy of secrecy with regard to talent management, meaning that they do not communicate openly who is included in the talent pool and who is not. On a related note, exclusive talent management approaches need to comply with standards of justice. To avoid negative reactions among employees who are excluded from the talent pool, special attention needs to be paid to a) allocate organizational resources in such a way that the ratio between employee rewards (received resources)
and contributions is fairly equal across employees (i.e. distributive justice) and b) that talent management procedures such as talent identification are consistent across time and space, uncorrupted, and objective (i.e. procedural justice) (Gelens, Dries, Hofmans, & Pepermans, 2013).

Organizations that have difficulties to attract new talent, need to boost the engagement and performance of a stable core workforce, or aim to foster workplace inclusion should consider a shift towards a more inclusive or hybrid talent management approach. Such a shift can be facilitated by several initiatives. First, existing HRM instruments such as performance appraisals can be formally adapted to make more room for the discussion of personal strengths, qualities, and achievements (Bouskila-Yam & Kluger, 2011). A performance appraisal protocol that focuses on individual strengths as much as on weaknesses can already create a greater sense of being appreciated among all employees, and it can even be further adjusted to dedicate two thirds or even three quarters of the available time to individual strengths. On a related note, organizations can make use of instruments such as the VIA character strengths survey (Peterson & Seligman, 2004) or the reflected best-self exercise (Roberts, Dutton, Spreitzer, Heaphy, & Quinn, 2005) to identify individual strengths. Second, research has indicated that there are inter-departmental differences in the extent to which employees feel valued for their strengths (van Woerkom & Meyers, 2015) which hints at the fact that supervisors are crucial agents in forming a so-called strengths-based climate in their department. Organizations can either opt to select supervisors based on their inclusive leadership abilities or train them accordingly. Third, inclusive talent management is more efficient if all employees have some leeway or autonomy to slightly adjust or ‘craft’ their jobs to give them the opportunity to play to their strengths at work. Even small adjustments such as switching a task with a colleague or collaborating with a particular person can help employees to use their strengths to a greater extent (van Woerkom, Dirksen, Meyers, Spruyt, & Timmermans, 2015). It is therefore important that organizations remove (bureaucratic) barriers that prevent employees from job crafting and clearly communicate that crafting behavior is approved of and encouraged.

Finally, in an ideal scenario, organizations would disestablish rigid job- or function descriptions which often serve as a casting mold that employees have to fit into at any cost. Striving for the perfect fit between an employee and a prefabricated job description is what often leads to an overly strong focus on individual deficiencies and weaknesses – that is, the areas where the employee does not fit (van Woerkom & de Bruijn, 2016). As an alternative, organizations should try to see the employee as the prefabricated part or point of departure: An employee who brings unique qualities and strengths into the business. It will then be the employer’s responsibility to find the tasks (potentially across functions) that allow the employee to optimally use and unfold his or her strengths for the benefit of the organization.
SAMENVATTING

Voor hedendaagse organisaties is talentmanagement cruciaal voor de vitaliteit en het succes van de organisatie. In veel organisaties is talentmanagement aanvankelijk gericht op winstmaximalisatie door te investeren in een selecte groep van high potentials en toppresteerders (ofwel: de exclusieve benadering). Echter, tegenwoordig zie je dat de inclusieve benadering, waarin de sterke punten van iedereen worden ontwikkeld en benut en er ook oog is voor het welzijn van de medewerker, steeds meer draagvlak krijgt. In dit Engelstalige artikel legt Christina Meyers uiteen op welke veronderstellingen beide benaderingen zijn gebaseerd, en wat het empirische bewijs is ten aanzien van de effectiviteit. Hoewel beide benaderingen voor- en nadelen hebben, lijkt de inclusieve benadering volgens Meyers het juiste antwoord te zijn op de algehele tekorten aan talent, de moeilijk te voorspellen marktontwikkelingen en de trend richting een meer inclusieve HRM-benadering.

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