

Strategic human resources management or talent management: a theoretical non sequitur?

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Abstract

Strategic human resources management (SHRM) relates to the contribution of human resources systems and processes to organisational performance. In this article I argue that two subordinate fields related to SHRM, namely human capital and talent management have developed according to their own trajectory, and share considerable overlap. The consequence of this is that redundancies and territoriality on the part of scholars might constrain the ability of strategic logics to offer clear and useful integrated perspectives for theory and practice.

Arguably, at the heart of the human capital and talent management movements is a shared underlying tension, namely, the failure of human resources management (HRM) as a field to differentiate capital-centric from knowledge-centric theory and practice in response to the information/knowledge revolution. Talent management and human capital, as sub-fields within HRM, have seemingly emerged to reflect the increasing importance of HRM in terms of its relatively unique functional contribution to competitive advantage, namely, its focus on maximising returns to knowledge (and, particularly, tacit knowledge).

Deepening insight into the individual human resources that are inseparable from their knowledge endowments is perhaps the core value proposition of HRM as an organisational strategic partner unique in its ability to contribute to competitive advantage.

Key phrases

Human resource management; strategic human resource management and talent management

1. INTRODUCTION

According to Marchinton (2015:176), human resources management (HRM) as a field has sought legitimacy by taking recourse to strategic objectives, and in doing so HRM “is likely to

with both in academic and practitioner circles". Over time, HRM has shifted its core focus on welfare and personnel management, employment relations and legal regulation, toward a current focus on SHRM, which some have argued is problematic due to its embrace of managerial perspectives. These include the consideration of employees as 'resources' (while neglecting the employee perspective), and SHRM's thinly veiled discourse of quality enhancement, which hides a work intensification agenda, as well as SHRM's cost reduction form, which has been perceived as hostile to workers and trade unions (Marchinton 2015:176). At the heart of the historical development of the field of HRM has been the 'labour problem', and adversarial relationships between workers and management, a dominant theme in the development of the literature on the field described today as HRM (Kaufman 2014:169).

In contrast to certain perspectives of HRM, this article argues that while the literature is well populated with strong and well-articulated critiques of HRM associated with (sometimes overt) hostility to 'management' as an exploiting class allied to capital and distinct from a relatively homogenous labour force, this particular stream of literature is sometimes an off-shoot of the social conditions of work associated with the effects of the Industrial Revolution. Arguably, the information/knowledge revolution, a 'new' revolution in productivity enhancement, which in time will perhaps match or exceed the influence of its historical counterpart, the Industrial Revolution, has come to change many of the power dynamics associated with knowledge work, and has 'upended' many of the assumptions of the 'industrial', or capital-centric paradigm.

I argue that the influence of the knowledge revolution, on the back of radical productivity enhancements related to the advent of the personal computer and the Internet, has radically realigned work processes in a way that makes knowledge a primary factor of production that can potentially obtain exponential returns to knowledge investments, unlike the linear returns to capital. This argument has important implications for the theoretical development of HRM as a field, and particularly in terms of the SHRM field, which relates HRM practice to competitive advantage.

An implication of this argument is that the definitional and role confusion associated with contemporary HRM (Kaufman 2014:169), and its subordinate fields of talent management and human capital management, might be a consequence of theoretical conflation and confounds in the field which have failed to differentiate between the influences of the industrial, or capital-centric, theory, and post-industrial, or knowledge-centric, theory. It is

argued here that these two bodies of theory are to some extent incommensurate, and that the application of theory from one paradigm to working contexts associated with the other paradigm is problematic. By making explicit the differences between these two bodies of theory, this article seeks to offer useful insights into HRM theory and practice, and perhaps to more clearly delineate the role of talent management and human capital (management) within the field of HRM.

2. CONTEMPORARY THEORETICAL CONFOUNDS IN HRM

Kaufman (2014:197) draws attention to the “number of distinct and partially incommensurate definitions of HRM” in the contemporary HRM literature. SHRM has been defined as “ideas intended to increase the responsiveness of the human resource function to organisational goals”, a literature-defined definition (Mesch, Perry & Wise 1995:385). SHRM “is about the relationship between human resource management ... and strategic management in an organisation”, and “covers broad organisational concerns related to structure, culture, management of change, organisational effectiveness, performance, competence, matching resources to future business requirements and employee development” (Nigam, Nongmaithem, Sharma & Tripathi 2011:148). What is immediately clear from these definitions is the almost unlimited scope ascribed to SHRM as a field. Other definitions offer insight into what SHRM is ‘responsible for’.

The notion that HRM has become SHRM is widespread, as HR has become a strategic partner in organisations because it is increasingly recognised that “human resources are critical to the functioning of organisations in the service and knowledge economies” (Deadrick & Stone 2014:195). The development of contemporary HRM is inextricably linked to the increasing power of knowledge workers and the need to foster trust; this stands in contrast to the adversarial relationships of union-related industrial theory and practice. The turning point came as American organisations began to stress non-unionised HRM practices as well as Japanese management principles based on the notion of employees as critical resources that underpin competitive advantage. This resulted in a shift “from a ‘personnel’ function to a human relations, then labour relations, then industrial relations, and most recently strategic HRM function” (Deadrick & Stone 2014:195). It is argued that this shift is still not complete in the HRM literature, as the field still stands in the shadow of social science theory, which at its deepest levels derives from a reaction to the reconfiguration of societal and work relations caused by the Industrial Revolution.

Definitional confusion, or a lack of clarity associated with the ‘splintering’ of HRM into subordinate fields such as human capital (management) and talent management, is arguably a symptom of efforts to ‘separate out’ theory and practice that relates to the need to capture the dramatic productivity enhancements associated with the potentially exponential returns on knowledge investments, which have become possible on the back of the knowledge revolution.

Arguably, much HRM theory and practice remains coupled to the industrial or capital-centric paradigm, particularly in terms of anti-managerial perspectives which are framed in adversarial terms, giving rise to the theoretical resistance to SHRM described by Marchinton (2015:176). Such issues are considered particularly important in a global context in which the profit motive has been criticised for its negative societal influences (Goldman, Nienaber & Pretorius 2015:12).

To understand the power of the body of social science theory spawned by the Industrial Revolution, it is necessary to consider historical sources. The source of a dominant stream of literature in the social sciences is the work of Marx and, thus, to understand the arguments made here it is necessary to review certain core ideas in this source. According to Marx and Engels (1992[1848]:3), history shows a constant conflict between the groups that control the means of production and those that do not,.

According to this perspective, the notion of power is therefore at the core of inequality, and whoever has the power to command the factors of production can dictate the material conditions of other groups. Marx and Engels (1992[1848]:3/5) explain this relationship further as follows, capturing the spirit of a rabid hostility to business and enterprise, and tying this to a class dynamic, as the Industrial Revolution supplanted the feudal societal order:

The modern bourgeois society that has sprouted from the ruins of feudal society has not done away with class antagonisms. It has but established new classes, new conditions of oppression, and new forms of struggle in the place of the old ones. Our epoch, the epoch of the bourgeoisie, possesses, however, this distinctive feature: it has simplified the class antagonisms. Society as a whole is more and more splitting up into the two great hostile camps, into two great classes directly facing each other: Bourgeoisie and Proletariat ... The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his ‘natural superiors’, and has left remaining no other nexus between man and man than naked

self-interest, than callous 'cash payment'. It has downed the most heavenly ecstasies of religious fervour, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of the numberless indefeasible chartered freedoms, has set up that single, unconscionable freedom – Free Trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, brutal exploitation (Marx and Engels, 1992[1848]:3/5).

For Marx and Engels (1992[1848]:5), capital is the dominant factor of production, which is owned by the bourgeoisie, and labour is the factor of production that the proletariat sells to the former in return for wages. However, inherent in this conception is the bivariate nature of the theory, or the homogeneity of proletariat labour and its powerless in the face of capital, and those that wield it – the 'capitalists'.

Over time, this theoretical framework has perhaps laid the groundwork for a colossal bulwark of theory premised on a discourse, or grand narrative, of hostility to enterprise, entrepreneurship, or any form of capitalistic endeavour. Putting oneself in the shoes of these authors, it is perhaps understandable to perceive the initial conditions associated with the Industrial Revolution as being primarily exploitative, with the power of capital (associated with a new class of 'capitalists' or 'bourgeoisie') unassailable and the relatively homogenous labour powerless against this new order. The problems associated with work under the industrial, or capital-centric, paradigm persist today, as primary sector work (for example, minerals extraction, agriculture and the like) and secondary sector work (for example, manufacturing) reflect the same power dynamic: capital is powerful, and workers, many unskilled and therefore 'homogenous', do not have the scarce knowledge assets that would shield them from this power dynamic.

It is not with these conditions that this work takes issue, but with the incorrect application of theory from this industrial paradigm to working phenomena that have emerged on the back of the knowledge revolution, which relates to the knowledge paradigm.

To engage with issues related to the theoretical confounds of these two paradigms within the developing field of HRM is challenging, because within an organisation certain work will more closely resemble 'industrial-type' work and other work will more closely resemble 'knowledge-type' work. The theoretical frameworks of capital- and knowledge-centric theory are thus entwined in their influences within HRM.

However, it is argued here that absent from the contemporary HRM literature is an explicit recognition of the incommensurate nature of these different paradigms, and the need to locate practice in relation to a differentiation between them. This article attempts to highlight this issue, and argues that the emergence of the human capital and talent management literatures in HRM reflect an attempt within the field to provide this differentiation. The human capital literature (as it relates to HRM) is now considered in order to place it in relation to the arguments made here.

3. HUMAN CAPITAL LITERATURE WITHIN HRM

According to Becker (1975:9), investments in human capital (HC) include “schooling, on-the-job training, medical care, migration, and searching for information about prices and outcomes”, which all “differ in their effects on earnings and consumption, in the amounts typically invested, in the size of returns, and in the extent to which the connection between investment and return is perceived”, but “all these investments improve skills, knowledge, or health, and thereby raise money or psychic outcomes.” Becker (1975:9) differentiates between general HC, which obtains a return across contexts, and specific HC, which only achieves a return on its investment in some contexts but not others.

HC as a concept therefore has its roots in the economic literature (Becker 1975:9), and much has been written on the development of HC in economics. Key to understanding the trajectory of academic thought is an understanding of a field’s underlying theory (Goldman & Callaghan 2015:5). Theory relating to human labour was influenced by Schultz’s (1961:1) HC theory, as it drew into the literature the concept that the abilities, knowledge, skills and qualifications of individuals can be considered akin to the financial investments of capital theory, and can produce benefits at all levels of society (Afiouni 2013:18).

The inclusion of time, health and life expectancy (Becker 1975:9), on-the-job training investments, patterns of income and employment behaviour (Mincer 1958:281) as dimensions of the HC theoretical model resulted in “considerable explanatory power both for micro-economic phenomena” and for macroeconomic phenomena (Afiouni 2013:20). The spread of HC theory to business disciplines took the form of (i) applications in human resource accounting, (ii) developments in the ‘core competencies’ literature of HC as a unique cluster of factors contributing to organisational competitiveness, (iii) the development of literatures relating to the ‘capitals’, namely, intellectual, social, relational and human capital, (iv) a developing awareness of intellectual (and the interactions of HC, social capital

and organisational capital) capital and intangible assets, (v) the re-emergence of economic perspectives of HR, and (vi) the emergence of knowledge management (KM) and its focus on organisational learning. The latter highlights knowledge, experience, education, personality and behaviour as “the only resource that generates and retains organisational values [and which ultimately] led to the HC concept in business disciplines” (Afiouni 2013:21).

3.1 Trends over time

The multiple definitions of HC (see Afiouni 2013:22), however, have revealed certain trends over time, as the concept has become more dynamic and outcome oriented. According to Afiouni (2013:23), the literature “offers fragmented definitions of HC and ... there is no agreement on what HC means”. Further, in contemporary HRM, “HCM [human capital management] seems to be replacing HRM or, at the best, is used with it interchangeably” (Afiouni 2013:25). Arguably, this notion, or HRM becoming HC management, echoes the notion of HRM becoming SHRM offered by Deadrick and Stone (2014:193). What these arguments have in common, perhaps, is the recognition of the dynamics associated with the productivity enhancements of the knowledge revolution, which underlie the potentially exponential returns on knowledge investments available to firms. Deadrick and Stone (2014:193), on the other hand, stress the relationship of knowledge work with competitive advantage in order to argue for HRM’s contribution to SHRM. Afiouni (2013:18) picks up on a similar dynamic related to returns on investment in knowledge.

Afiouni (2013:27) defines HC according to five dimensions, namely, (i) a cognitive component of employee knowledge, skills and abilities (KSAs), (ii) a behavioural component associated with employee willingness to deploy KSAs, (iii) alignment of cognitive and behavioural components with strategic imperatives, (iv) flexibility in the responsiveness of HC to strategic differences and its value creation over time, and (v) the measurement of HC’s impact on value creation based on alignment between cognitive and behavioural approaches and strategic imperatives. At the heart of these conceptions is a focus on value creation, and maximising the potential returns on knowledge or human capital investments.

Since its inception in the economics literature (Schultz 1961:2), the notion of HC has developed from a focus on economic returns on national-level investments in education to develop its own trajectory as a concept in fields like economics, accounting, human resource management and intellectual capital (Afiouni 2013:18).

However, in spite of its endemic use as a term by business practitioners and consultants, a lack of a clear definition of the term 'human capital' is evident from a review of the literature (Afiouni 2013:18). Its lack of attention in the literature might be due to the cross-functional nature of HC; it crosses HR functional boundaries and typically relates to the measurement and analysis of HR metrics and return on HR investments (Afiouni 2013:18).

Different, yet related, streams have also sprung up in the literature, such as (i) HC investment and theory, (ii) HC as a dimension of intellectual capital, and (iii) HC as it relates to valuation and measurement. These streams also reflect an explicit attempt to focus on the returns on knowledge which, arguably, is the primary contribution of HRM to firm competitive advantage. It is argued that if the mainstream HRM theory base does not embrace this focus as its *raison d'être* then the sub-fields that provide this focus (and value to firms) will increasingly distance themselves from the 'rest' of the HRM field, as an increasingly competitive global context puts pressure on less useful theory. Certain aspects of the disjuncture between contemporary HRM practice and academic theory (DeNisi, Wilson & Biteman 2014:219) might be accounted for by this phenomenon.

3.2 Competitive advantage

At the heart of the effectiveness of HC management is the management of knowledge. In terms of how HC is managed to contribute to competitive advantage, Afiouni (2013:29), stresses the linkages between HC and (i) knowledge management (KM), as KM strategies leverage "the cognitive component of HC and allow both tacit and explicit knowledge to be created and shared among employees", which develops critical KSAs; (ii) change management, as change management initiatives leverage the "behavioural component of HC and can increase employees' motivation and willingness to deploy their KSAs to achieve stated objectives"; (iii) SHRM, which ensures the alignment of staff KSAs with strategic objectives; (iv) HRD, which ensures HC flexibility and uses continuous learning and fit with strategy, as the necessary KSAs and behaviours are aligned with future and changing strategy; and (v) HR metrics, which ensure that HC is measured and that control mechanisms evaluate the contribution of HC to value creation.

It is perhaps difficult to reconcile the notion of HRM as a field drawing its primary *raison d'être* from the maximisation of returns on knowledge, and its ascendance to become a core strategic function in firms, with criticisms of this trend. These criticisms are now revisited in order to locate them in relation to the central thesis of this article, namely, that HRM's

primary, or core, focus should be the maximisation of returns on knowledge in organisations through a deeper focus on (and understanding of) their individual human resources (and that the term 'HR' should not have to be supplanted by others, including HC and talent management, in order to do this).

According to Marchinton (2015:176), HRM as a field has sought legitimacy by taking recourse to strategic objectives and in doing so HRM "is likely to wither both in academic and practitioner circles". Marchinton (2015:176) argues that HRM has over time changed its previous core focus on welfare and personnel management, employment relations and legal regulation, to its current focus on SHRM, which some have criticised for its pro-managerial aspects. Such criticism includes conceiving employees as 'resources' while neglecting the employee perspective in contrast to the management perspective, SHRM's thinly veiled discourse of quality enhancement that hides a work intensification agenda and the cost reduction form of SHRM, which has been perceived as hostile to workers and trade unions.

Marchinton (2015:117) acknowledges, however, that this body of critique has failed to gain traction for a number of reasons: it fails to "focus on how core HR practices – such as pay and reward or employment relations – actually operate, and because their discourse is overtly hostile to managers", yet argues that these criticisms might be useful in the way they highlight the neglect of other stakeholders "in attempts to satisfy senior managers", as in "HR's desire to look up to the organisation, it has become a servant to short-term performance goals and a mantra of shareholder value rather than the development of longer-term sustainable contributions based on shared values and fairness at work". While HRM should never shy away from the critical lens, these criticisms seem to draw from thinking associated with the industrial paradigm, as hostility to management, and therefore to enterprise, is a persistent feature of this critique.

Arguably, with the shift in power to knowledge workers, at the expense of 'capital', and the importance of knowledge as a (heterogeneous) differentiator of (homogenous) capital in its interactive influence on competitive advantage, adversarial structures in knowledge work have been overturned, as the heterogeneity of knowledge in pursuit of competitive advantage imposes a necessary condition of co-dependence between synergistic system elements, a condition that is perhaps alien to notions of adversarial relations.

According to Marchinton (2015:177), the development of HRM toward SHRM and its focus on the relationships between HR and performance might "thereby lose a crucial element in

its unique selling point,” a process that “is compounded by an obsession with talent management, defined in terms of a small minority of staff rather than all workers, which overlooks the difference that staff at the customer interface can make to corporate reputation and social legitimacy”.

According to Marchinton (2015:177), the move from HRM to SHRM is akin to a ‘race to the bottom’ in terms of pay and conditions justified by a ‘survival’ rationale, and HRM, by becoming SHRM, is losing its distinctiveness, especially in terms of its contribution to values, or commitment to values, without which HRM might “lose focus and influence, and ultimately be subsumed by other management functions, such as marketing and finance, that are better at giving businesses what they say they want”.

The arguments made in this article are taken to be important, because they challenge these criticisms with a clear logic; that SHRM, HC management and talent management seem to be responding to the need for competitive advantage that the management of knowledge can provide; a focus on maximising returns on knowledge provides a new distinctiveness for HRM as it is uniquely placed to understand the individual, who is inextricably intertwined with valuable knowledge (Polanyi 1973:5).

Marchinton (2015) acknowledges, however, that this body of critical literature (which is relatively more hostile to management, and therefore to enterprise itself) derives in most cases from the UK literature, and not the US. Arguably, the Eurocentric nature of Marxist theory has had less of an influence on the US HRM literature. Undoubtedly, the value of such critical literature lies in its challenge to industry to mitigate the power of capital and to safeguard relatively powerless workers; the conditions of potential exploitation have not disappeared in primary and secondary contexts.

However, the nature of knowledge work is taken to reflect a new paradigm in work, with a new set of power relationships associated with a new form of worker, the knowledge worker, who, by virtue of heterogeneous knowledge endowments, is able to contribute to firm competitive advantage in a way that capital on its own cannot. An important implication of these changes is that HRM should be at the heart of firm strategy, and should be an important part of key strategic decision making.

On the basis of their research, however, Boudreau and Lawler (2014:232) stress that despite “compelling arguments supporting human resources management as a key strategic issue in most organisations, our research and that of others have found that human resource

executives often are not involved in key strategic decisions and remain stubbornly traditional”; and organisations would seem not to be changing their HC management policies, practices and processes, or redesigning their HR functions.

Further, according to Boudreau and Lawler (2014:233), missing “almost entirely from the list of HR focuses are such key organisational challenges as improving productivity, increasing quality, facilitating mergers and acquisitions, managing knowledge, implementing change, developing business strategies, and improving the ability of the organisation to execute strategies”, and this is a symptom of what they term “stubborn traditionalism” in HR. At the heart of this stubborn traditionalism is perhaps the lack of clarity in business circles as to the importance of HRM as a strategic partner best placed to unlock the potentially exponential returns on knowledge (or human talent) in an increasingly complex and heterogeneous knowledge economy, where knowledge productivity is enabled by rapid advances in information technology.

4. THE NEW PARADIGM AND THE KNOWLEDGE ECONOMY

According to the literature, some have suggested that talent management (the identification of HR needs and planning to meet them) and technology (information technology applied to store and communicate HR data) are the two primary contemporary drivers of change in HR (Stone & Deadrick 2014:139). Stone and Deadrick (2014:139) suggest that there are certain overarching changes that will influence the future of HR, including the shift from manufacturing to a service or knowledge-based economy, as well as the rise in globalisation. In this context of rapid increases in knowledge productivity, the ‘stubborn traditionalism’ of Boudreau and Lawler (2014:232) poses a roadblock to a firm’s attainment of competitive aggressiveness.

The shift from manufacturing to a service or knowledge-based economy has implications for HR, as many traditional HR processes had their genesis in the industrial era and were developed to support manufacturing organisations; hence, contemporary HR is still saddled with problematic assumptions and processes, such as the notions of narrow job definitions, control of workers, efficiency and short-term results (Stone & Deadrick 2014:139) In contrast, the knowledge economy has an entirely different dynamic, and it is an employee’s knowledge and skills, which are not homogenous but defy substitution, which are at the heart of organisational success; jobs in this economy need to be designed to “emphasise autonomy and participation in decision-making, use team oriented structures to enhance

collaboration and innovation, stress training and employee skill development, and provide incentives that foster employee identification, innovation and retention” (Stone & Deadrick 2014:140).

4.1 Practices and performance

In this era, the emphasis of HR will need to shift toward employee retention, and meeting the needs of knowledge workers. Yet many HR practices do not support knowledge-oriented organisational goals and need to be overhauled, with the support of research, in order to test their effectiveness in general as well in different contexts; the development of the knowledge economy effectively places HR at the centre of organisational success (Stone & Deadrick 2014:139). Other authors on the global stage, however, such as Piketty (2014:5), have discounted the role of knowledge in global changes.

Piketty (2014:5) argues that a dominant cause of inequality is the tendency for returns on capital to be larger than the rates of economic growth. It is argued here, however, that the focus on capital as the ‘primary’ cause of inequality in the world today is misleading, and perpetuates ideologies that can actually exacerbate regional, national and individual inequality.

Arguably, inequality would be expected to dramatically increase, whether between individuals, organisations or societies, as knowledge endowments can potentially attain exponential returns versus the linear returns to capital, as capital is relatively more homogenous and lacks the ‘monopolistic’ potential of knowledge (Callaghan 2016), particularly tacit knowledge, which is difficult to copy or make explicit (Nonaka 1994).

Further, it is argued that ideologies premised on a focus on capital at the expense of knowledge can be dangerous as they can dismantle the societal cohesion necessary to provide the conditions under which the returns on knowledge (under correct conditions exponentially higher than the returns on capital) can be captured by societies and development can accelerate.

A discussion of Piketty’s (2014:5) work is relevant here in regard to the lack of transformation of HR theory, practice (Stone & Deadrick 2014:139) and ideology from a focus on capital, or manufacturing-centric HR systems and practices, to a knowledge-economy focus, given the exponentially higher returns on knowledge than those that can accrue to capital. The effects of the shift from a primary and secondary sector-related capital focus to a services or knowledge sector-related ‘knowledge of employees’ focus on the field

of HRM, however, are becoming increasingly intense under conditions of rapid globalisation (Stone & Deadrick 2014:139). Technology has transformed HR practice, both in terms of the way information is used and the nature of jobs and work itself (Stone, Deadrick, Lukaszewski & Johnson 2014:216). A key aspect of this transformation is the way technology can enable the influence of different HR configurations and, hence, knowledge endowments, on firm performance.

4.2 Unique contribution of HRM to performance

Within the field of HRM, an increasing focus on the influence of HR configurations on human capital (HC) and on firm performance is developing (Afiouni 2013:18). However, absent from the field seems to be a realisation that the primary ‘unique selling proposition’ of HRM is its deep understanding of the individual as the key knowledge asset of a firm, given that these knowledge endowments are embedded in individuals, and are uniquely responsive to individual intrinsic effects. Even within the HC literature, different understandings seem to present themselves. Afiouni (2013:19) argues that “scholars writing about HC within these various streams of research often belong to various disciplines, publish in different research outlets and know little about each other’s work”, as it “seems as if there was little interdisciplinary research about HC that tries to grasp this multi-faceted concept holistically”.

According to Afiouni (2013:19), there is thus “a need for a better definition of this concept in the HRM literature”, where the difference between HRM and human capital management (HCM) is still unclear. It is argued here that the emergence of the HC literature reflects the increasing realisation that knowledge investments in individual human resources are a fundamental source of a firm’s performance, as returns on knowledge investments can potentially be exponential. Taken from this perspective, it is possible that the emergence of HC and talent management (TM) reflect movements within HRM that seek to differentiate between ‘high knowledge’ returns HR and aspects of HRM that are not explicitly focused on maximising returns on knowledge.

Meyer, Chrysler-Fox and Roodt (2009:1) conceptualise HC as “a value-adding strategic business function that drives organisational performance”, offering the following perspective of the relationship between HC and HRM.

Since the death of the term ‘personnel management’ in the early 1990s, the concepts of ‘human resources’ and ‘human resource management’ have replaced its forerunner. HR lasted for 20 years and while the HR designation is still used by the majority of companies,

the popularity of HC as a replacement for HR is gaining ground. However, are we simply changing the name of the function while the rest stays the same? Have we made the paradigm shift to HC? Is it really something new? What's in a name?

Arguably, notions of a need for a replacement of HR derive from the lack of differentiation within HR between two fundamental aspects, the first relating to an explicit focus on maximising the return on knowledge and the second relating to the management of human resources in general, the legacy issues associated with personnel management. The need for the differentiation of the former from the latter is also perhaps related to the emergence of the talent management perspective, the difference perhaps being in HC's roots in economics (premised on financial returns on investments in knowledge of individuals) versus talent management, with its roots in the emergence of HRM itself and its differentiation from personnel management.

4.3 The potential for higher returns on knowledge

According to Lewis and Heckman (2006:139), it appears from the literature that "practitioners in the field of human resources were primarily in the business of talent management" (TM), yet a "well-defined area of practice supported by extensive research and a core set of principles" for TM has been lacking. A "review of the literature focused on talent management reveals a disturbing lack of clarity regarding the definition, scope and overall goals of talent management" (Lewis & Heckman 2006:139); TM "lacks a consistent definition and clear conceptual boundaries" (Collings & Mellahi 2009:304).

Arguably, the talent management literature has emerged in response to the realisation that not all human resources contribute returns on knowledge in the same way, and that a study of those individuals who obtain the highest returns on knowledge in organisations may offer important insights into how firm performance can be increased. As such, the core thesis of this article is that the core *raison d'être* for HRM as a field is its unique ability to develop deep knowledge of the individual as the source of knowledge endowments that provide competitive advantages for firms by maximising returns on knowledge. The implication of this argument is that HRM should embrace this notion as a unifying logic, and differentiate itself from the personnel management aspects of HRM, lest the emergence of other subordinate fields leave the personnel management aspects behind under the moniker of HRM.

It is argued that the exponential returns on knowledge offer one of the most important differentiators between tasks and work within HRM, and that this focus has to date been under-researched. Collings and Mellahi (2009:304) stress the importance of TM literature relating to “the identification of key positions which have the potential to differentially impact the competitive advantage of the firm” with a focus on key positions “rather than talented individuals per se”. This type of research may offer important insights into how tasks and jobs as well as individuals can be leveraged to obtain returns on knowledge in organisations.

4.4 Lack of clarity in the HRM literature

Both the management field and the HRM field are serially “subject to recurrent fads and a penchant for writers to reinvent the wheel”; this is reflected in the recurrent use of HRM concepts over the past century (Kaufman 2014:214). The terms ‘talent management’, ‘talent strategy’, ‘succession management’, and ‘human resource planning’ are often used interchangeably, according to Lewis and Heckman (2012:139), and the use of these conceptions has also confounded the differentiation between outcomes, processes and decisions, notwithstanding their apparent focus on the effective management of employee talent. The topic of talent management “lacks a consistent definition and clear conceptual boundaries” (Collings & Mellahi 2009:304).

According to Collins and Mellahi (2009:304), three streams of thought seem to dominate in the literature. The first is associated with the notion that talent management represents a collection of typical HR practices, functions, activities or specialist areas (for example recruiting, selection, development, as well as career and succession management), which is differentiated by its focus on the speed of the process (enabled by technological advances), as well as its comprehensiveness (across the organisation), but with term ‘talent management’ substituted for the traditional HRM.

The second is a focus on the concept of talent pools, where TM is a set of processes, providing an adequate flow of employees into and through the organisation, relating to succession planning or management and human resources planning, typically with an internal focus and the use of software systems.

The third is a generic focus on talent that extends further than the notions of organisational boundaries or positions, taking the subordinate form of a focus on talent (high performing and high potential talent) in its relationship to high performance.

Collings and Mellahi (2009:304) add another stream of their own to the three outlined above, which they argue qualifies as a fourth stream of thought in the TM literature, relating to “the identification of key positions which have the potential to differentially impact the competitive advantage of the firm” with a focus on key positions “rather than talented individuals per se”. The notion that the term ‘HR’ is being replaced by the term ‘talent management’ is, arguably, not helpful, and it is perhaps the increasing importance of maximising returns on knowledge in firms that has spawned the TM and HC movements within HRM.

The primary thesis of this article is repeated here, that if HRM does not rally around its core rationale, the maximisation of returns on knowledge, it will be left behind as theory developed to support this rationale seeks to differentiate it from the personnel management aspects of HRM. It is perhaps time for HRM to take the lead and differentiate itself from its personnel management aspects, while still being cognisant that personnel management aspects also contribute to competitive advantage. However, the differentiation of the HR elements which contribute most strongly to leveraging knowledge returns needs to be the primary focus of HRM as it relates to competitive advantage; the unique contribution of HRM to firm performance, or SHRM.

According to Lewis and Heckman (2006:152), researchers have an opportunity to bring clarity and thought leadership to a popular topic that lacks coherence and rigor. TM as it is used is a term without value. By grounding TM in a strategic decision framework that clearly guides talent decisions, developing systems-level models that illustrate the multi-pool impacts of talent choices, and developing reliable, valid, and theoretically meaningful measures, researchers can markedly improve the quality of talent conversations in organisations.

Lewis and Heckman (2006:139) stress that the core rationale of TM as a field is therefore located in its relationship with SHRM, and not independent of it. However, Collings and Mellahi (2009:304) conceptualise this differently, arguing that the recent practitioner and academic interest in TM “represents a paradigm shift from more traditional human resource related sources of competitive advantage literature such as those that focus on organisational elites, including upper echelon literature ... and strategic human resource management (SHRM) ... towards the management of talent specifically suited to today’s competitive environment”.

Arguably, this differentiation reflects a fundamental recognition of the potential for maximising returns on the knowledge endowments of individuals, and to the heterogeneity of these endowments. If mainstream HRM does not develop its own identity around this overarching goal, it might be faced with a plethora of developing subordinate streams of literature, all simply reflecting the heterogeneity of knowledge and its relationship with competitive advantage.

According to Lewis and Heckman (2006:141), on the basis of the literature it is apparent “that the term ‘talent management’ has no clear meaning” as it “is used in too many ways and is often a means to highlight the ‘strategic’ importance of a HR specialty (recruiting, selection, development, etc.) without adding to the theory or practice of that specialty”.

With the word ‘talent’ used to represent people, the variance in methods for managing people has led to contradictory approaches being advocated by the TM literature; little has been added to the fundamental principles behind recruitment, selection, staffing or succession planning (Lewis & Heckman 2006:141). Yet another example of a new developing stream is Collings and Mellahi’s (2009:304) ‘strategic talent management’ (STM).

Lewis and Heckman (2006:141) suggest that the use of the term TM with regard to what are essentially HR areas is superfluous, and argue that its use might be associated with an attempt to re-brand HR practices to “keep them seemingly new and fresh”. Similarly, many of the prescriptions of TM are essentially generalised ideas that are not strategic, and do not specifically take into account the need for strategic flexibility, for example maximising job capabilities and de-emphasising others; TM can be “rooted in exhortation and anecdote”, often using selected self-reports of executives, which lends itself to a “lack of methodological and measurement rigor” (Lewis & Heckman 2006:141). Lewis and Heckman (2006:141), more than a decade ago, offered a summary of the state of talent management as a field.

4.5 Talent management

In summary, the topic ‘talent management’ has been enthusiastically pursued in the trade and popular press without being linked systematically to peer-reviewed, research-based findings. Moreover, it has been defined largely in ways that have not contributed to our understanding of managing talent in organisations. TM seems to be the new phrase designed to repackage standard solutions to HR challenges (select, staff, and develop ‘talent’ as well) or to stress the need to respond to demographic changes.

Popular books written by practitioners propose broad concepts for managing talent (for example, link your people to your strategy; upgrade your organisation's talent) illustrated with carefully selected analogies and anecdotes that are otherwise unsupported. To the extent that research literature is cited in these publications, the prescriptions tend to simply repeat or repackage HR practices rooted solidly in academic literature (for example, use validated selection instruments, set challenging goals and provide feedback, rotate employees through roles that provide challenges). In these cases, TM is nothing more than the application of sound HR practices. Often, however, authors propose contradictory practices.

Collings and Mellahi (2009:304) offer the notion of strategic talent management (STM), defined as follows:

Activities and processes that involve the systematic identification of key positions which differentially contribute to the organisation'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 organisation. In this regard, it is important to note that key positions are not necessarily restricted to the top management team (TMT) but also include key positions at levels lower than the TMT and may vary between operating units and indeed over time.

Collings and Mellahi's (2009:304) alternative term, namely 'strategic talent management', which seems to seek to differentiate TM from SHRM, is "premised on the idea that the starting point for any talent management system should be the systematic identification of the key positions which differentially contribute to an organisation's sustainable competitive advantage". Again, at the heart of these perspectives is a singular narrative, relating to the maximising of returns on knowledge in pursuit of competitive advantage.

This approach is premised on the differentiation of different roles in an organisation in terms of their strategic impact, rather than on a focus on talented individuals (Collings & Mellahi 2009). Given the inseparability of (heterogeneous and tacit) knowledge from the individual (Polanyi 1973:5), the individual's intrinsic and extrinsic engagement with work is, arguably, the key mediator of the relationships between HR practice and competitive advantage.

The role and importance of key positions (and their differentiation from others) does not detract from this, as nodal positions can leverage knowledge endowments in different ways.

This echoes arguments that the strategic impact of 'nodal positions' in organisations (key positions upon which organisational performance is disproportionately dependent) are typically under-researched and not sufficiently understood by practitioners, and that these should be part of knowledge leverage maps within organisations.

"While some roles are strategically important, regulation and standardised training and professional qualification mean that performance in the role may be relatively standardised and the potential for differentiation is limited", which highlights the importance of a focus on role differentiation (Collings & Hellahi 2009:307). However, an issue arises here relating to whether this focus falls within existing HR areas, and if the use of the term 'strategic talent management' differentiates these topics from the more traditional HR literature.

4.6 The maximisation of returns on knowledge

To sum up, the primary argument of this article was that the field of HRM relates to the management of 'human resources', and that its emergence over time and differentiation from personnel management was on the back of the rise of the information, or knowledge, revolution, which enabled potentially exponential returns on knowledge, and which consequently placed HRM as a function at the heart of the management of competitive advantage.

However, the emergence of subordinate streams within HRM (human capital, talent management, strategic talent management, or even SHRM) threaten to relegate the term HRM to personnel aspects of organisational administration, as they focus on maximising returns on knowledge within firms. It is finally argued that HRM should embrace the maximisation of returns on knowledge as its core organising rationale, or identity, for the following reasons.

First, this identity is associated with a clear rationale, which can be understood by all its constituents.

Second, it provides a paradigmatic differentiation, away from the industrial paradigm and its theory base which is not well suited to knowledge work.

Third, it will put a brake on the splits in the field as different subordinate fields emerge that simply reflect the heterogeneity of knowledge and its different contributions to competitive advantage; this clear logic can subsume all the heterogeneity of these contributions within HRM.

Fourth, the trend in some business schools to do away with the term 'HRM' in teaching can be arrested, and the splintering of a core, critically important, function within an organisation can be stopped. Accordingly, the field can begin to resolve its definitional crises, and begin to develop and gain the same respect accorded to other functional areas such as finance, given its contribution to potentially exponential returns on its knowledge investments as opposed to the linear returns on financial capital in firms.

5. CONCLUSIONS

The objective of this article was to highlight certain definitional issues and challenges within contemporary HRM. In response to these challenges the development of an overarching rationale for the field was suggested. Such an overarching rationale for the field was considered to be vital for the field in order to prevent the fracturing of HRM as a functional area in firms which is uniquely placed to contribute to competitive advantage.

One such fundamental rationale was suggested, namely, a focus on developing deep knowledge of individuals. The reason for this is that the potentially exponential returns on knowledge firms require to capture competitive advantage are a function of the knowledge endowments of individuals, which are inextricably embedded in individuals.

As a central logic for the field, HRM as an organisational function would be placed squarely at the heart of organisational strategy, together with finance, which seeks to maximise the returns on financial capital. If certain business school curricula have already moved away from naming any of their courses or groups of courses HRM then this seems to be a red flag for our profession; we should perhaps seek to develop unity in the underpinning rationales that are the bedrock of the further theoretical development of the field.

After all, *human resources* management seems to adequately capture what we do; constant references to further name changes and to the splintering of our discipline cannot be in the interests of building respect for HRM and ensuring that it is taken seriously as the important strategic partner it is.

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