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Mireia Valverde, Hugh Scullion & Gerard Ryan

a Department of Business Management, Universitat Rovira i Virgili, Reus, Spain
b J.E. Cairnes School of Business & Economics, NUI Galway, Galway, Ireland

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Talent management in Spanish medium-sized organisations

Mireia Valverde, Hugh Scullion and Gerard Ryan

Department of Business Management, Universitat Rovira i Virgili, Reus, Spain; J.E. Cairnes School of Business & Economics, NUI Galway, Galway, Ireland

Although the literature on talent management (TM) has grown considerably in the last decade, with the bulk of previous research concentrating on large MNCs, there has been little development on how it applies to small- and medium-sized enterprises and particularly to medium-sized organisations (MSOs), nor to many countries outside Anglo-Saxon management traditions. This study aims to contribute by studying the concept and practices of TM in MSOs in Spain. A multiple case study methodology was used in order to analyse TM perceptions, definitions and practices. The results show very little awareness of the term and rhetoric of TM even when TM principles and practices are applied. We conclude that TM must go beyond specific practices in order to represent a truly strategic approach to effectively deploying human talent, especially as some typical human resource policies associated with TM in large companies do not necessarily apply to MSOs.

Keywords: medium-sized organisations; Spain; talent management

Introduction and objectives

Interest in talent management (TM) has increased considerably in the past decade, but most research in this area, both theoretical and empirical, is based on North American and Anglo-Saxon countries. Although recently there has been an increase in research on TM in India (e.g. Teagarden, Meyer and Jones 2008; Tymon, Stumpf and Doh 2010) and China (e.g. Hartmann, Feisel and Schober 2010; Iles, Chuai and Preece 2010), there is still a dearth of such research in some of the major European markets such as Spain, France, Germany and Italy (Collings, Scullion and Vaiman 2011). These countries are much underrepresented in current research (Vaiman and Holden 2011), yet the TM challenges facing organisations in the major European economies are distinctive and must be dealt with if Europe is to recover economically and maintain a competitive edge. Moreover, it has been suggested that the richness and variety of institutional and managerial realities, as well as research traditions in Europe, may allow good opportunities to further develop knowledge of TM (Collings et al. 2011). TM in Spain is particularly underresearched relative to many advanced market economies. Indeed, to date, there is only one study on TM based on Spanish organisations within the international academic literature, but this deals specifically with the relationship of TM practices with learning and is based on a sample of large companies (Vivas-López, Peris-Ortiz and Rueda-Armengot 2011).

Furthermore, there is a real dearth of empirical research on TM in small- and medium-sized enterprises (SMEs) by and large, and even more particularly in medium-sized organisations (MSOs). Indeed, most research on TM has been carried out in large multinationals, utilising a whole set of TM practices that SMEs and even MSOs may not be able to afford and/or may not be to their advantage to implement. In this regard, it has...
been suggested that it may be time to examine TM in different types of companies other than large multinationals (Iles et al. 2010).

This study responds to both these calls and contributes to our understanding of how TM takes shape in the specific context of MSOs by identifying perspectives, principles and practices used in MSOs that may not be the same as those implemented by large and multinational companies. The study also contributes to our understanding of TM by observing the national context of Spain.

**TM: only one concept?**

TM has emerged as a critical element of strategic human resource management (HRM; Cappelli 2008; Schuler, Jackson and Tarique 2011). The reasons for the growth of TM as a relatively new multidisciplinary field of enquiry have been well documented elsewhere (Scullion and Collings 2011). Yet, despite considerable debate over the last decade and a half regarding the importance of TM for success in business, there is no consensus on the definition and meaning of TM and it has been argued that there is a lack of clarity regarding the definition, scope and goals of TM (Lewis and Heckman 2006; Scullion, Collings and Caligiuri 2010).

Recent developments, however, provide more cohesive TM frameworks. For example, Lewis and Heckman (2006) highlight the emergence of three major TM research streams: (1) TM is perceived through a set of typical HRM practices and functions, (2) TM helps in ‘projecting employee needs and managing a progression of those employees through positions’ and (3) TM is focused on different talent pools and talent categorisation.

The first stream of research focuses on HRM functions such as recruiting and selecting best people, developing leaders, succession planning and retention of talents (Mercer 2005; Lewis and Heckman 2006). However, authors such as Bethke-Langenegger, Mahler and Staffelbach (2011) advocate a more strategic perspective. They provided conclusive results that suggest that the functions should be managed across the enterprise and in line with strategic goals in order to achieve improved results. This perspective may be seen as an attempt to substitute the term TM for HRM, but the idea of an all-encompassing and integrated approach to HRM and strategy may be more fitting to smaller sized firms studied in this paper.

Another stream of literature focuses on the flow of employees within an organisation and is similar to the HR function of succession management and HR planning in traditional HR systems. Employee skills, abilities and knowledge are identified and communicated throughout the organisation. In this stream, there may be limited scope for smaller companies regarding the implementation of formalised and sophisticated planning, promotion and succession of HR policies, and thus, this interpretation of TM may have little applicability to SMEs (Jiménez, Hillier-Fry and Díaz 2008) and more particularly to MSOs. However, the centrality of management of skills and knowledge as a key component of TM needs to be further analysed in these companies.

The third perspective raises the question of who should be considered as talent. One view, the inclusive (so-called egalitarian) approach, suggests that all employees should be treated as talent, and the other highlights the need to differentiate between high and poor performers (called exclusive or elite approach). In the exclusive view, which fits with the original contributions on TM (Michaels, Hanfield-Jones and Axelrod 2001) and the classification of A-type employees (Tarique and Schuler 2010), only high-performing employees, i.e. those considered as talent, would be developed and promoted. The exclusive view of TM has been conceptually used both as the default approach to
segmenting people in TM (e.g. Mäkelä, Björkman and Ehrnrooth 2010) and as an end of a continuum against the inclusive view (e.g. Iles et al. 2010), but no conclusions have been reached as to what approach may better lead to superior results.

More recently, a fourth perspective on TM was added by Collings and Mellahi (2009), who claim that TM should be focused on the identification of key positions which have the potential to differentially impact the competitive advantage of the firm. Therefore, the emphasis is placed on key positions rather than ‘on talented individuals per se’ (Collings and Mellahi 2009). Organisations should identify key positions that differentially contribute to sustainable growth, and develop high performers or high potentials to fill those positions. Building on this approach and following Stahl et al. (2007), categorisation of TM practices, which include (1) recruitment and staffing, (2) training and development and (3) retention management, we suggest that
talent management includes all organisational activities for the purpose of identifying, selecting, developing and retaining the best employees for the most strategic positions (those positions which contribute to sustainable competitive advantage).

Beyond these general perspectives of what TM is, some authors place emphasis on specific foci of attention. For example, some see it as a mindset rather than a set of practices, whereas others emphasise the alignment between TM, business strategy and corporate culture (Farndale, Scullion and Sparrow 2010; Kim and Scullion 2011). In this exploratory paper on TM in MSOs and the specific context of Spain, no impositions will be placed on a specific interpretation of TM, thus allowing the main components and interpretations of TM to emerge as seen and enacted by the companies under study.

**TM: only one concept everywhere? Thinking and doing HRM in Spain**

As seen in the previous section, the quest to pinpoint exactly what TM is and how it works is still on going. In this study, we argue that differences in the definition of TM are not only conceptually based (as seen in the previous section), but also culturally based. Indeed, as with many other HRM issues, different national contexts have different interpretations about what HRM means and the relevance of HRM in a particular context (Brewster 2004). But as with other HRM issues, the introduction and initial development of the TM concept have stemmed from an ethnocentric Anglo-Saxon point of view, while being presented as a universalistic (i.e. one best way) phenomenon, policies and practices. However, this best practices way of thinking about TM may not fit in some managerial contexts. For example, some studies from collectivist cultural backgrounds have highlighted the acute nature of the challenges posed by an exclusive (or elite) approach to TM due to the highly individualistic approach with its focus on identifying and developing a small group of specific (talented) individuals. In addition, in more collectivist societies, there is often a cultural aversion to making specific individuals stand out within the organisation (e.g. see Skuza, Scullion and McDonnell 2013, in Poland).

Thus, we suggest that new contributions from different national contexts are required to work towards an understanding of what TM is about and how it can contribute to the success of businesses. By seeing what TM aspects are different and what are the same in various cultural contexts, we may be better equipped to make theoretical contributions and get some deeper insights into the meaning of TM applicable in different contexts. In this study, we make a contribution in this regard by choosing Spain, an under researched area, as the setting for our study on TM.

The influence of national contexts is felt in the way businesses are managed and in the way employees perceive work, and in order to account for this, countries have been
grouped in terms of various working cultural characteristics. These business traditions should be taken into account when examining TM in new contexts. In this sense, Spain tends to be classified in the group of Latin European countries, along with Portugal, Italy, France and Belgium (Ronen and Shenkar 1985). In Latin Europe, there are three sets of characteristics that at first sight may appear as tensions, but are at the core of how business work in these countries (Browaeys and Price 2011): first, highly bureaucratised systems alongside a highly personal approach to management; second, dependence and loyalty towards a specific figurehead alongside a general distrust of authority and third, a low degree of concern and support for others alongside a high degree of concern and support for family members. This last separation between ‘us’ and ‘the others’ is indeed a key cultural aspect in Spanish organisations that may have implications for TM.

Some studies have focused further to identify specific approaches to HRM in particular countries. We refer here to Brewster’s (2004) review of classifications of countries according to their HRM systems approaches. More specifically, Camelo, Martín, Romero and Valle (2004) questioned whether there is a typical model of Spanish HRM. In their study on large industrial Spanish companies, they found few common characteristic HRM practices (making them the ‘typical’ Spanish HRM): a reliance on internal rather than external labour markets (in sync with the cultural differentiation between ‘us’ and ‘the others’, in this case materialised between the people from inside and outside the company being considered as candidates), and the fact that compensation is mainly linked to job positions (as opposed to individuals’ performance). They also identified three clusters of companies with varying sets of HRM practices. Among these, it is important to note how two of the three clusters did not have clearly defined training, development and performance appraisal policies. This high degree of informality in HR policies in such an important proportion of large companies (that would be expected to avail of formalised HR systems in many other countries) must also be taken into account when characterising the Spanish approach to HRM in general and to TM in particular.

Finally, the cultural characteristics of the employees must also be taken into account. A recent study on the quality of working life survey in Spain (Lasierra 2012) characterises Spanish employees as generally not appreciative of some job characteristics that are assumed to be desirable, such as autonomy, characterising the working population as traditional and passive. Lasierra concludes that Spanish employees, instead, appreciate the importance of trust and good working relationships, as well as job flexibility. National workforce characteristics should be taken into account when implementing TM initiatives, as some management practices may be received with enthusiasm or reticence depending on the meaning employees ascribe to them.

HRM and its research in SMEs and MSOs

To date, there is very little empirical or conceptual research on TM in SMEs, and even less on MSOs. For this reason, this section revises the HRM in SME literature in general in order to highlight the contributions and gaps that may be especially relevant to the study on TM in MSOs. Even taking the general HRM rather than the specific TM literature, the bulk of research on HRM has focused on large multinational firms (Dowling, Festing and Engel 2008). However, it is equally recognised that managing HRs in SMEs is different, as they face the liability of smallness with fewer resources and greater challenges to overcome than larger organisations with more sophisticated structures (Festing 2007). Moreover, there is a tendency to try to apply HRM concepts and practices developed
within the large companies in the absence of evidence on whether these models are applicable to SMEs (Heneman, Tansky and Camp 2000).

In this section, we highlight three characteristics of HRM in SMEs based on the literature, which should help to guide our study on TM in SMEs in general and MSOs in particular.

First, the development of the conceptualisation about how similar SMEs are in relation to HRM. Recent contributions, such as Edwards and Ram’s (2009), have questioned an original presumption of high heterogeneity, and have qualified it, suggesting that homogeneity may be found among SMEs according to the external factors such as industry sectors, technology bases and so on, as well as internal characteristics, such as the ownership of the company or the characteristics of employees. Second, a high degree of informality is recognised as one of the most widely accepted characteristics of HRM in SMEs (Dundon and Wilkinson 2009). This informality exists both in the general approach to HRM and in relation to specific HR policies (Rabi and Gilman 2012), and has been identified as a potential competitive advantage for SMEs (Bacon, Ackers, Storey and Coates 1996). Given the notoriety of this characteristic in the literature, it will be interesting to examine whether informality is also a feature of TM in SMEs. Finally, HRM in SMEs is also characterised by the embodiment of the management of the organisation in the form of one individual, the so-called ‘all-powerful proprietor’ (Rabi and Gilman 2012). Indeed, the values and beliefs of owner-managers in the SME pervade most managerial aspects of the organisation, most notably their strategic approach (Entrialgo 2002) and their view of how HRM should be conducted (Kotey and Meredith 1997).

Although little is known about HRM in SMEs as in large multinational firms, there is even a greater dearth of knowledge about HRM in MSOs. Yet, MSOs provide employment for 17% of the working population in Europe (Schmiemann 2008), and in Spain, almost 20% of employees also work in MSOs (MITC 2011). It is interesting to note also the proportion between employment in large and medium companies (33 vs 17% in Europe and 25 vs 20% in Spain). This highlights the neglect of medium-sized companies in academic research, which continues to focus on large and multinational enterprises.

MSOs are thus of particular interest for a number of reasons. First is their large and growing significance in terms of the proportion of the active population working in them. Second, they are interesting from a HRM perspective, as medium-sized companies fit neither into the ‘informal’, owner-manager dominated approach to HRM of small companies (less than 50 employees) described above, nor into the more structured and sophisticated HRM practices of larger companies (250 or more employees).

In addition, the architecture of the HRM function is also distinctive in medium-sized companies. The average medium-sized company in Spain employs 98 people [100 in the European Union (EU)]. This is precisely the size at which companies start considering whether they should have a dedicated HR function (Brewster, Wood, Croucher and Brookes 2006) as people matters become too complicated for the owner-manager to handle personally. However, at the same time their limited size may not allow for formalised TM practices such as high-flyer programmes or promotion or career development, often considered indicative of TM initiatives. But, these companies face increasing competitive pressures and they need to deploy and manage their talent in a strategic manner in order to succeed. A major challenge in these companies is to develop a TM mindset in which senior managers recognise their responsibility to manage talent effectively (Caplan 2011) However, there is a complete dearth of empirical research on TM in these medium-sized companies, particularly in the Spanish context.
Research questions
This research seeks to address the research gaps in the literature identified above through an empirical study on TM in medium-sized companies in Spain. In this sense, it aims to enhance our understanding of TM by learning about this phenomenon in a particular contextual setting. This overarching objective was expressed in the following three research questions:

Q1: What is the level of awareness of talent management in medium-sized organisations in Spain?
Q2: How is talent defined and identified in Spanish medium-sized organisations?
Q3: How is the talent managed in Spanish medium-sized organisations? Is an exclusive or inclusive approach taken? Is there a differentiation of HR policies for talents?

Methodology
Our study on TM in the context of Spanish medium-sized companies is a new field of enquiry, and hence we adopt an exploratory and highly inductive approach. We chose a qualitative methodology, using a multiple case study format, both to observe a wide array of situations and to achieve a more robust basis for analysis (Yin 2003).

Selection of cases
In order to select the organisations to study, we used theoretical sampling. The criterion chosen in this study was company longevity. The logic for this choice was that companies that are able to survive through time must have used their resources (including HRs) effectively to cope with the competitive changes and economic downturns that face them. We first identified 10 MSOs that had successfully coped with at least two economic downturns (the current recession and the early 1990s Spanish crisis that made unemployment soar over 20%). An initial interview with the owner-manager of these companies was carried out in order to identify some evidence that talent was a strategic resource for those organisations and that it was deployed effectively according to principles of TM. The six organisations that fulfilled these conditions were selected for the full development of case studies after ensuring access to different stakeholders in each company. The profile of the selected companies is given in Table 1. We incorporated both family and non-family business on account of the fact that this variable may have implications for how HR is conducted in these firms (Ram 1994).

Field method and sample obtained
The remaining fieldwork consisted of semi-structured interviews in these six Spanish companies. They typically lasted 60 min, with variations between 30 and 90 min. Two same researchers were present at all interviews, which were carried out in Spanish or Catalan depending on the preference of each interviewee. Given the nature of the research questions, it was important to gain insights into the perceptions of various actors and the context of each of the MSOs analysed. Multivocality, or the inclusion of varied voices in a case setting, is a practice that aids the trustworthiness and verisimilitude of qualitative research (Tracy 2010). The director or the owner of the company was interviewed in all cases (in some, both of them), as well as the HR manager in all companies that had one. Also, interviews were conducted with employees, and in companies that distinguished
Table 1. Description of case studies in the sample and details of interviewees.

<table>
<thead>
<tr>
<th>Disguised company name/sector</th>
<th>Family/non-family business</th>
<th>No. of employees</th>
<th>Activity</th>
<th>Strategic success factors</th>
<th>Interviewees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sports and facilities management</td>
<td>Non-family</td>
<td>60 to almost 300 in peak period (summer)</td>
<td>Management of sports facilities (maintenance, lifeguards and PE teachers)</td>
<td>Created a new business model whereby they incorporate services not usually provided by the same type of company. Identified a professional and plentiful personnel pool.</td>
<td>Owner-manager HR manager One talent One non-talent</td>
</tr>
<tr>
<td>Printers and more</td>
<td>Non-family</td>
<td>72</td>
<td>Printing. Added software services and a coffee shop to business portfolio</td>
<td>Originally a printing company specialised in printing tax-return forms. Business declined when tax returns moved online, so managers started a portfolio of non-related activities in order to keep the staff at work.</td>
<td>Owner-manager HR manager Two employees (talents only distinguished at managerial level)</td>
</tr>
<tr>
<td>Ski resort</td>
<td>Non-family</td>
<td>48 to 90 depending on season and amount of snow</td>
<td>Ski resort</td>
<td>Survived in a geographic area with little snow while most other resorts nearby closed down or were acquired by government. Cost minimisation without compromising safety or service: capital investment only as needed rather than following sector fashions, and people management based on a core-periphery model.</td>
<td>Owner General manager Two talent employees (employed full time) One non-talent employee (employed part time and temporarily)</td>
</tr>
<tr>
<td>Bakery</td>
<td>Family, but recently incorporated professional management</td>
<td>245</td>
<td>Industrial Bakery (Frozen Products) B2B</td>
<td>Moved from small to medium sized, from fully family to professional management, and from local business to exporting. Have professionalised entire workforce.</td>
<td>General manager HR manager Two employees (talents only distinguished at managerial level)</td>
</tr>
<tr>
<td>Bus</td>
<td>Family</td>
<td>220 (can be up to 350 in peak periods)</td>
<td>Bus transport</td>
<td>Acquired quality certifications to bid for public transport routes in order to reduce the seasonality of their business and keep staff throughout the year, retaining expertise in the company.</td>
<td>Owner HR manager Two talent employees Two non-talent employees</td>
</tr>
<tr>
<td>Phytosanitary</td>
<td>Family</td>
<td>73</td>
<td>Retail and installation of air conditioning, heating, watering systems, gardening, etc.</td>
<td>Sell standard products but with a much differentiated service, with all employees more knowledgeable than similar businesses (they sell service and know-how). Continuous investment in training.</td>
<td>Owner Subdirector (and responsible for HR) One employee (all employees considered as talent)</td>
</tr>
</tbody>
</table>
between talents and non-talents, we interviewed both types. The right-hand column in Table 1 details the interviewees in each company that formed the final sample. Some of the interviewees were re-interviewed until researchers were satisfied they had fully apprehended the main issues in each case, reaching saturation.

Regarding the interview schedule, it is important to highlight that the first part of the protocol included questions about strategic and HR issues in the company, but avoided the expression ‘TM’ until well into the interview in order not to contaminate the interviewees and avoid social desirability bias in their responses. This was important in order to rigorously answer question 1 about the awareness of TM.

**Procedures and data analysis**

We used established procedures for organising and analysing the data obtained. Interviews were recorded with the permission of the interviewees, fully transcribed and analysed with NVivo. To help us ensure the credibility of the results, we triangulated the analysis (Denzin 1978) by having two of the authors initially coding the data separately. Only one of the authors who coded was also an interviewer, so one could bring the closeness to the context and the other the necessary distance to approach the data as it stood.

The analysis was organised in a series of steps. First, two full case studies were analysed in order to make sure that enough data had been collected in order to answer the research questions. This process helped us refine the interview schedules to be used in the following cases, and clarified some extra questions to ask in the first two companies. Once data had been collected for all six cases, the next round of coding resulted in a set of themes that coincided by about 80%, indicating a good inter-rater reliability (Armstrong, Gosling, Weinman and Marteau 1997). From this point on, codes and categories were discussed until consensus was achieved between the two coders.

The resulting coding scheme contained 27 central codes, organised around the answers given to the research questions (the second one on definitions of TM was broken down into two), and providing indication of common themes in all cases (such as the lack of awareness), polarised positions (such as singling out talent individuals vs considering all employees as talents), or wider arrays of situations (such as specific practices). Summary Table 2 in the discussion of the results section follows the structure of our central nodes. Other secondary codes include the descriptive characteristics of the companies (e.g. family-owned vs non-family) against which we crossed the central thematic codes (e.g. were the companies singling out talents bigger or smaller, family or non-family and so on?).

Illustrative quotes in the results section have been idiomatically translated from Catalan and Spanish into English in order to preserve the original meaning of the discourse (Huiping 2008).

**Results**

This section outlines the results obtained from the qualitative enquiry. The section is structured following the research questions posed.

*Conceptualisation of TM by Spanish medium-sized companies: lack of awareness*

The general managers and owners who were interviewed were generally not aware of the concept of TM:
<table>
<thead>
<tr>
<th>Company</th>
<th>Perceptions</th>
<th>Definitions: what makes talent</th>
<th>Definitions: groups of talents</th>
<th>Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sports and facilities management</td>
<td>Lack of awareness of TM&lt;br&gt;Reluctance to identify their approach to managing people with TM</td>
<td>Attitude&lt;br&gt;Performance</td>
<td>1. Top and HRM (including ownership)&lt;br&gt;2. Most employees considered as replaceable commodities</td>
<td>Same basic HR policies for all. More training for talents.&lt;br&gt;Special treatment/care of talents.</td>
</tr>
<tr>
<td>Printers and more</td>
<td>Lack of awareness of TM</td>
<td>Attitude&lt;br&gt;Identification with the company&lt;br&gt;Loyalty to the company</td>
<td>1. Top management (including ownership)&lt;br&gt;2. All employees</td>
<td>Same basic HR policies for all.&lt;br&gt;Intensive in training for all who ask.&lt;br&gt;Little supervision as a sign of trust.&lt;br&gt;Tenure complement in salary as a retention strategy.</td>
</tr>
<tr>
<td>Ski resort</td>
<td>Lack of awareness of TM&lt;br&gt;Reluctance to identify their approach to managing people with TM</td>
<td>Performance&lt;br&gt;Attitude&lt;br&gt;Skills&lt;br&gt;Loyalty to the company</td>
<td>1. Top management (including ownership)&lt;br&gt;2. Employees in key positions&lt;br&gt;3. Tenured employees regardless of position</td>
<td>Same basic HR policies for all.&lt;br&gt;Special treatment/care of talents.&lt;br&gt;Involvement of talents in decision-making.&lt;br&gt;Less supervision for talents as a sign of trust.&lt;br&gt;Succesion plans by identifying and taking care of a successor for key positions.</td>
</tr>
<tr>
<td>Bakery</td>
<td>Limited awareness of TM</td>
<td>Performance&lt;br&gt;Attitude</td>
<td>1. Top management (including ownership)&lt;br&gt;2. All employees</td>
<td>Same basic HR policies for all.&lt;br&gt;Succesion plans by identifying and a successor for key positions and delegating some tasks to this person.</td>
</tr>
<tr>
<td>Bus</td>
<td>Lack of awareness of TM&lt;br&gt;Reluctance to identify their approach to managing people with TM</td>
<td>Identification with the company&lt;br&gt;Loyalty to the company</td>
<td>1. Top management (including ownership)&lt;br&gt;2. Tenured employees, mainly those personally or professionally related to management</td>
<td>Same basic HR policies for all.&lt;br&gt;More training for talents.&lt;br&gt;Special treatment/care of talents.&lt;br&gt;Talents allowed into the ‘inner circle’.&lt;br&gt;Less supervision for talents as a sign of trust.</td>
</tr>
<tr>
<td>Phytosanitary</td>
<td>Lack of awareness of TM</td>
<td>Performance&lt;br&gt;Attitude&lt;br&gt;Identification with the company</td>
<td>1. Top and HRM (including ownership)&lt;br&gt;2. All employees</td>
<td>Same basic HR policies for all.&lt;br&gt;Intensive in training for all.&lt;br&gt;Tenure complement in salary as a retention strategy.&lt;br&gt;Succesion plans by identifying a successor for key positions.</td>
</tr>
</tbody>
</table>
Interviewer: Do you have a talent management policy?
Respondent: A WHAT policy?
I: Talent management.
R: I don’t understand you. What does talent management mean? I can imagine, but . . .
I: Tell me what you imagine it could be, what comes into your head.
R: What do you mean?
I: Talent as . . .
R: To reward those employees who do their work well? Something along these lines?
Those who had heard of the concept or had some limited knowledge of it reacted with laughter when the interviewer mentioned TM. They were very clear that this was something that was not applicable for their business, that this was ‘the stuff of’ consultants and larger companies. Yet, as mentioned above, the interviewer only introduced the concept of TM after most of its aspects had already been dealt with and when it was clear that the company was practising TM, even if they did not label it in this manner.

I: Having seen your different people management policies, do you also have a talent management policy?
R: Ha, ha, ha (loud laughter)
I: Do I take that as a no?
R: (More laughter) . . . just to even write this name down some consultancy would charge you for it! No thanks, here we need to get down to business and not to spend time on fancy stuff.
I: And do you have a talent management policy?
R: Sorry, what?
I: Do you have a talent management policy? Just like you have a selection policy, do you have a policy on talent management?
R: No.
I: Even informally?
R: Well, maybe, but we don’t have a record of the IQ level of everyone . . . (laughs)
Although the HR managers interviewed had heard of concept, they did not have a complete knowledge or understanding of it. Instead they generally related to just some individual parts of TM, such as in the following examples in which TM is equated with career plans and promotions.

As you can see our company has a way of doing things that are not formalised in policies... in talent management policies, that is, in career planning policies. But the owners know that if someone is needed for a position we will look internally first. (Associated TM only with career plans and internal recruitment)

Let’s see... everyone has their assigned work, its difficult to promote in a family firm. If it were a multinational, in which there are many departments, with lots of people in each department, in that case, yes, there would be a promotions policy. In a family firm, like our own, to consider a promotions policy is fairly difficult. (Associated TM only with promotion)

Unsurprisingly, employees were also unaware of TM.
From an academic viewpoint, this may be a surprising result, to discover such little awareness of TM among managers. However, it is likely that much of the research on TM
Definition and identification of talents: talent is clearly identified but it is not labelled in this way

In this section, we aim to answer the second research question about how talent is defined and identified in Spanish medium-sized companies. The analysis of the data led us to break this question down into three separate aspects, corresponding with the following three sections:

What is talent in Spanish medium-sized companies?

Most of the companies that participated in the study did not have a formal TM policy or indeed had even considered the concept of TM. However, some owners were quick to venture a definition of what talent meant in their companies, as the following examples illustrate:

R: A person who stands out significantly above all others…that solves problems, that has initiative.

I: So, are you saying that talent management is closely related to attitude?

R: Well, attitude is related to talent. Attitude is what MAKES talent.

In the spontaneous definitions of TM put forward by managers, there was a greater emphasis on performance rather than potential, and on attitude rather than skills or training.

Who are considered talents?

When asked to consider who was the talent in their companies (even though it was not labelled it in this way), managers had no difficulty in identifying the key individuals without whom the company would not operate so effectively.

In terms of groups of talents, in all cases, the general manager or the owner and some members of the managing team were considered talents. There was agreement on this point in all companies, and from interviewees from all groups, from top to middle management, from talent to non-talent employees. During the interviews, just two
owner-managers identified themselves as talent without prompting, but when prompted, in all but one case, they included themselves in the talent pool of the company.

Yes, the key is with the management, within which the most important are my function and the function of the Director General. So, this, for me, is the fundamental talent of the company, and also for the moment, the director of human resources. Without us, this would be a disaster... (Managers self-identifying as only talents in company, considering that rest of employees were an interchangeable commodity)

R: You can say plenty of bad things about him (the owner), but he’s definitely the talent of the company. I don’t like to say it, but without him, there’s no company and I don’t have a job. (Non-talent employee)

Beyond managerial positions, employees considered as talent were identified both in key positions (e.g. IT professionals in the printing and software company, the head of ski slopes and head of security in the ski resort) and in more standard positions.

We have a list of personnel that stand out... their superior lets us know, that they are a person who is very willing to cooperate, who is eager... a whole list of basic things, but it’s them who really are the talent.

People who give you the most support, they support the basic structure... if these people work well, the others are extras, complementary.

What does it take to be considered a talent?

In this section, we address the more specific characteristics that managers considered necessary for employees to be considered talented.

Managers classified employees as talent in terms of their knowledge and skills, and more importantly, in terms of softer aspects such as trustworthiness, responsibility and significantly, the involvement with the company. This applied both to companies for whom only a few were considered talent and to companies in which all employees were considered talent. It also applied to specialised, semi-qualified or even non-qualified employees. In this sense, as Ortlieb and Sieben (2012) point out in their taxonomy of critical resources, the strategic value of people can be in their motivation and dedication, in particular in their ‘loyalty and involvement with company objectives’ (p. 1692).

It’s easy to define; it’s a person who is very much involved in the day to day.

Because of their attitude, those that feel identified, that fly the flag of the company.

The fixed staff, and they are the ones you can count on.

The personal allegiance to the company, which in many cases is embodied in the owner or manager, means that the importance of the person as a resource lies not only in his/her skill set, but also in his/her ties with the top management of the organisation. Hence, as Whelan (2011) suggests, it is important to identify and maintain these ties.

Everyone here... they’ve known each other for years, it’s like a family, the longer you’ve been here, the more important you are, regardless of your position. So I suppose I’m like a baby here... but they are taking care of me, so all is good. (Employee in an ‘all are talent’ company)

The importance of who you know and the ties between management and those considered talent were identified particularly in the interviews of non-talent employees. Indeed, sometimes a certain degree of resentment was identified on the part of non-talents. This should be considered a potential challenge to the simultaneous management of talents and non-talents.
Here, there’s lot of gossip around here, because they tend to hire family members or friends, and then they become the bosses contact . . . and then they get the parking space, and your contacts become more important than your abilities and knowledge . . . I don’t know if this happens in all companies, but here it’s very visible. (Non-talent employee)

In sum, in order to be considered as talent in Spanish medium-sized companies, besides being capable of carrying out the job, the individual must be committed, motivated, loyal and closely involved with the company. This must be recognised by the management team with whom a close professional (and sometimes personal) tie must be developed.

How is talent managed in Spanish medium-sized companies? HR policies and other practices for talents

There is significant debate in TM as to whether all or only some employees should be considered as talent, and whether HR policies should be different for those identified as talent. Moreover, both questions, singling out people and managing them differently, may have important cultural connotations. For example, Skuza et al. (2013) show how the identification and development of individuals considered as talents may be perceived as normal or even motivating in some Western cultures. However, it is commonly received with aversion in Central and Eastern Europe, those identified as both from talents and from non-talents, who may develop negative attitudes towards them.

As seen above in this study, we found much variety in terms of who are considered as the talent of the company. In this section, we examine the policies and practices that were applied to talent in the participating companies.

Where all employees considered the same

In the companies that consider all employees as talent, there was a clear, continuous and widespread investment in all employees, mainly in terms of providing job security and training. This training takes two distinct forms: training according to company requirements and training not immediately linked to company needs and better described as general development. Indeed, there were a number of instances in which the employee took the initiative in deciding what, where and when to learn. In this way, training was perceived as a reward, a sign that the company wanted them to grow as professionals and as people, and that the company had the employees best interests in mind.

I: In times of crisis like nowadays, have there been changes in the management of personnel?
R: We’re training more. Yes, for every 8 h of work we dedicate a half hour to training.
I: And why are you training more?
R: So that people are better prepared. To revise what we already know, and improve so that we do things better, we have to be competitive. (Manager)

I think it’s a good company . . . and besides, you have lots of opportunities to do training courses, on all kinds of things. They’ve never said no. Seminars . . . whatever it costs. Let’s see, now with the recession, we’re checking ourselves before asking to make sure (laughs) it’s not too expensive . . . I value that, and of course in turn the company values it. (Employee)

The other type of company who also considered all employees the same (except for the management team), did not consider employees as talent, but as a commodity. Accordingly, in these companies, there is no investment in terms of retention, development or succession, as employees are deemed to be easily replaceable. This might also be considered as a form of TM in that they are deploying their resources in an efficient manner.
Where talents are managed differently

Companies that identify talented employees tend to formally apply the same HR systems to talent and non-talent personnel, except with respect to training. Talents benefit from many more hours and types of training. This is not lost on non-talents and somehow resented:

So look, because we have the thing about certifications, yes, we do training on (a list of topics) . . . And that’s obligatory, so it’s for everyone. There’s also quality training and more specific things . . . but depending for who. Yes, whatever they need, but that’s only for the more trustworthy ones. (Manager)

Training is very bad. They do the legally compulsory courses. But I don’t know why they won’t pay for us to do a course . . . the useful ones! No, these are only paid for one person, and it’s always the same individual. Very little training for the rest. And of course the rest of us get to know nothing about it. And obviously he doesn’t want to explain things to anyone else, because he says – if I teach you, then you’ll do better than me, and it’s a problem- . . . He doesn’t want me to learn to solder . . . it’s a big problem that there’s no knowledge transfer here. (Non-talent employee of the same company)

However, our research highlighted that the distinctive management of talents takes place in more informal ways, so that they are given ‘special care’. This can be seen in two different types of special treatment: one that is commensurable with a paternalistic management style, such as being more flexible with working times, making it easy for the employees to arrange holidays, doctor visits or other family-related appointments, and the second actually giving them more time, giving Christmas presents and so on. Again, non-talents sometimes see this as favouritism.

And for example, for Christmas, he used to give them a bottle of cava to the super heroes . . . so what does it cost you to give me something, even if it’s some cheap cake? (Non talent employee)

R: Because people that work well . . . logically these people are treated more pleasantly, more personally we might say. And we pamper them a bit to keep them happy.

I: And how are they pampered?

R: Well, it’s a way of treating them . . . special attention, sometimes they ask for some days off, so you give it to them. Or an advance in their wages, well okay, no problem. Well, you do so and it creates a good environment. There’s no need to give rewards or anything. (Manager)

The other type of special treatment has to do more with intrinsic aspects of work, and with allowing talent employees to be part of some sort of inner circle. For example, this may include assigning them more interesting tasks, allowing them access to company information, involving them in decision-making, managing them with less supervision and letting them make decisions and so on.

These people that make up the main group, they’re all up to date on everything, they have all the information.

We give them . . . a type of authority, that has to be accepted . . . which means if he says something then it goes, and people respect that, those ranked above and those below.

I: And when you say that you look out for him, give him special attention, in what types of things do you do this?

R: In some ways we delegate to him you know? . . . And our trust is placed in him.

Basically he lets them (the talents) do their own thing. Because the others are very closely and tightly controlled. And in that you see that he is valuing a series of professionals... So he values them in terms of placing his trust in them, freedom . . . listening to them.
Attraction, retention and succession

In relation to other TM practices, our study yielded relatively limited data on the attraction of talents. Although the literature suggests that smaller firms often face difficulties in recruiting staff partly due to their low visibility and inability to compete on salary with larger firms, this was not observed in our field research. A possible explanation is that, because of the long tenure of most talent employees, many organisations could not recall the potential difficulties they originally encountered in attracting staff. Further studies should explore this issue with younger medium-sized firms. Another possible explanation is that companies may have overcome the difficulty of recruiting talent by employing people even if they are not sure of their potential. Later, some of these employees who perform well may gradually make their way into the talent pool.

Regarding retention, the companies interviewed do not consciously or formally implement any retention policies, except in two cases. However, this coincided with the two companies that considered everyone a talent, where they had a tenure complement in the salaries of employees (thus valuing longevity of employees in the company). This acted as an exit barrier for those employees.

Yet, regarding succession, all companies had clearly identified what positions were key to ensure continued success in their organisations. In the cases in which only a limited number of people were considered as talent, these positions were invariably filled with talent people. It is important to highlight that the company had identified not only the position that was key and the individual filling it, but also the person who would succeed the individual occupying that position should they leave. These people were normally referred to as ‘the second’ (in charge).

As it was unlikely that the second in charge would be promoted within the foreseeable future, we questioned general managers and HR managers about how they may keep up their motivation. They indicated that the second in charge tended to be someone who enjoyed their job for intrinsic reasons, that they sometimes took over key responsibilities of the key position holder and that the company placed special emphasis on ‘taking care’ of them. This was formalised to a different extent in each company.

I: Do you have a succession plan?
R: For some people yes. In some departments, there’s always a second.

I: So you have already identified what individuals may fill these key positions in the future?
R: Yes, of course. In fact, they already occupy the position in situations like holidays, etc.

I: Do you have a succession plan?
R: Yes, for example, we have a couple of people, like the director of purchasing, the industrial director, who are getting on in age. So we think about a career plan, we look for an engineer or we take on someone young so that they can be with that person for 2 or 3 years in order to prepare them, getting ready for the day that the senior member retires.

I: And do you do this in a formal manner?
R: Yes, yes, yes, the objective of the company is that the director of a department or any director, that there’s a copy of everyone, if you know what I mean. If the day comes when I leave or something happens to me, I know that the department has someone who can continue the work... you start preparing the way.
Discussion and conclusions

Discussion of results

In this study, we have examined the characteristics of TM in MSOs in Spain. By answering the questions posed in this exploratory study, we have identified some distinctive features of TM in these medium-sized companies. These are given in Table 2 and discussed below in relation to the TM literature. Each column on the table corresponds with the research questions posed, regarding TM perceptions, identification and practices.

A key finding from our research was that companies can practice TM even though they might not be aware of it or even know what TM is in formal terms. Managers clearly identified what talent meant in their particular company and who the talent employees were, even though they were inclined not to label it in this way. It is difficult to interpret this result in terms of the existing literature, which presents TM as growing and increasingly central in the strategy and HR approaches to managing organisations. In the companies studied, in contrast with the literature, there was a lack of awareness of the term and rhetoric of TM. In some cases, there was even a reluctance to identify their managing principles with TM. However, these principles did coincide with those of TM. Thus, the lack of awareness and reluctance has more to do with the managers’ resistance to align with a name that to them sounds like a management fad. In addition, it is related to the high degree of informality in HR policies which is a characteristic typical both of SMEs (Dundon and Wilkinson 2009) and of Spanish companies of all sizes (Camelo et al. 2004).

The managements’ descriptions of who were considered talents placed particular emphasis on performance and attitude. Indeed ‘talents’ were deemed to be those who were loyal and committed to the company, trustworthy, consistent and could be counted on. This finding conflicts with the TM literature that focuses on identifying high potentials. Instead, it resonates with Ortlieb and Sieben’s (2012) classification of ‘loyalty and involvement’ as critical strategic resources. This is not to say that identifying high potentials is not an interesting TM policy for organisations, but it reminds us of the more pressing need to prioritise a strategic approach to defining what characteristics employees should have in a specific organisation in order to be considered key resources. Also, in all cases analysed, and coinciding with the literature to date, top management/owners were always considered a central part of the talent base of the company. This coincides with a recent study by Joyce and Slocum (2012), who highlight the importance of top management talent as a requisite for TM success. Also, it agrees with the SME literature that highlights the importance of the owner-manager in the establishment of a strategic approach in the organisation (Entrialgo 2002).

Regarding specific TM policies, there was very little evidence of attraction policies in the companies we researched. Moreover, attracting talent was not seen as a challenge for these companies. This contrasts with the literature suggesting that SMEs may have more difficulties in recruiting staff than large firms (Wilkinson 1999). This could be a consequence of the sampling frame used for this study, or a reflection of the fact that the companies in the sample do not identify talent at the outset, when an employee is recruited and selected to work in the company. Instead, talents are identified once they are working for the company and managers can observe their performance in the specific organisational context. This reliance on internal labour markets is a characteristic of Spanish organisations (Camelo et al. 2004). Similarly, there was little concern for retention policies. Yet, there is no doubt that TM was in place in these companies. This suggests that the stream of TM literature that simply equates it with a set of practices...
(Lewis and Heckman 2006) may limit our understanding of TM in medium-(and by and large, small-) sized organisations, and thus other interpretations may be more appropriate.

Regarding succession planning, however, all companies had clearly identified the positions that were crucial to their continued success and the individuals who would fill those positions in the event of the main holder leaving the company. This was implemented with a different degree of formalisation in each company, but was always present among the priorities of owners and managers of the companies interviewed. This concern for making sure that key positions were filled by talent employees, both at present and in the future, aligns very much with the perspective of TM adopted by Collings and Mellahi (2009) who emphasise the need to concentrate TM efforts in key positions.

This study found examples of both inclusive and exclusive approaches to TM. We suggest that neither approach is superior, but that each one may make more sense in a specific organisational setting. Some of our companies managed talent employees differently from those considered non-talents. However, this differentiation was not formalised in separate HR policies, with the exception that more training was provided for talents. This extra investment in training for talents is consistent with a recent study in Italian companies (Guerci and Solari 2012). In addition, distinctive management of talents materialised in a differentiated treatment of talent employees. This special treatment was materialised in two aspects: first, it was noted in some paternalistic oriented practices that reflect the cultural tradition of Latin European countries whereby there is little concern for ‘others’ but much concern for close group members (Browaeys and Price 2011). In this case, there is much concern for talents as they are considered to be a part of a sort of ‘inner circle’ within the company. A challenge for successful TM in this regard was that some non-talent employees resented this preferential treatment for the talents, as they perceived it as favouritism. Second, the special treatment of talents consisted of granting some job intrinsic rewards, mainly in terms of allowing more job autonomy. This result may seem to contrast with a recent study by Lasierra (2012), who found that in general, Spanish employees were not appreciative of job autonomy. However, it is likely that it is precisely this ability and willingness to work autonomously that sets certain employees apart as talents.

Although a small number of companies were used in the study, the sample included a wide variety of firms in terms of their characteristics. In order to identify possible differences in approaches to TM, we examined family versus non-family companies (see Table 1), as well as company size and past growth. Among the companies studied, two were family-owned, three were non-family-owned and one was family-to-professional-owned. Two companies (Sports and Bakery) had grown from small to medium through their life cycle, whereas the others had remained medium sized, with very small headcount variations even during the economic downturns. Although these variables are typically important in SME studies, we did not identify any common trends or implications for TM. However, further (probably quantitative) studies should keep these variables in mind when studying TM.

**Contributions to TM and conclusion**

This study has highlighted some of the distinctive features of TM in medium-sized companies in Spain. Furthermore, it contributes to the broader literature on TM in a number of ways.
First, we propose the idea of considering TM as an all-encompassing approach to managing people, rather than simply as a set of practices. This was evident in the data because there were widespread variations in HR practices and their degree of formality. Nevertheless, all the companies were very similar in strategic terms, in that there was a clear focus on people management as a strategic tool to achieve their objectives, whether this meant high- or low-road HR practices. Embedded in this view is the acknowledgement of people as strategic resources and the need for their management to be aligned with company strategy. This conceptualisation of TM is consistent with the resource-based view, as it not only considers people as key resources, but it also highlights the ability of these internal resources (people) to adapt or even modify the opportunities presented by the environment (Barney 1991). This was clearly apparent in this study as in the case of the printing company. This company used to solely make tax forms that are nowadays dealt with online, but they turned around their whole business portfolio to deploy the talents of (all) their employees and maintain their jobs. The case of the ski resort is even more extreme because of its high dependence on another non-controllable resource, the weather. The ski resort is the only resort to survive and thrive in an area with little snow because of how they deploy the talents of (some of) their employees. These cases clearly exemplify the strategic value of the effective use of human capital (Wright and McMahan 2011).

Our study also highlights the importance of the country-specific context of TM inaction in Spain, in contrast to the prescriptive nature of much of the TM literature (Scullion and Collings 2011). A limitation in this regard, however, is the fact that it simultaneously captures the nature of TM in medium-sized companies and the fact that they operate in Spain. Further studies should try to examine these two characteristics separately. However, smaller sample evidence in other countries suggests that the results of this study may also be applicable in other Latin European cultural contexts (e.g. Zobrist 2008, in France or Guerci and Solari 2012, in Italy).

Finally, this paper contributes to the HRM in SME’s literature by highlighting the relevance of considering medium-sized enterprises as a phenomenon separate from small companies. The concept of SMEs may be practical for many management topics, but in the particular case of HRM this grouping of small- and medium-sized companies should be reconsidered. The issues surrounding people management are different for medium-sized companies, which have a certain degree of structure. In addition, the owner-manager, even though still exerting a great influence on the company’s strategy and culture, needs other managers to run the company and intervene in people management decisions.

The findings from our study have important implications for practice. First, Spanish MSOs need not be concerned about the label ‘TM’, and even though it is culturally more accepted to proclaim that one is practicing a tried and tested management approach, SMEs should be more open to new management ideas and approaches. Second, MSOs need to identify the key barriers to the effectiveness of their TM initiatives. In this study, a key challenge was to balance the interests and treatment of the talents with that of the team as a whole. Third, the study suggests the need to develop a new, more holistic approach to TM, which takes more fully into account the characteristics of each organisational setting. The results of this study confirm that the direct application of TM programmes developed for large organisations is not necessarily recommendable for MSOs. Finally, new TM programmes may challenge many traditional management practices and attitudes that still dominate Spanish SMEs\MSOs business culture. In sum, owner-managers of medium-sized companies need to understand their core business and how people management plays a key role in its success, whether it is under the name of TM or any other label.
This article recognises that TM is as a critical element of strategic HRM (Scullion et al. 2010). However, the authors recognise that the study on TM is still a relatively new and continually evolving area of research. This is especially so in the SME sector and more empirical studies are required to better understand TM decision-making in relation to the context in which it takes place.

Therefore, further empirical research is required on the different nature of the challenges associated with the implementation of TM strategies and policies in medium-sized companies in a variety of different contexts. We reject the prescriptive best practice approach to TM, which is still dominant in the literature (Scullion et al. 2010). We suggest there is a need for further comparative studies of TM in other major economies of the EU region, which would take account of specific institutional, historical and cultural factors in these countries (Vaiman and Holden 2011).

References


