A skills-matching perspective on talent management: Developing strategic agility

Stefan Jooss | David G. Collings | John McMackin | Michael Dickmann

Abstract
Despite two decades of evolution as an area of research and practice, talent management faces ongoing criticism for being overly static in its approach, offering little in terms of enabling strategic agility. This is problematic as organizations increasingly rely on strategic agility to manage their dynamic business operations. Drawing on matching theory and adopting an agility lens, we explore the link between talent management and strategic agility. Through a qualitative research design, encompassing 34 interviews in 15 organizations, we explicate a skills-matching perspective on talent management, including initial and dynamic skills-matching in external and internal labor markets. Through this process, organizations can build a set of dynamic capabilities, underlying two meta-capabilities, strategic sensitivity and resource fluidity, which enable strategic agility. In doing so, we portray skills-matching as an illustration of a processual view on talent management and create a model of developing strategic agility through skills-matching, responsive to external and internal demands.

KEYWORDS
dynamic capabilities, matching theory, skills, strategic agility, talent management

1 | INTRODUCTION
Talent management, focusing on the development of current and future talent pipelines, continues to be central to human resource (HR) strategy in organizations (Cascio & Boudreau, 2016; Collings et al., 2019). It can be broadly defined as the attraction, selection, development, and retention of the highest performing employees in the most pivotal positions globally (Vaiman et al., 2012). This strategic approach to managing the workforce is characterized by differentiated investment into high performing and high potential employees (Collings & Mellahi, 2009) to strengthen talent pipelines for organizations and build individual careers (Harsch & Festing, 2020). While the literature on talent management has proposed various philosophies, processes, and practices (e.g., Meyers et al., 2020; Sparrow et al., 2014) and debated the meaning of talent (e.g., Gallardo-Gallardo et al., 2013; Jooss et al., 2021), it generally aligns through a focus on long-term differentiated investment in the workforce. Such investments traditionally take place within established organizational structures and job categories (Kehoe et al., 2023) and form part of multiyear workforce planning cycles.

However, talent management has been criticized as offering little insight in terms of developing strategic agility which is increasingly required in responding to dynamic business conditions (Farndale et al., 2021; Harsch & Festing, 2020). Strategic agility is defined as the ability to respond quickly to changes in the external and internal environment through a set of activities carried out by an organization (Weber & Tarba, 2014). As it supports adaptation to continuously increasing levels of complexity and ambiguity in the external environment, strategic agility is considered a critical enabler of the effective management of organizations’ global operations (Asseraf & Gnizy, 2022; Harsch & Festing, 2020). Yet, talent management has traditionally adopted a “static” and “stock” view on HRs as opposed to a...
“flow” or “process” perspective (Burton-Jones & Spender, 2011; Collings et al., 2019), constraining the development of strategic agility in organizations in this critical area (Christofi et al., 2021). While accumulating high quality talent stock remains important, the active control and flow of talent provides the basis for a more dynamic approach to managing an organization’s HRs (Ployhart et al., 2009). Recognizing this challenge, scholars have called for more agile talent strategies (e.g., Cappelli & Tavis, 2018; Harsh & Festing, 2020) and for a greater emphasis on the dynamic allocation of work as a complement to traditional approaches to making talent decisions (e.g., Boudreau & Donner, 2021; Jesuthasan & Boudreau, 2022). This could facilitate timelier reconfiguration of resources and potentially lead to increased strategic agility (Harsh & Festing, 2020; Lepak et al., 2012).

The importance of more flexible talent management was amplified by the COVID-19 pandemic which required organizations to respond rapidly to changing customer and market demands (Lazarova et al., 2023; Vaiman et al., 2021). In the context of global turmoil and disruptive work transformations, adapting talent strategies and reconfiguring resources is particularly challenging (Collings et al., 2019; Farndale et al., 2021; Reiche et al., 2019). Therefore, in this study, we seek to address the following research question: In light of current exogenous challenges, how can organizations refine their talent management approaches to foster the development of strategic agility?

We utilize a phenomenon-based mode of theorizing (Fisher et al., 2021). Our real-world phenomenon of interest (von Krogh et al., 2012) is talent management and the firm is our primary level of analysis for our theorizing. We adopt an agility lens (Doz, 2020) to develop new insights through a qualitative research design encompassing 34 interviews with senior HR leaders in 15 organizations. Our abductive research approach allowed us to iterate between data and theory, and we identified skills-matching as a salient theme. Drawing on matching theory (Weller et al., 2019), we subsequently explored a skills-matching perspective on talent management.1 This perspective is increasingly valuable (Ammerman et al., 2023) as 89% of executives state that skills are becoming important in defining talent, deploying talent, managing careers, and valuing employees (Deloitte, 2022). Yet, only one in five of those firms report adopting specific approaches to a significant extent and in a clear and repeatable way. The shift to skills-based approaches is still in its infancy in most organizations, and firms typically struggle to capture the skills they will require in the future, with one report suggesting that only 26% of respondents were confident in their ability to do so (PwC, 2021).

Our primary contributions are twofold. First, we present skills-matching as an illustration of a processual view on talent management, moving from a stock to a flow perspective. We expand matching theory (Weller et al., 2019) by highlighting initial and dynamic skills-matching mechanisms to external and internal labor markets and presenting key boundary conditions which impact the skills-matching process. In doing so, we add to our understanding of the shifting boundaries of talent management (Vaiman et al., 2021), recognizing the need for a more dynamic skills-matching process. Second, we explicate the potential of skills-matching in fostering strategic agility (Doz, 2020; Harsh & Festing, 2020). Specifically, we develop a model which depicts how skills-matching builds a set of dynamic capabilities, underlying two meta-capabilities, strategic sensitivity and resource fluidity, which, in turn, enable strategic agility. Thus, we emphasize the need to focus on skills-matching in addition to more traditional forms of managing talent. By doing so, talent functions can enhance their capacity to adapt quickly and change the firm’s resource base in response to shifting external and internal demands.

2 | LITERATURE REVIEW

2.1 | Strategic agility and dynamic capabilities

Organizations increasingly rely on strategic agility to navigate a volatile, dynamic, and ambiguous global environment (Christofi et al., 2021; Shams et al., 2021). Strategic agility allows organizations to react to changes in the environment in a timely manner (Cunha et al., 2020; Weber & Tarba, 2014). Despite bold assertions that “HR is going agile” (Cappelli & Tavis, 2018, p. 47) and increasing prominence in mainstream media (e.g., Komm et al., 2021), the academic literature has struggled to demonstrate how organizations can develop strategic agility through strategies, practices, and processes in the HR function (Ahammad et al., 2020; McMackin & Heffernan, 2021). Thus, most agility studies have centered around operational areas such as IT, supply chain, and agile production (Shams et al., 2021), drawing particularly on flexible and lean manufacturing principles (for an overview on lean research, see Danese et al., 2018).

Strategic agility scholars have increasingly adopted a dynamic capabilities lens (Teece et al., 1997) to explain how a combination of dynamic capabilities can enable strategic agility (Shams et al., 2021; Teece et al., 2016). Dynamic capabilities can be defined as a firm’s ability “to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments” (Teece et al., 1997, p. 516). Thus, these dynamic capabilities can be distinguished from ordinary capabilities which help firms to manage day-to-day routine activities (Teece, 2018). For example, studies identified a range of characteristics of agile organizations including, inter alia, approaches that focus on customer needs, problem-solving, cooperation, organizational learning and knowledge development, information sharing and transparency, trust and empowerment, and a culture of change (e.g., Christofi et al., 2021; Liker & Morgan, 2006; Raisch & Birkinshaw, 2008; Sherehiy et al., 2007). These characteristics can generally be seen as examples of dynamic capabilities for agile organizations to make sense quickly, make decisions nimbly, and redeploy resources rapidly (Brueller et al., 2014; Doz, 2020). A set of three meta-capabilities, namely, strategic sensitivity, collective commitment, and resource fluidity, has been identified as enabling strategic agility (Doz & Kosonen, 2007; Doz & Kosonen, 2010; Ivory & Brooks, 2018). Strategic sensitivity refers to a high level of alertness and dialogues, noticing opportunities for development and growth;

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1 Related gray literature refers to a range of terms including a skills-first approach (World Economic Forum, 2023), skills-based approach (McKinsey, 2022), and skills-based organizations (Deloitte, 2022). As our focus lies on talent management and as we draw on matching theory (Weller et al., 2019), we are referring to a skills-matching perspective on talent management throughout this article.
collective commitment relates to leadership unity to make and implement strategic decisions; and resource fluidity refers to the ability to rapidly redeploy resources (Doz, 2020).

In an HR context, Nijssen and Paauwe (2012) proposed three capabilities for strategic agility, including workforce scalability, fast organizational learning, and a highly adaptable organizational infrastructure. Workforce scalability refers to a firm’s capacity to keep its HR aligned with changing business needs by rapidly changing its workforce composition (Dyer & Erickson, 2006); fast organizational learning relates to sensing of the market externally and embedding learning internally which focuses on knowledge creation, sharing, and application (Dyer & Shafer, 2003); and a highly adaptable organizational infrastructure (Mintzberg, 1992) facilitates the coordination and integration of various HR activities and the deployment of resources. Further conceptual studies have focused on, for example, employees’ entrepreneurial behaviors as drivers of strategic agility (Xing et al., 2020), organizations nourishing improvisational capabilities through HRM practices (Cunha et al., 2020), the impact of institutional contexts in shaping HR strategies and strategic agility (Cumming et al., 2020), and the contribution of executives’ behaviors and practices to strategic agility (Doz, 2020).

Recently, Harsch and Festing (2020) also adopted a capabilities lens to assert, in line with Collings et al. (2019), that talent management itself can be a dynamic capability. Harsch and Festing (2020) distinguish between three talent management approaches which foster strategic agility and appear to be linked to firm-level characteristics. The “individualized approach” is characterized by flat hierarchies, a high degree of autonomy, and flexibility; the “paternalistic approach” emphasizes cooperation and a hands-on mentality; and the “sophisticated approach” is characterized by rigid structures and processes but showing efforts to develop strategic agility. The authors developed a framework to explain the underlying talent management processes that may foster strategic agility. We similarly adopt a processual view on talent management, but focus on a skills-matching perspective.

2.2 A skills-matching perspective on talent management

Matching can be defined as “the process by which individuals are dynamically aligned with organizations and the situations (roles, jobs, tasks, etc.) within them” (Weller et al., 2019, p. 189). An individual can potentially be matched in terms of a range of cognitive and noncognitive components, including knowledge, skills, abilities, and other characteristics (Ployhart & Moliterno, 2011). The matching process can take place in both external and internal labor markets, and the quality of a match is determined by the degree of compatibility between the person and the environment and its demands (Kristof-Brown et al., 2005). Ultimately, the person-environment fit literature explains that strong fit indicates high-quality matches (for an overview, see Edwards, 2008). High quality matches achieved through the matching process can create positive outcomes for both individuals and organizations. At an individual level, match quality positively relates to job satisfaction, performance, and reduced stress and turnover (Kristof-Brown et al., 2005). At an organizational level, matching can increase flexibility (Wright & Snell, 1998) and enhance human capital resources (Ployhart et al., 2014).

Traditionally, matching has focused on matching individuals to fixed roles, often conceptualized through the attraction-selection-attrition model (Schneider et al., 1995). Building on this, the dynamic matching lifecycle model (Weller et al., 2019) provides a more holistic view incorporating two core mechanisms: initial matching and dynamic matching. Initial matching refers to the selection stage where matches are created through recruitment and hiring; dynamic matching refers to subsequent adaptations through development and reconfiguration utilizing vertical or horizontal mobility, as well as the termination stage (Weller et al., 2019). Thus, the model encompasses a bundle of HR practices and adopts a HR systems perspective (Chadwick, 2010). Weller et al. (2019) outline four assumptions underlying dynamic matching scenarios: first, individuals and organizations are heterogeneous and therefore cannot be randomly selected (Lazear & Oyer, 2013); second, there is a nested heterogeneity given the multidimensionality of employees and organizations—employees have varying knowledge, skills, and abilities, and organizations have varying jobs, roles, and tasks (Felin & Hesterly, 2007; Ployhart & Moliterno, 2011); third, matches are considered unstable as they occur in a particular context and situations are likely to change (Weller et al., 2019); and fourth, matches are impacted by the limited information available or by opportunistic behaviors (Bangerter et al., 2012).

For the purpose of this article, we focus on skills-matching which emerged as central in our data analysis. Building on Weller et al. (2019), we define skills-matching as the process by which individuals’ skillsets are dynamically aligned with organizations’ skill needs. In addition, we distinguish between two core mechanisms: initial skills-matching takes place through the external labor market while dynamic skills-matching takes place through the internal labor market. The OECD (2019, p. 2) describes skills as “the ability and capacity to carry out processes and be able to use one’s knowledge in a responsible way to achieve a goal.” Adopting a human capital resource lens, Ployhart and Moliterno (2011, p. 134) define skills as the “capacity to learn more information or learn information more quickly. [...] They are tied to generic domains reflecting much of what is learned through formal education or experience.” Notably, while skills are broadly tied to generic domains, they can also be context-specific, for example, when navigating an organization’s political landscape (Ployhart & Moliterno, 2011). While skills is certainly not a new term in the talent management field, it has, perhaps surprisingly, played a less substantial role in the discourse and has been generally considered in the context of other cognitive and noncognitive components (e.g., Gallardo-Gallardo et al., 2013; Jooss et al., 2021). For example, when considering the meaning of talent, Silzer and Dowell (2009) note the importance of systematically developed knowledge, skills, and abilities. Similarly, when referring to leadership potential, Dries and Pepermans (2012) identified analytical skills as one of four categories. However, more focused discussions around skills-matching are limited in the talent management literature, despite an ongoing emphasis on prioritization of talent development (Lazarova et al., 2023; Meyers et al., 2020). This could potentially be explained by the shift in focus from conventional job differentiation in terms of inputs (including skills) toward outputs, particularly variation in performance (Huselid et al., 2005).
In contrast, wider HR literature has examined the HR implications of a focus on skills (Chalutz-Ben Gal, 2023; Lawler & Ledford, 1992). For example, over the last two decades, skill-based compensation has gained traction (e.g., Dierdorff & Surface, 2008; Murray & Gerhart, 1998) and skill-oriented HR practices were found to have a positive impact on well-being (Okay-Somerville & Scholarios, 2019).

We argue that the limited engagement with the skills agenda in the talent management literature to date is a shortcoming and is misaligned with emerging skill priorities in organizations (see e.g., Ammerman et al., 2023; Collings & McMackin, 2023; Deloitte, 2022). For example, the World Economic Forum (2020) estimates that 50% of all employees will need reskilling by 2025 and 40% of current workers' core skills are expected to change in the next 5 years (see also Collings & McMackin, 2021). Moreover, a recent survey found that executives believe that organizations are more likely to place talent effectively, have a reputation as a great place to grow and develop, and retain high performers when focusing on skills (Deloitte, 2022). This substantiates the need to apply a skills-matching perspective on talent management.

3 | METHODOLOGY

3.1 | Research design

Our qualitative research design sought to explore how organizations refined their talent management approaches to foster strategic agility in light of the current exogenous challenges. As such, this was an exploratory study on a novel phenomenon in a disruptive context, focused on the link between talent management and strategic agility. The qualitative design allowed us to garner rich insights into a range of talent management strategies and practices and foster “new ways of seeing” (Shaw et al., 2017, p. 397). It also provided us with the flexibility to refine our focus as new insights emerged, and provided us with an opportunity to engage in theory elaboration to understand underlying processes which may explain the link between talent management and strategic agility. Ultimately, the qualitative nature of our research helped to gain a more nuanced understanding of the phenomenon of interest, talent management (Fisher et al., 2021).

This study formed part of a larger project on the future of global staffing. Consequently, the 15 participating organizations were large multinational enterprises which conducted business globally with presence in 15–200 countries. These firms were headquartered in Asia (China); Europe (Germany, Ireland, Switzerland, the Netherlands, United Kingdom); and the Americas (United States), and operated in a range of sectors including communications, consumer discretionary, consumer staples, energy, healthcare, and technology. The organizations’ global workforce ranged from 9000 employees to over 300,000 employees. Table 1 provides an overview of the organizations including sector, location of headquarters, number of countries operating in, and number of employees. All firms had dedicated talent functions or professionals and adopted talent management processes and practices with differentiated investment to identify, develop, and retain talent in key positions.

3.2 | Data collection

We conducted 34 in-depth interviews with senior HR leaders. In our sample, we focused on elite informants, that is, those in the upper echelon of organizations (Solarino & Aguinis, 2021), as they have

<table>
<thead>
<tr>
<th>Firm</th>
<th>Sector</th>
<th>Headquarters</th>
<th>Countries</th>
<th>Employees</th>
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</thead>
<tbody>
<tr>
<td>Co1</td>
<td>Healthcare</td>
<td>United States</td>
<td>25–50</td>
<td>&gt;10,000</td>
</tr>
<tr>
<td>Co2</td>
<td>Healthcare</td>
<td>United States</td>
<td>25–50</td>
<td>&gt;100,000</td>
</tr>
<tr>
<td>Co3</td>
<td>Healthcare</td>
<td>United States</td>
<td>10–25</td>
<td>&gt;50,000</td>
</tr>
<tr>
<td>Co4</td>
<td>Healthcare</td>
<td>Switzerland</td>
<td>150–200</td>
<td>&gt;100,000</td>
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<td>Co5</td>
<td>Consumer discretionary</td>
<td>China</td>
<td>25–50</td>
<td>&gt;10,000</td>
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<tr>
<td>Co6</td>
<td>Healthcare</td>
<td>Germany</td>
<td>50–100</td>
<td>&gt;10,000</td>
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<td>Co7</td>
<td>Energy</td>
<td>The Netherlands</td>
<td>50–100</td>
<td>&gt;50,000</td>
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<tr>
<td>Co8</td>
<td>Consumer discretionary</td>
<td>The Netherlands</td>
<td>25–50</td>
<td>&gt;200,000</td>
</tr>
<tr>
<td>Co9</td>
<td>Healthcare</td>
<td>United States</td>
<td>100–150</td>
<td>&gt;10,000</td>
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<tr>
<td>Co10</td>
<td>Technology</td>
<td>United States</td>
<td>150–200</td>
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<tr>
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<td>Consumer staples</td>
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<td>200–250</td>
<td>&gt;300,000</td>
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<tr>
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<td>Healthcare</td>
<td>Ireland</td>
<td>25–50</td>
<td>&gt;5,000</td>
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<td>Co13</td>
<td>Consumer discretionary</td>
<td>Ireland</td>
<td>25–50</td>
<td>&gt;150,000</td>
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<tr>
<td>Co14</td>
<td>Healthcare</td>
<td>United States</td>
<td>50–100</td>
<td>&gt;50,000</td>
</tr>
<tr>
<td>Co15</td>
<td>Communications</td>
<td>United Kingdom</td>
<td>10–25</td>
<td>&gt;50,000</td>
</tr>
</tbody>
</table>

2Our sample size is consistent with other qualitative research studies published in Human Resource Management and other leading HR and management journals. Specifically, the sample size aligns with the general norms in terms of the chosen qualitative interview type, broad characteristics of the population, and approach to analysis (Saunders & Townsend, 2016).
extensive and often exclusive information on key strategic priorities and challenges (Aguinis & Solarino, 2019). The interviewees’ seniority was important (Saunders & Townsend, 2016) to get insights on both business and HR strategies as well as specific talent management practices. These elite informants were personal contacts who were approached via LinkedIn and email to participate in the study. In each organization, our personal contact acted as a gatekeeper to identify other participants. In six firms, we conducted three interviews; in six firms, we conducted two interviews; and in three firms, we conducted one interview (see Table 2 for an overview). Given the focus on global staffing in the larger research project from which this article draws, we sought a combination of interviewees employed in senior roles in talent management, talent acquisition, mobility, or HR, and their titles included Director, Vice President (VP), and Senior VP. Interviewees were chosen from these areas because talent acquisition and development as well as deployment through global mobility are core considerations in organizational approaches to global staffing. The diversity in our sample in terms of nationalities and industries increases complexity and limits in-depth knowledge of a particular group or industry. We acknowledge that the uneven distribution of interviewees across firms may create a risk of bias and that there are likely variances across operating countries of the organizations, for example, in terms of country-specific skill requirements; however, we focused particularly on organization-wide talent management. Moreover, we assert

### Table 2: Interviewees.

<table>
<thead>
<tr>
<th>Firm</th>
<th>Position</th>
<th>Country</th>
<th>Gender</th>
<th>Years in firm</th>
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<tbody>
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<td>10</td>
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<td>Senior HR Director</td>
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<td>Director Talent Management</td>
<td>United States</td>
<td>F</td>
<td>7</td>
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<td>Director Global Mobility</td>
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<td>F</td>
<td>10</td>
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<td>Head of HR Europe, Middle East, and Africa</td>
<td>Germany</td>
<td>M</td>
<td>12</td>
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<tr>
<td>Co3</td>
<td>VP Talent and Succession</td>
<td>United States</td>
<td>F</td>
<td>6</td>
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<td>Co3</td>
<td>Head of Talent Management Europe</td>
<td>United Kingdom</td>
<td>M</td>
<td>3</td>
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<tr>
<td>Co3</td>
<td>Head of Global Talent Acquisition</td>
<td>Switzerland</td>
<td>F</td>
<td>10</td>
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<td>Co4</td>
<td>Head of Global Mobility</td>
<td>Switzerland</td>
<td>F</td>
<td>5</td>
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<td>VP HR, Global Head of Talent</td>
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<td>Co4</td>
<td>VP Organizational Development</td>
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<td>Director of Global Talent Acquisition</td>
<td>China</td>
<td>F</td>
<td>2</td>
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<td>Co6</td>
<td>Head of People Development</td>
<td>Germany</td>
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<td>Co6</td>
<td>Senior Manager Global Assignments</td>
<td>Germany</td>
<td>F</td>
<td>4</td>
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<td>Co6</td>
<td>Head of Shared Services North America</td>
<td>United States</td>
<td>M</td>
<td>5</td>
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<td>Co7</td>
<td>VP Talent Strategy and Excellence</td>
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<td>Senior Director Global Talent Management</td>
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<td>F</td>
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<tr>
<td>Co15</td>
<td>Director Global Talent, Capabilities, and Organizational</td>
<td>United Kingdom</td>
<td>M</td>
<td>20</td>
</tr>
<tr>
<td>Co15</td>
<td>Deputy Group Reward Director</td>
<td>United Kingdom</td>
<td>M</td>
<td>15</td>
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</table>
that our diverse sample can increase generalizability to theory by providing a broader range of perspectives and more nuanced findings, and it improves external validity since it reflects the heterogeneity of the population studied.

The interview questions focused on a range of strategic and operational HR and talent management topics, including the formulation and operationalization of business, HR, staffing, and talent strategies. Thus, we did not ask questions on skills-matching or strategic agility but rather these emerged as salient themes through our data analysis. Overall, we aimed for breadth over depth in our semistructured interview guide (see Appendix A). We asked, for example, how COVID-19 impacted organizations. Has it shifted strategic business priorities? What are the key priorities and changes for HR functions and what has influenced these changes? What is your approach to global staffing? Tell us about how you fill key roles in headquarters and subsidiary operations? What makes your current approach to global staffing fit for purpose? To what extent do you coordinate with talent management when filling key roles? The approach allowed flexibility to probe interviewees on themes or topics that emerged in interviews. The interviews were conducted between March 2021 and November 2021, lasted on average 47 min, and were recorded and transcribed verbatim.

### 3.3 Data analysis

We adopted an abductive approach to our analysis in building novel theoretical insights (Grodal et al., 2021). Specifically, we embraced a phenomenon-based mode of theorizing (Fisher et al., 2021). First, we defined our study phenomenon, that is, talent management. Second, we familiarized ourselves with the interview transcripts and developed initial open codes reflecting the language used in the organizations (Braun et al., 2022). We approached the data analysis as an open-ended discovery process. While we started with broad theoretical sensitivity from the literature on talent management, we allowed for insights to emerge from the data (Setré & Van de Ven, 2021). Third, in an iterative process between data and literature (Locke et al., 2022), we identified a skills-matching perspective on talent management as the most salient theme in our data. Thus, by “focusing on puzzles” (Grodal et al., 2021, p. 597), we moved from an initial broader focus to a narrow focus of study. Fourth, we connected our salient theme with theory (Bamberger, 2018), that is, we drew on matching theory (Weller et al., 2019), to understand the skills-matching process. Fifth, we advanced matching theory, explaining how a skills-matching perspective on talent management can foster strategic agility. To do so, we adopted an agility lens (Doz, 2020) which acted as a guiding logic to understand how strategic agility was enabled.

Table 3 presents our coding structure. As a result of “constant iteration” (Fisher et al., 2021, p. 637), we developed three skills-matching categories including (1) skills-matching perspective, (2) initial skills-matching in the external labor market, and (3) dynamic skills-matching in the internal labor market. These categories are the building blocks of our findings section. Within each category, we then identified a range of skills-matching efforts and several enabling behaviors and conditions. We also identified a set of dynamic capabilities, underlying two meta-capabilities, strategic sensitivity and resource fluidity (Doz, 2020), which were built through the skills-matching process. Dynamic capabilities of strategic sensitivity included (a) alertness, (b) opportunity seeking, (c) early pattern recognition, (d) out-of-the-box thinking, and (e) contextual understanding. Dynamic capabilities of resource fluidity included (a) interdependency awareness, (b) multidimensional processes, and (c) adaptive learning approaches.

## 4 FINDINGS

### 4.1 A skills-matching perspective on talent management

The firms in our sample had established a range of talent management processes and practices, and identifying, developing, and retaining talent was viewed as a core HR priority, being “absolutely top of the agenda” (Global Head of Talent, Co12). Core talent philosophies and strategies were largely unchanged despite COVID-19. However, the pandemic impacted talent supply and demand through short-term restrictions and changing business requirements (e.g., high demand in the healthcare sector and low demand in the hospitality sector). Several participants reflected on the need to become more agile across the wider talent function and identified “a huge pressure on prioritization, standardization, and simplification” (Director Global Talent, Capabilities, and Organizational Development, Co15).

A salient theme that emerged from our data across many firms was a focus on skills in talent management in response to the demands of the changing nature of work. There was a widespread recognition of skill demand and supply, building alertness capability. For example, one participant noted that as a “research, knowledge, IP driven business, knowledge and skills are really critical for us” (VP HR, Global Head of Talent, Co4). Similarly, another participant referred to “a particular need for highly skilled, high intellect people” (Global Head of Talent, Co12). A number of firms in our sample were developing a more proactive approach to skill management, including reference to automation and digitalization. The pandemic was perceived as having accelerated digital adoption, facilitating organizational transformations and requiring new skillsets (e.g., Global Head of Talent Management, Co8; Head of Talent Acquisition, Co9; Director Global Talent, Capabilities, and Organizational Development, Co15). It was noted that “a more dynamic approach to our skillful management” was needed to “ensure individuals are continually upskilling, reskilling, and learning” (VP Talent Strategy and Excellence, Co7). Importantly, these skill management efforts were aligned with wider business strategy and vision. For example, one participant noted that they wanted to “change the proportion of revenue that comes from non-automotive. Does that require a different capability set and are there different types of commercial partnerships in that space that we maybe are not attuned to now?”
<table>
<thead>
<tr>
<th>Skills-matching categories</th>
<th>Skills-matching efforts</th>
<th>Enabling behaviors and conditions</th>
<th>Dynamic capabilities for strategic agility</th>
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</thead>
<tbody>
<tr>
<td><strong>Skills-matching perspective</strong></td>
<td>Recognition of skill demand and supply</td>
<td>- Identify critical role of skills for the organization&lt;br&gt;- Build a proactive approach to skill management&lt;br&gt;- Align with wider business strategy and vision</td>
<td>Alertness</td>
</tr>
<tr>
<td><strong>Initial skills-matching in the external labor market</strong></td>
<td>Investment in in-demand skills</td>
<td>- Address internal skills gaps&lt;br&gt;- Utilize a differentiated investment approach&lt;br&gt;- Gather information proactively via market mapping&lt;br&gt;- Develop branding to attract nonindustry talent</td>
<td>Opportunity seeking</td>
</tr>
<tr>
<td><strong>Shifting focus from jobs to skills</strong></td>
<td></td>
<td>- Establish skills taxonomies&lt;br&gt;- Consider impact on recruitment for entry routes&lt;br&gt;- Adapt job profiles toward skill focus&lt;br&gt;- Relate skill requirements to business objectives</td>
<td>Early pattern recognition</td>
</tr>
<tr>
<td><strong>Creating new roles</strong></td>
<td></td>
<td>- Develop new roles organically to fit business needs&lt;br&gt;- Establish new roles to retain staff with key skillsets</td>
<td>Out-of-the-box thinking</td>
</tr>
<tr>
<td><strong>Boundary conditions</strong></td>
<td></td>
<td>- Structure of talent acquisition function&lt;br&gt;- Integration of skills with leadership framework&lt;br&gt;- Current skillset versus ability to learn new skills</td>
<td>Contextual understanding</td>
</tr>
<tr>
<td><strong>Dynamic skills-matching in the internal labor market</strong></td>
<td>Flexible talent allocation</td>
<td>- Utilize more internal gig projects to deploy talent&lt;br&gt;- Become more networked as an organization&lt;br&gt;- React rapidly to supply and demand changes&lt;br&gt;- Merge roles and broaden people’s capabilities</td>
<td>Interdependency awareness</td>
</tr>
<tr>
<td><strong>Increased transparency and empowerment</strong></td>
<td></td>
<td>- Extend visibility across the organization&lt;br&gt;- Add transparency to opportunities available&lt;br&gt;- Empower individuals to own their career&lt;br&gt;- Expand knowledge on individuals’ skillsets</td>
<td>Multidimensional processes</td>
</tr>
<tr>
<td><strong>Continuous learning and development</strong></td>
<td></td>
<td>- Encourage learning-by-doing via projects&lt;br&gt;- Foster upskilling and reskilling initiatives&lt;br&gt;- Establish culture of continuous learning&lt;br&gt;- Become more adaptable; less reliance on forecasting</td>
<td>Adaptive learning approaches</td>
</tr>
<tr>
<td><strong>Boundary conditions</strong></td>
<td></td>
<td>- Aligned frameworks and structures&lt;br&gt;- Clarity around how skills are defined&lt;br&gt;- Coexistence of talent management and marketplaces&lt;br&gt;- Limitations of deconstructing a job across contexts</td>
<td>Contextual understanding</td>
</tr>
</tbody>
</table>
(Director of Talent and Organizational Development, Co13). Similarly, other firms aimed to strengthen their strategic alignment and illustrated the link between business model transformation and skillsets, requiring skills-matching in external and internal labor markets.

“…A lot of the key roles may have capability requirements that not only do we not have them, but they might not even be in the market yet. There will be a bigger focus for us looking to our Head of Strategy, someone we should have tied into our capability conversation” (Director of Talent and Organizational Development, Co13).

“We look at the business strategy, the new skillsets that are emerging and also some of the skillsets which may become legacy skillsets in the future but also which can be transitioned into the new skills that are required. We look quite strategically at the transition from one business model to another and what those skill adjacencies are within that to really be clear to what that means on a skill pool basis” (VP Global Integrated Resourcing, Co7).

4.2 Initial skills-matching in the external labor market

Turning to the external labor market, a core focus in our firms was an initial skills-matching perspective on talent management. In doing so, we found evidence of agility through (1) increasing investment in in-demand skills, (2) a shift in focus from jobs to skills, and (3) the creation of new roles.

First, increasing investment in in-demand skills was referred to as a key priority for talent functions, building opportunity seeking capability. Participants reflected on the need to rapidly fill internal skills gaps, particularly for key roles and executive roles and in situations where the organization was experiencing significant growth, for example, through acquisitions and mergers; “we cannot wait, which is a terrible thing to say, for those people who are good and younger and further back; we cannot expedite them quickly enough” (Global Head of Talent, Co12).

“When opening executive roles, there are several principles that we have in mind. One consideration is around bringing in new capabilities that we do not already have. Biopharma is really a critical capability as we think about our oncology work. We want to make sure we are bringing in new capabilities that will help our future biopharma, a lot of data insights and technology are new capabilities that we probably do not have enough of” (VP Talent and Succession, Co3).

Participants considered a few potential ways to facilitate the investment in in-demand skills. This included a differentiated approach with significantly more resources invested in workforce planning, talent acquisition, and compensation for individuals with the required skillsets—“depending on the region, needs, and obviously different functions and subfunctions with certain skills. For example, e-commerce, anything that is future facing, digital, supply chain reimagining, for all of those types of skills” (Senior Director Global Talent Management, Co11). In addition, a number of talent functions had become much more sophisticated in their workforce planning efforts, gathering information about skills availability proactively through market mapping; “We know what our customers are doing, tracking them, watching them, seeing what is coming up next, gathering market intelligence, looking at our competitors; we spend a lot of time looking at them. Now, we need to do exactly the same thing with talent” (Global Head of Talent, Co12). Indeed, this increasing focus on external skills data is reflective of a more proactive talent planning strategy in terms of predicting future skills needs.

Finally, participants flagged the need to develop branding strategies to attract nonindustry talent with transferable skills. This was a particular priority for some healthcare firms in our sample who were “in a unique position to really serve science through the entire pandemic” and therefore “actually had high growth and going from a few hundred to maybe thousands of employees very quickly” in some sites (Director Talent Management, Co2). Other firms expressed the need for more digital and technology capabilities in their organizations which required talent functions to search outside their core industry.

“We just identified that we do not have that bench strength within for digital and tech capabilities; and frankly, we are in Silicon Valley where we have a lot of great talent for that. Now that talent needs to see us, not only as a biotech company but as a technology or digital capabilities company in order to really attract them. So we are thinking about those strategies” (Head of Talent Acquisition, Co9).

Second, a shift in focus from jobs to skills was highlighted by some firms in our sample, building early pattern recognition capability. Various talent functions were in the process of establishing a skills taxonomy, that is, a system which classifies skills across the organization, to move toward staffing for skills rather than jobs. While the former assigns tasks primarily based on an individual’s skills, the latter generally focuses on a wider set of duties, responsibilities, and requirements for a job. However, while there appeared to be strong collective commitment toward this change in some firms, it was noted that this continues to be an early stage of transition for the firms as “many of our constructs are around jobs with traditional job evaluation, job families, etc., and we do not yet have the technology which enables us to take a skills perspective” (VP Global Integrated Resourcing, Co7). Another participant highlighted that “the big piece that will impact us are systems and how we are using them, so that we can use this wealth of information that we will have” (Global Head of Talent, Co12). Managing the increased fluidity and dynamism that a skills orientation entails may become a key challenge for organizations. Thus, technology and data
analytics are likely critical enablers of skills-matching to be able to use its potential. Our participants also considered the impact on entry pathways in recruitment as part of the shift toward skills. For example, firms strengthened collaborations with universities and apprenticeship programmes to develop in-demand skills: “We partner with a local university to give people technical skills to get prepared and ramped up” (Director Talent Management, Co2). However, the need to be cautious of the impact that breaking down jobs into skills may have on talent management was also noted. Specifically, while a skills focus provides the ability to react dynamically to changing business needs, a role focus allows for some stability, for example, in terms of entry and career opportunities in the organization.

“As you break jobs down into the constituent parts to reconstitute them into new jobs, what is the impact on our ability to recruit and develop diverse talents? You want a number of roles to act as entry routes – from a talent perspective, from a fence line, community perspective. It is about helping us to maximize some of the benefits of where the future of work may go, but also staying wise and savvy to the fact that you do not push it to the end degree” (VP Talent Strategy and Excellence, Co7).

In addition, talent functions have started to adapt job profiles toward a skill focus. This included conversations with hiring and line managers to understand key skillsets for a role and adapting traditional job descriptions with an increasing focus on skills over experience and qualification. Some participants noted the importance of linking skillsets with key business objectives in a particular context rather than utilizing generic job descriptions; “we first identify what are the three key business objectives of this role and then we think about what are the key competencies that would help to deliver on those business outcomes” (Director of Global Talent Acquisition, Co5).

“We match individuals with jobs by getting really clear on what are those true skills and capabilities that are needed. We get really specific with our managers to say, ‘what are the non-negotiables and what are the negotiables,’ whereas before, with our job descriptions it was like, these are the nine hundred things that you need to come with. No, what are the three or four things that are critical for this role?” (Head of Talent Acquisition, Co9).

Third, the creation of new roles was a practice that several talent functions considered, building out-of-the-box thinking capability. This included developing new roles organically to fit business needs and establishing new roles to retain individuals with key skillsets. “Our organization changes shape a lot, between acquisitions and changes in structure, so we do organic changes sometimes to create leadership positions” (Senior VP Global Talent Management, Co11).

“If a person is really talented, they create their own role. In our talent management, there are opportunities to create a role that does not exist at the moment. For example, we have a very bright guy, we got him involved in logistics distribution, so from manufacturing to a different skillset, and he thrived on it” (VP HR, Co1).

While the aspects discussed above present three examples of agility (investment in in-demand skills, shifting focus from jobs to skills, creating new roles), several participants also noted some boundary conditions to initial skills-matching, building capability in contextual understanding. For example, in relation to the structure of the talent acquisition function, it was noted that a global perspective on skills combined with local decision-making capacity was required; “our businesses are so diversified; it is critical that locally, they can move quickly and that the beast that sort of watches the whole thing at the top is not slowing them down” (Global Head of Talent, Co12). Moreover, participants reflected on the need for a structure that aligns with skill demands globally:

“We have a regional set-up within talent acquisition, with the exception of one function, which is digital/IT. They look globally at all tech skills in the future. Talent is not just local in most instances. We say, do we also move to a more functional alignment first for other skills, and then looking at it more functional-global as opposed to local” (Head of Global Talent Acquisition, Co4)?

Another boundary condition referred to was not limiting hiring to current skillsets. Some participants noted that skills are not stable. Thus, if people have a longer tenure within the organization, talent functions “should not only hire for today’s skills, but also hire for the ability to acquire and learn new skills” (VP HR, Global Head of Talent, Co4). In this context, learning agility and IQ as signposts of potential were flagged as important. Moreover, participants noted the need for better integration of skills themes with existing leadership frameworks.

“We have our leadership framework, our competencies, values, and behaviours. When we are assessing people, we are not assessing them on technical fit. But it is then adding skills to that. Skills is something that we do not have a common language across the enterprise at all. It is going to be critical that we have a very clear framework for skills” (Head of Global Talent Acquisition, Co4).

4.3 Dynamic skills-matching in the internal labor market

Within the internal labor market, a core focus in our firms was on increased mobility. In addition to vertical mobility (promotions), we found efforts to increase horizontal mobility (transfers within the
same hierarchical level. To enable this mobility, talent management functions adopted a skills-matching perspective and several firms invested in a skills-based internal talent marketplace. In doing so, we found evidence of agility through (1) more flexible talent allocation, (2) increased transparency and empowerment, and (3) continuous learning and development.

First, more flexible talent allocation was reported as being particularly important for greater levels of agility, building interdependency awareness capability. For instance, several organizations noted an increasing need for internal gig-projects instead of external sourcing: “We tend to spend a lot of money on contractors or consultants doing these projects, so there is also a financial incentive for us” (VP Talent Strategy and Excellence, Co7). However, by focusing on skills-matching within the firms, these firms sought more flexible allocation of resources internally which allowed the organization to deploy talent more quickly, become more networked as an organization, and operate more cost-effectively:

“You also see a lot of agility, people with project work, in this internal labor market. We want to foster it even more because we see just a higher degree for the fluidity of talent and new opportunities. That is clearly a trend and I would say it is going to increase by probably 5% or so on an annual basis. And I would rather see it to accelerate in the coming years” (VP HR, Global Head of Talent, Co4).

In addition, flexible talent allocation also allowed talent functions to react to supply and demand changes as a result of the COVID-19 pandemic. Specifically, participants reported an increased focus on transferable skills to enable movement of employees from lower-demand business areas into higher-demand areas. This was particularly evident in the healthcare organizations in our sample, which tended to have a wide portfolio of products with significantly varying demands. Decisions on transferability were made based on skillsets of employees with some (e.g., quality, regulatory, IT) being identified as relatively more transferable across the wider organization. It also led to talent functions questioning their traditional resourcing approaches.

“Managing employees who are working in product portfolios that are no longer in demand brings about questions about [...] what are we going to do to keep them occupied, can they transfer into other parts of the business, what is their skillset? And frankly, do we need to resource this area in the same way that we have been doing all along. If you are working in a role, maybe you can switch and transfer your skillset from one product portfolio into another” (VP Global Talent Development, Co1).

Other firms that were severely affected by COVID-19, for example, in the hospitality sector, merged some roles with transferable skillsets, developing a system of greater flexibility. For example, “where employees were working in one restaurant, now colleagues are working across restaurants, so they have that level of flexibility and I think that will remain” (VP Organizational Development, Co5). Pre-COVID-19 this was not a common practice as the various Food and Beverage outlets (e.g., fine-dining, brasserie, speciality restaurant, etc.) had their assigned staff. However, the hospitality firm recognized the transferability of these skills despite the unique features of each outlet. Another organization broadened employees’ skills to allocate talent more flexibly to areas of high impact needs, and in doing so strengthened links from talent strategy to strategic imperatives, while demonstrating leadership unity across the organization.

“We have broadened people’s capabilities so that they can flow more to where the high impact needs are across the organization. Where you used to have a siloed role, we say, you have a capability that can go to multiple customers, so that we are not in this reactive scramble that we were before. And also where our people could not really connect the dots to broader thinking and acting in a way that really was beneficial to our organization” (Head of Talent Acquisition, Co9).

Second, increased transparency and empowerment across the organization was highlighted as a priority for the talent function, building multi-dimensional processes capability. Some firms discussed talent with a particular skillset, for example, when discussing project needs during leadership meetings, “that starts to create conversations and opportunities, and it is pretty easy to say, hey, I have got a project that I could really do with that person’s capabilities” (Head of Talent Management Europe, Co3). Several individuals reflected on the need to address “poor internal visibility” for employees, particularly outside their core function (Director of Talent and Organizational Development, Co13). In this regard, some organizations experimented with AI-based ‘internal talent marketplaces’—internal digital platforms which match individuals’ skill-sets with work opportunities (tasks, projects, jobs). Such platforms empowered employees to find opportunities and also increased their awareness of skill needs for various projects or roles. As opportunities are pushed to employees rather than being identified through a job search or informal connections, it was a shift in the way the talent functions operated and for organizations “a culture change more than anything else” (Senior VP Global Talent Management, Co11).

“We tell employees to be owners of their career, but they felt they do not have enough transparency and enough levers to press in order to actually do that. It is really about adding that transparency and improving the experience that way and giving employees a bit more of almost a codification of what skills are relevant to different roles that are not necessarily buried in job descriptions” (Senior Director Global Talent Management, Co11).

“We listened to associates and 80% said they struggled to find opportunities in areas outside of their own function or geography; they also say their quality of
their talent management and the conversation depends a lot on their manager, so there is a huge reliance on them; finally, it is also around access to opportunities, understanding what skills they need in the future to remain relevant and have access to better opportunities” (VP HR, Global Head of Talent, Co4).

Third, continuous learning and development through internal mobility was a core priority for talent functions, building adaptive learning approaches capability. As with transparency and empowerment, the critical role of the internal talent marketplace in facilitating continuous learning and development was noted in several firms, as was the importance of skillsets to match with appropriate learning opportunities. Participants highlighted the potential of the talent marketplace in allowing individuals to apply acquired learning and engage in learning-by-doing, giving them an opportunity to develop new skills. Our interviewees referred to changing skillsets and the need to establish a culture of continuous learning. They hypothesized the need for greater levels of agility, emphasizing upskilling, and reskilling of the workforce rather than relying on forecasting needs.

“The strength of our model has been around skilful management to look horizontally across businesses and to be able to move people around; that remains. However, with the dropping half-life of skills we need to essentially become more agile. In the past, we used to try and predict the future based on project demand and growth; that was almost invariably wrong, a complete waste of time, and led to boom-and-bust hiring. We have very much come to the view that it is not about predicting the future and it is not about waterfalls. We have to have a model which is more adaptive to the future” (VP Talent Strategy and Excellence, Co7).

While the discussion above presents three examples of agility (flexible talent allocation, increased transparency and empowerment, continuous learning and development), some participants also noted boundary conditions around dynamic skills-matching, building capability in contextual understanding. These included the importance of aligned frameworks and structures to reflect a skills-matching perspective on talent management. For instance, it was noted that most vertical mobility (promotions) still followed the traditional career path model: “I do not think we have systematically rethought how we need to change our talent development approach, it has been a very standard career path” (Head of Global Mobility, Co4). Participants also highlighted the need for clarity around how skills are defined and assessed and to ensure awareness among employees of their own skillsets through conversations with managers and 360° feedback. In addition, some interviewees noted the need to move away from static organizational designs toward more fluid skills-based work.

“It is imperative to be clear on what skills and capabilities are required, and as leaders to actively engage with employees on what skills and capabilities they possess. We are saying, ‘work with your manager and your own self-reflection.’ We also do 360 feedback. I think it is a real expectation of our employees to be able to articulate their strengths” (Head of Talent Acquisition, Co9).

“We really want to transition to a place where we pay for skills rather than being focused on a more static organization design. You have got more fluidity but actually deploying people to have impact, we are not there yet, just in terms of our structures. I almost see it developing through natural teams as the accelerator rather than through the structural shift. Because it just starts to naturally break down silos which may exist today and get people working together” (VP Global Integrated Resourcing, Co7).

An additional concern expressed by some participants was the coexistence of more traditional forms of talent management with more planned “slotting” of individuals into roles based on a predetermined succession plan, versus “posting” opportunities through a skills-based internal talent marketplace (Keller, 2018). Most participants agreed that talent management was more deterministic for more senior organizational roles with more fluidity and choice at lower levels in the organization. Moreover, a few participants noted that deconstructing jobs was not really feasible for their front-line workers, emphasizing the continuing relevance of other talent constructs such as potential.

“One of the big questions we have is, can a talent marketplace and talent management coexist? And of course it can, we will make it work, but the reality is, if you listen to Gloat and some of the folks like Boudreau, Bersin, and Goldberg, if you push it all the way, it completely eliminates the idea of staffing for jobs and succession planning, and it goes instead to this world of all skill based and things just come together and who cares about potential because it is really skill and not potential. It would be chaos for an organization like ours. We are a machine and we cannot have jobs deconstructing. At least in the front line, there is no leeway. Every minute in this is sale lost for us” (Senior VP Global Talent Management, Co11).

“At the very top level, you are probably looking towards slotting, there are specific experiences that people need to get them ready for the next jump. That is a little bit more managed. I would see that probably as the easier part. The posting stuff is about creating an approach where everybody can see everything, around equity and fairness, and making sure that people are aware of the landscape but I suspect that the two will have to cooperate” (Director of Talent and OD, Co13).
Overall, our findings indicate that organizations have engaged in a range of initial skills-matching efforts in the external labor market as well as dynamic skills-matching efforts in the internal labor market. We also note that many firms are at an early stage of adoption, and experimentation continues with boundary conditions and wider talent implications still unfolding.

5 | DISCUSSION

This article set out to understand how organizations refined their talent management to foster the development of strategic agility in light of current exogenous challenges. Utilizing an abductive research approach, we identified a skills-matching perspective on talent management as our salient theme. Subsequently, we created a model of developing strategic agility through skills-matching (see Figure 1). The process model is theoretically underpinned by ideas of matching theory (Weller et al., 2019) and draws on dynamic capabilities and agility arguments (Teece et al., 2016). We view a skills-matching perspective as an input factor that facilitates the skills-matching process; at the heart of the model is the initial and dynamic skills-matching process which builds a set of dynamic capabilities. This, in turn, enables strategic agility which is presented as an output factor in our model. In the following, we discuss our theoretical implications and depict the core components of the model.

5.1 | Theoretical implications

Our primary contributions are twofold: First, we present skills-matching as an illustration of a processual view on talent management, moving from a stock to a flow perspective. We expand matching theory (Weller et al., 2019) by highlighting initial and dynamic skills-matching mechanisms to external and internal labor markets. Past research has proposed a two-by-two matrix of design parameters in the matching process (Weller et al., 2019). This matrix refers to centralized/decentralized matching efforts and strong/weak formalization of matching processes. Traditional labor markets are centralized and formalized; talent networks are centralized but less formalized; “local optimizers” refer to a decentralized and formalized approach; and “talent adhocracy” relates to a decentralized and less formalized approach (Weller et al., 2019). Our study indicates that firms may potentially move toward greater centralization of their initial and dynamic skills-matching process but utilize a mix of strong and weak formalization. For example, targeted skills acquisition from the external labor market was rolled out at a corporate level globally in a number of firms (centralized, strong formalization). At the same time, internal talent marketplaces were introduced across several organizations, placing more focus on talent networks and the opportunity to engage in projects or “gigs” across the organization (centralized, weak formalization). While these were traditionally resourced through hiring external contractors and consultants (Collings & McMackin, 2021), internal talent marketplaces emerged as a key initiative across firms to maximize skills deployment internally. Our study confirms the need for balancing initial and dynamic matching efforts (Bidwell & Keller, 2014), but the re- and upskilling needs of organizations in particular (World Economic Forum, 2020) mean that skills-matching continues well beyond the initial match of the hire from the external labor market. Ultimately, adopting a skills-matching perspective which recognizes current and future skill demand and supply in both external and internal labor markets is a key input factor for the skills-matching process (see Figure 1).

While design parameters are undoubtedly a helpful starting point in considering alignment, we provide a more nuanced view, illustrating several key boundary conditions. First, the structure of the talent
function was a crucial aspect for matching processes. In the external labor market, this related predominantly to talent acquisition and the need to reflect varying skills needs in its setup, for example, a dedicated global team searching for a particular key skill. In the internal labor market, a question arose around the coexistence of organization-led talent management and individual-driven talent marketplaces. Therefore, careful consideration of “posting” and “slotting” efforts (Keller, 2018) emerged as a vital condition. Overall, it seemed that many firms were at a stage of reflection rather than implementing developed and tested strategies. This might be due to the complexity of introducing skills-matching in that it needs to cut across core HR areas, such as attracting, developing, assessing, and rewarding employees.

Second, clarity and integration of a skills language across the organizations were challenges evident in both external and internal labor markets. For example, when acquiring talent in the external labor market, more attention within firms was needed to the role of skills versus other aspects of the “talent” construct (Gallardo-Gallardo et al., 2013), such as leadership frameworks, potential, personality, and IQ. In the internal labor market, establishing transferable skills categories as the basis of operating internal talent marketplaces was widely recognized as a requirement. This aligns Festing and Schäfer’s (2022) findings who note the need for multilevel skills backgrounds (e.g., multicultural, multifunctional), multitasking, networking skills, and boundary-spanning skills, among others, to address the challenges of complexity and dynamism, and ultimately fostering strategic agility. However, the true meaning of broad skills categories such as “digital” was questioned as organizations established and continued to refine their skills taxonomies.

Third, applicability of the skills construct across geographies and industries also potentially constrains the skills-matching process. While a set of firms had clear intentions to shift from a job to a skills-matching focus, others highlighted the limitations of deconstructing jobs, particularly in a front-line setting. Thus, our study highlights the vital role of context in choosing the core matching construct (Gallardo-Gallardo et al., 2013), such as leadership frameworks, potential, personality, and IQ. In the internal labor market, establishing transferable skills categories as the basis of operating internal talent marketplaces was widely recognized as a requirement. This aligns Festing and Schäfer’s (2022) findings who note the need for multilevel skills backgrounds (e.g., multicultural, multifunctional), multitasking, networking skills, and boundary-spanning skills, among others, to address the challenges of complexity and dynamism, and ultimately fostering strategic agility. However, the true meaning of broad skills categories such as “digital” was questioned as organizations established and continued to refine their skills taxonomies.

Our second contribution relates to our understanding of the role of a skills-matching perspective on talent management in fostering strategic agility (Doz, 2020; Harsch & Festing, 2020). In addition to a range of enabling behaviors (see Table 3), our model (Figure 1) depicts how the skills-matching process builds a set of dynamic capabilities (Teece et al., 2016), underlying two meta-capabilities, strategic sensitivity and resource fluidity (Doz, 2020). For instance, as part of the initial skills-matching process, we found examples of strategic sensitivity as a dynamic capability in that participants demonstrated a high level of alertness, investing in key skills aligned with business needs. We also found evidence of opportunity seeking, early pattern recognition, out-of-the-box thinking, and contextual understanding as dynamic capabilities. As part of the dynamic skills-matching process, resource fluidity was a central meta-capability. We found evidence of firms’ dynamic capabilities in terms of interdependency awareness, multidimensional processes, and adaptive learning approaches. For example, the opportunity to rapidly redeploy resources was one of the key organizational drivers of investment in internal talent marketplaces.

Finally, following dynamic capabilities (e.g., Teece et al., 2016) and agility (e.g., Doz, 2020) scholars, we contend that dynamic capabilities enable strategic agility. Therefore, strategic agility is presented as an outcome in our model. Particularly in a context of high uncertainty, such as the post-pandemic environment, dynamic capabilities provide a framework to guide firms when and how to invest in agility (Teece et al., 2016). Through “thoughtful and purposive interplay” (Doz & Kosonen, 2010, p. 371) of strategic sensitivity and resource fluidity, firms can strengthen their strategic agility. By doing so, talent functions can enhance their capacity to adapt quickly and change the firm’s resource base in response to shifting external and internal demands.

5.2 Practical implications

Our findings also offer practical implications for HR professionals and managers. We conclude that a skills-matching perspective on talent management can enable firms to be more agile, responding quickly to shifting external and internal demands. First, our study confirms the need to focus on skills acquisition and development (McKinsey, 2022; World Economic Forum, 2023)—in addition to more traditional forms of managing talent which might be centered around high performers and high potentials. To do so, there is a need to recognize skill demands holistically across the organization and develop a skills philosophy in the wider talent function. Enabling this requires a consistent and shared language to describe skills. Notably, while there is a need for some consistency across the organization to develop a firmwide skills taxonomy, skills priorities and proficiency levels may likely differ across countries or regions. Given the resources required, we are cautious of the value of the development of bespoke skills taxonomies and recommend the consideration of the taxonomies available. Another key step is the completion of a skills inventory, identifying available skills and skills gaps within the organization.

Second, firms should develop an understanding of the dynamic capabilities that can be built through the skills-matching process, as this may have implications for governance, frameworks, data, and technology. If skills inform workforce decisions, this will likely impact a range of HR practices including workforce planning, talent acquisition, learning and development, performance and rewards management, diversity and inclusion, and others. Firms need to decide the extent to which a skills-matching perspective will shape these practices going forward and must view it as a company-wide initiative (Ammerman et al., 2023; Deloitte, 2022). Organizations also need to ensure that their supporting HR technology and the adopted matching algorithms provide a platform for both efficient and ethical skills-matching mechanisms.
Third, organizations need to be cognizant of the boundary conditions that impact the skills-matching process and need to ensure alignment between the wider talent function and the skills-matching perspective. We note the critical role of structures, a common skills language, and the applicability of the skills construct for stakeholders.

5.3 | Limitations and future research

Our study has several limitations which are worth noting. First, our phenomenon-based mode of theorizing (Fisher et al., 2021), required trade-offs in terms of what to include in our findings and what to leave out. As a skills-matching perspective on talent management was a salient theme in our data, we focused on initial and dynamic skills-matching mechanisms and provided examples of dynamic capabilities which enabled strategic agility. We saw this as a necessary step to get to sufficient depth required for a theoretical contribution (Fisher et al., 2021). However, it was not our intent to “evangelize” a particular approach to talent management and we acknowledge that organizations may have also formulated additional talent management priorities. Future research may therefore consider how a skills-matching perspective on talent management may be adopted in conjunction with other processes and practices. In addition, future research should further examine the impact of skills-matching talent strategies on firms’ ability to manage external and internal disruptions and crisis situations (Lee et al., 2022). Importantly, we identified key boundary conditions which are likely to impact the skills-matching process. Building on our paper, we therefore call for more research on these boundary conditions and the challenges organizations face when designing and implementing skills-matching processes. It would also be useful to gain insights on the extent to which the COVID-19 pandemic has changed what organizations consider critical skills to manage their business operations.

Second, our study focused on strategic agility in organizations (Doz, 2020) and we consequently did not consider other forms of agility. Yet, we acknowledge that agility impacts at multiple levels of organizations, for instance, philosophy, culture, mindset, processes, methodologies, and behaviors and is relevant to stakeholders including individuals, teams, and leaders (McMackin & Heffernan, 2021). For example, workforce agility investigates how employees cope and adapt to changes in a dynamic setting (e.g., Cegarra-Navarro et al., 2016; Felipe et al., 2016). However, a wider sample, including employees, is required to draw any conclusions on this form of agility. Therefore, we also did not consider specific individual-level characteristics such as intellectual curiosity or self-confidence which may shape agility outcomes (Doz, 2020). In addition, future studies could also focus on an “agile-for-HR” lens (McMackin & Heffernan, 2021) to adopt agile working as an operational HR strategy, emphasizing the application of agile tools and mindsets to teams and projects within the HR function.

Finally, we are conscious that our sample focused on elite informants, that is, senior HR leaders sharing their experiences on talent management in light of current exogenous challenges. While we found evidence of strategic sensitivity and resource fluidity as two meta-capabilities enabling strategic agility, our sample did not allow us to draw conclusions on collective commitment as an additional meta-capability (Doz, 2020). A wider sample of individuals in a variety of managerial roles would be required to reveal the extent of leadership unity in terms of a skills-matching perspective on talent management. In addition, to further unpack the underlying challenges of upskilling and reskilling, involving line and middle managers in the research will be needed as they are often seen as the critical linchpin shaping employees’ experiences. Unpacking whether a skills-matching perspective on talent management not only impacts the setup of talent functions but also the approach to managing people by line and middle management as well as the experiences of employees deserves more attention.

6 | CONCLUSION

Through qualitative research with senior HR leaders, we revealed that organizations are increasingly considering a skills-matching perspective on talent management. This, in turn, was linked to the building of dynamic capabilities, enabling strategic agility. By unpacking both initial and dynamic skills-matching mechanisms, our research adopts a processual view on talent management and responds to the call for more dynamic approaches to managing talent. Ultimately, we hope that our paper serves as a catalyst for more research on a skills-matching perspective on talent management in organizations.

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CONFLICT OF INTEREST

The authors do not have any competing interests to disclose.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available on request from the corresponding author, Stefan Jooss. The data are not publicly available due to containing information that could compromise the privacy of research participants.

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**APPENDIX A: INTERVIEW GUIDE**

1. How has COVID-19 impacted your organization? Has it shifted strategic business priorities?
2. What are the key priorities and changes for your HR function and what has influenced these changes?
3. What is your approach to global staffing? Tell us about how you fill key roles in headquarters and subsidiary operations?
4. What makes your current approach to global staffing fit for purpose?
5. To what extent do you coordinate with talent management when filling key roles?
6. In thinking about staffing for international roles, what types of mobility do you use?
7. From your perspective, how do you think does the future of cross-border mobility look like?