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Talent management in the hospitality and tourism industry: a French perspective on hospitality small and medium-sized enterprises

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Abstract

Purpose – This article examines talent management (TM) in French hospitality small and medium-sized enterprises (SMEs) from a culturally embedded perspective and focuses on how dynamic capabilities shape its evolution.

Design/methodology/approach – We used a qualitative research design with five SME case studies. We conducted 24 semi-structured interviews with key stakeholders, analyzing the data thematically to identify patterns related to their TM approach and dynamic capabilities, ultimately generating a culturally embedded model of TM.

Findings – Dynamic capabilities underpin the D-System – a distinctive, culturally embedded TM model used by some French hospitality SMEs. Rooted in a culture of adaptability, it is characterized by dynamic and ex post reactive TM practices that are decentralized and informal. SMEs in this industry utilize short-term and ad hoc strategies, leveraging resourcefulness to attract, develop, and retain talent. SMEs' dynamic capabilities enable them to manage talent in a flexible, reactive manner, allowing for swift responses to fluctuating labor demands.

Practical implications – The proposed model helps HR embed TM within contextual realities and supports professionals in shifting from reactive to agile, culturally informed practices, enabling adaption in turbulent environments. This paper offers the basis for further cross-cultural TM studies and reflections in H&T.

Originality – This study establishes a novel link between TM, French culture, and French hospitality SMEs. It provides empirical evidence introducing the D-System, a culturally embedded, contextually tailored TM model that emphasizes flexibility and resourcefulness.

Paper type: research paper

Keywords: Talent management, Hospitality and tourism industry, Dynamic capabilities, French SMEs, D-System

1. Introduction

The terms ‘strategic’ and ‘imperative’ have become key to how practitioners and scholars frame talent management (TM) in recent years (Abid, 2025; Liu-Lastres et al., 2024). TM has emerged as a critical strategy for organizational success, particularly in industries that rely heavily on human capital, like hospitality and tourism (H&T) (Kravariti et al., 2022). TM is defined as a set of processes designed to attract, develop, and retain talent (Abid and Loufrani, 2024). In service industries like H&T, TM drives organizational capabilities and innovation, crucial for long-term success.

H&T scholarship has mainly examined operational aspects of TM, focusing on defining and conceptualizing talent (Abid, 2025), investigating talent development and retention, and examining the influence of contextual factors (e.g. Baum, 2019). However, empirical research remains limited on how the internal dynamics of small and medium-sized enterprises (SMEs) – combined with broader contextual factors, like a country’s culture and norms, and industry-specific challenges – shape TM practices (Gallardo-Gallardo et al., 2020; Harney et al., 2022). While past studies have offered valuable insights, a notable gap persists in understanding how culture interacts with SMEs’ distinct organizational structures, dynamic capabilities, and labor market realities, which differ markedly from those of larger firms (Abid and Loufrani, 2024). Scholars have increasingly called for deeper empirical inquiry into how TM aligns with both the internal configuration of the organization and the external environment (Gallardo-Gallardo et al., 2020), with specific emphasis on SMEs (Abid, 2025). Addressing this gap is crucial for developing more context-sensitive and effective TM frameworks that support SMEs in adapting to the evolving culture and demands of the H&T industry (Harney and Alkhalaf, 2021).

TM in SMEs within H&T remains significantly underexplored despite SMEs accounting for 99% of enterprises across the European Union and OECD economies (European Commission, 2024; OECD, 2024), with a lack of dedicated attention to the ‘specificities’ of the SME context – drawing on Harney et al. (2022), these include resource constraints, environmental vulnerability, centralized control, informality, proximity of relations, and employee dynamics. Unlike multinational enterprises (MNEs), which implement sophisticated TM strategies – such as structured staffing, workforce segmentation (Krishnan and Scullion, 2017), and formalized global policies– SMEs encounter distinct challenges. These stem from their size, but also structural constraints, including limited resources, reliance on informal HR practices, and a strong dependence on owner-managers, who often prioritize immediate operational needs over long-term strategic TM planning (Harney and Alkhalaf, 2021). These factors frequently lead to reactive, ad hoc TM practices, exacerbating persistent issues like talent shortages and high employee turnover (Abid and Loufrani, 2024; Krishnan and Scullion, 2017). Thus, focusing on SMEs is crucial to challenge the universalistic bias in best TM practices – which assumes that effective strategies in large firms can be seamlessly transplanted into SMEs without adaptation – and to recognize that SMEs demand a fundamentally different approach to TM. Understanding these distinct dynamics enables a more nuanced assessment of the conditions of possibility underpinning how SMEs effectively deploy, combine, and utilize their strategic human capital (Magrizos et al., 2023). Addressing these challenges requires a deeper understanding of SMEs’ dynamic capabilities to design TM frameworks that address their constraints (Abid, 2025). This is even more critical given the limited understanding of the situation of French SMEs in this industry, particularly as TM approaches in SMEs vary across cultural contexts (Festing et al., 2013; Kravariti et al., 2021).

Therefore, aligning TM with broader societal and economic contexts is increasingly important, particularly in the French hospitality SMEs, which plays a crucial economic role. While TM is often viewed through internal organizational factors, it is also shaped by broader societal norms, values and culture—an area still underexplored despite its recognized impact (Gallardo-Gallardo et al., 2020; Abid, 2025). Our focus is on France, as the French H&T industry was projected to generate USD 20.82 billion in revenue in 2024, with a compound annual growth rate of 1.55% through 2029 (Research and Markets, 2024). Despite this, 91% of hotels struggle with recruitment due to a shortage of skilled talent (Hireology, 2023). In tourism-dependent cities (e.g., Nice), developing local talent has become critical to strengthening organizational resilience and improving employer appeal (Marinakou and Giousmpasoglou, 2019).

Building on this discussion, we explore how TM unfolds in practice within French hospitality SMEs, paying particular attention to contextual and organizational cultural nuances and dynamics that differentiate TM here from that in other cultural contexts (e.g., Festing et al., 2013). To address these complexities, we adopt the dynamic capabilities framework to examine TM in French hospitality SMEs (Cooke et al., 2024; Eisenhardt and Martin, 2000). Specifically, by putting capabilities in a broader strategy context, we analyze how these firms sense emerging opportunities, seize critical resources, and reconfigure organizational capabilities to continually refine their TM model (Abid and Loufrani, 2024; Teece et al., 1997). By foregrounding the French cultural and organizational context, we aim to offer deeper insights into how TM practices can be adapted to support sustainable value creation in this specific setting while also shedding light on broader implications for other cultural environments.

Thus, the article responds to recent calls to investigate TM in underexplored SME contexts (Abid and Loufrani, 2024), addressing the urgent need for targeted research on hospitality SMEs (Kravariti et al., 2022, 2025) and advocating for greater contextualization of TM practices (Gallardo-Gallardo et al., 2020). We address the following research question: *How do dynamic capabilities in French SMEs shape TM practices within the H&T industry?*

This qualitative study, based on 24 semi-structured interviews, explores TM in hospitality SMEs and makes four key contributions. First, we answer calls to explore TM in hospitality SMEs by introducing a cultural lens to the debate (Abid & Loufrani, 2024; Kravariti et al., 2022) adding to our knowledge about an ‘inside-out’ perspective that challenges the best practices approach. Second, and propose the D-System, a cultural iterative model grounded in dynamic capabilities to as a coherent and conceptually grounded framework for understanding TM in French hospitality SMEs. Third, we extend TM theory by brining into focus the role of informal networks in TM and talent sourcing in SMEs (Abid & Alsarhan, 2025). Finally, we offer a French-specific perspective that advances the contextualization of TM towards a more regionally informed European understanding of TM (Gallardo-Gallardo et al., 2020; Skuza & Scullion, 2021).

2. Literature review

2.1 TM in the H&T industry

Over the past decade, TM has become a key strategic approach for managing people within organizations (Liu-Lastres *et al.*, 2024), with many companies and industries focusing on building skills and competencies to enhance current and future leadership capabilities. Prior to COVID-19, H&T organizations were gradually adopting a more strategic approach to talent acquisition, development, and retention. However, the pandemic compelled the industry to accelerate and refine its strategic focus on critical workforce issues (Garavan *et al.*, 2023). Kravariti *et al.* (2021) highlight that strategic TM in hospitality organizations takes on a distinctive character from that found in MNEs, where the emphasis is on high-potential talent categories (Garavan *et al.*, 2023). Drawing on Kravariti *et al.*'s (2022) conceptualization of TM in the hospitality industry, we note that the literature highlights both challenges and opportunities in adopting TM practices.

In the H&T industry, characterized by high turnover, seasonality, and intense competition (Magrizos *et al.*, 2023), the understanding of strategic TM remains limited. For instance, TM often follows a reactive, informal, and ad hoc approach, with minimal adjustments to existing management practices (Kwok, 2022). As a result, hospitality companies frequently prioritize immediate needs over fully structured, long-term TM strategies (Kravariti *et al.*, 2025). Unlike other industries, H&T requires a unique mix of technical and interpersonal skills, making tailored TM approaches essential for maintaining competitive advantage (Cooke *et al.*, 2024). Cultural and institutional factors also influence TM practices, with alignment to local values and organizational culture often yielding better results (Gallardo-Gallardo *et al.*, 2020). However, context alone does not fully dictate TM practices, as some firms adopt inclusive models reflecting global expectations of talent inclusion (Abid, 2025). Marinakou and Giousmpasoglou (2019) highlight that in the case of SME restaurants within this sector, a hybrid TM model is likely to emerge, aligning with evidence that SMEs may simultaneously implement both inclusive and exclusive TM approaches. Such hybridization suggests that while contextual factors exert significant influence, SMEs may also integrate elements of structured TM to navigate operational challenges and talent needs. More recently, Magrizos *et al.* (2023) introduced a TM orchestration model which posits that success hinges not on merely possessing talent but on strategically managing it through structuring (of talent), bundling (shaping teams), and leveraging (maximizing potential).

2.2 TM in SMEs

TM research increasingly highlights the attraction, development, and retention of talent as core indicators of TM effectiveness (Baum, 2019; Liu-Lastres *et al.*, 2019). This is a critical yet often overlooked area of research specifically in French hospitality SMEs (Abid and Loufrani, 2024). SMEs are especially relevant for this study due to their pivotal role in the French economy, where they comprise over 99% of businesses and account for approximately 60% of private sector employment (OECD, 2024). In labor-intensive industries like H&T, SMEs form the backbone of operations that are reliant on human capital (Magrizos *et al.*, 2023).

First, the meanings ascribed to TM vary based on the perspective taken on the nature, value, and instrumentality of talent (Abid, 2025). In contrast to MNEs, SMEs primarily enhance, rather than build, talent (Harney and Alkhalaf, 2021). Given their comparatively lower financial and material endowments, in some cases, SMEs are often highly dependent on talents who are not only well-qualified but also deeply committed and intrinsically motivated. The industry's overall structure does not require high-end talent for most of its functions, as many roles are standardized, routine, and increasingly automated. Talent is viewed as 'characteristics of people' that make them fit within a particular organizational context (Kravariti *et al.*, 2022; Marinakou and Giousmpasoglou, 2019). It follows that the successful management of talents can be critical in determining the survival and development of SMEs (Abid and Loufrani, 2024).

Second, TM in SMEs presents distinct challenges compared to TM in larger firms, driven by limited resources, informal systems, and the dominance of owner-managers, who often prioritize immediate operational needs over long-term strategic planning (Abid and Loufrani, 2024; Harney and Alkhalaf, 2021). Consequently, SMEs often adopt a reactive, ad hoc approach to TM (e.g. Kwok, 2022). Unlike large corporations, which focus on high-potential talent, SMEs tend to adopt inclusive TM practices, valuing all employees as contributors, albeit in a less formalized manner (Abid, 2025; Krishnan and Scullion, 2017). This informal and flexible approach is a key strength, enabling SMEs to respond swiftly to challenges and leverage competitive advantages. Valverde *et al.* (2013) argue that such practices allow SMEs to navigate resource limitations effectively, fostering adaptable workforces that rigid TM models often fail to achieve. However, this reactive approach introduces risks, as the absence of structured TM systems can hinder talent development and retention, limiting long-term growth and resilience.

Third, hospitality SMEs encounter further obstacles that compound the challenges described. Resource constraints, high turnover, and ongoing talent shortages complicate the adoption of structured TM strategies (Abid and Loufrani, 2024). Seasonal and expatriate worker dependencies intensify these issues, prompting SMEs to adopt interorganizational talent pools through cooperation (Jooss *et al.*, 2023) or other differential and common practices to attraction, development, and retention (Abid and Loufrani, 2024). This is a valuable area of investigation, as strategic TM impacts on organizations and employee outcomes (e.g. job satisfaction) and even customers (e.g. customer loyalty and satisfaction) (Liu-Lastres *et al.*, 2024). TM's role in building competitive advantage further emphasizes the need for new capabilities, models, and strategies tailored to the specific challenges of the hospitality sector, especially in the French context.

2.3 The French context

France – ranked the world’s top tourist destination for over three decades – offers a distinct institutional and cultural context to explore TM in H&T. With over 100 million international visitors and €71 billion in tourism revenue (MEFIDS, 2025; United Nations World Tourism Organization, 2024), tourism accounts for approximately 8% of the nation’s GDP, making TM in this sector vital, both economically and strategically. Institutional features – such as strong state intervention, strict labor laws, and regulatory factors – deeply shape TM structures in SMEs (Abid, 2025; Gallardo-Gallardo *et al.*, 2020; Magrizos *et al.*, 2023).

However, France’s cultural dynamics potentially differentiate its TM practices. Values like adaptability, resourcefulness, and egalitarianism challenge standardized HR models, fostering pragmatic, flexible, and often informal workforce strategies (Peeters, 2015; Abid and Loufrani, 2024). These cultural traits function as dynamic capabilities, allowing firms to respond quickly to changing conditions by reconfiguring talent strategies in context-specific ways. Such institutional mechanisms can create tensions for organizations seeking to implement standardized TM practices, especially amid diverse organizational values and norms, which further increases the strategic importance of adaptability through resourcefulness, as a dynamic capability. For example, we can observe two distinct approaches to TM in French SMEs: an internal talent-led approach emphasizing employee involvement, collaboration, and co-constructed development, and an external model in which elite credentials – such as diplomas from *grandes écoles* – serve as signals of high potential, structuring external TM pipelines and influencing career trajectories (Skuzka and Scullion, 2021; Abid, 2025). This adds to recent TM research, which has highlighted notable differences in TM across European countries, such as Greece, Spain, Germany, and more recently France and their respective SMEs (Abid, 2025; Festing *et al.*, 2013; Kravariti *et al.*, 2021; Valverde *et al.*, 2013). The French case contributes directly to the development of our conceptual framework by illustrating how TM practices evolve through the interaction of context-specific capabilities and cultural norms.

2.4 Dynamic capabilities

The dynamic capabilities framework provides a valuable perspective for understanding how SMEs develop new dynamic capabilities and adapt their TM practices to the volatile and complex hospitality environment (Abid and Loufrani, 2024; Harsch and Festing, 2020). Defined by Teece *et al.* (1997), the framework comprises three key components – sensing, seizing, and reconfiguring – which enable firms to maintain competitiveness. This framework accounts for internal and external factors, complex processes, and multifaceted outputs, offering insight into how SMEs navigate volatile market conditions despite resource constraints and informal TM practices (Harney and Alkhalaf, 2021; Teece *et al.*, 1997).

Dynamic capabilities are described as “a firm’s processes that integrate, reconfigure, acquire, and release resources to adapt to or drive market changes” (Eisenhardt and Martin, 2000, p. 1107), and they rely on the firm’s “routines or patterns of current practice and learning” (Teece *et al.*, 1997, p. 518). Its specific application to the deployment and integration of strategic TM practices in SMEs remains underexplored (Abid and Loufrani, 2024), particularly in the hospitality industry. Recent research has linked dynamic capabilities to SMEs and called for recognition of the importance of these capabilities for SME survival in economic downturns or dynamic contexts, (Weaven *et al.*, 2021).

The three core capabilities are essential for SMEs in the hospitality sector. Sensing allows SMEs to identify external opportunities and threats, such as changes in customer preferences or emerging labor market trends. For SMEs in the French hospitality sector, developing strong sensing capabilities could enable them to stay ahead of labor shortages by tracking workforce trends and anticipating skill needs (Teece *et al.*, 1997). Seizing involves mobilizing resources to capitalize on them. In the context of TM, this could mean adjusting strategies to create flexible job roles, upskilling employees, or hiring quickly to meet seasonal demands (Garavan *et al.*, 2023). Reconfiguring focuses on the continuous realignment of organizational assets, including human capital, to adapt to changing market conditions. For SMEs, this could mean reallocating staff to high-demand areas or retraining employees to meet evolving business needs (Gallardo-Gallardo *et al.*, 2020). This flexibility is vital for maintaining service quality despite resource constraints. Dynamic capabilities also emphasize organizational learning and knowledge sharing, fostering adaptability and a competitive edge in service-driven industries like hospitality (Liu-Lastres *et al.*, 2024).

3. Methodology

3.1 Research design and sample

A qualitative research was adopted (Creswell and Poth, 2016) since it aligns with the theory-building process integral to TM research. It allowed us to capture the specific meanings individuals/groups assign to TM practices and to deliver a nuanced interpretation of TM phenomena in this unique context (i.e. French hospitality SMEs).

Our sample was drawn from SMEs within the hospitality sector, focusing on hotels. Data from the MEFIDS (2024) show that France has approximately 16,850 independent hotel operators, with SMEs classified as those that are not part major hotel chains or voluntary networks. Our study focuses on five hospitality SMEs, the aim being to achieve depth over breadth and provide a rich qualitative exploration of TM. The initial sample frame was based on the European Commission’s SME classification. The names of the hotels remain confidential to ensure anonymity and compliance with ethical research guidelines. To ensure theoretical sampling validity (Saunders *et al.*, 2007), we compiled an initial list of potential companies in two phases. First, SMEs were selected from hotels in the Côte d’Azur region, a major tourist destination attracting 5 million visitors annually and contributing nearly €1.5 billion to the local economy. The region is the second-most visited in France, after Paris, highlighting the strength of its hospitality sector (NCAMCVB, 2024).

Among the five hotels selected, four were located in Nice and one was in Antibes. This reflected the availability and willingness of owner-managers to participate. This distribution was primarily driven by convenience sampling (Marinakou and Giousmpasoglou, 2019). The inclusion

of a hotel in Antibes offered a valuable complementary perspective within the same regional context as the hotels in Nice. Following extensive discussions with key stakeholders and owner-managers, we evaluated potential companies against five criteria – each hotel had to: (1) meet the European Commission’s definition of an SME by employing fewer than 250 individuals and having an annual turnover below €50 million; (2) operate independently (i.e. not be part of a franchised chain or voluntary network); (3) have been in operation for at least three years; (4) agree to provide and share in-depth data on their TM practices; and (5) have similar organizational structure (i.e. no formalized HR department). Ultimately, five SMEs were selected for further investigation (See more details in Supplementary Materials, Appendix 1).

3.2 Data collection and analysis

24 semi-structured interviews were conducted with participants from various key positions across the chosen hotels to ensure a diversity of experiences (see Table 1). Participants included top management (called here owners or managers), front desk managers, and receptionists, providing a well-rounded view of TM practices. The subdivision into managers’ and employees’ perspectives was important for this research, as it helped to reveal differences and similarities in their actual and perceived TM practices. The initial sample was selected using purposive sampling and a snowball sampling approach (Saunders et al., 2007) enabled us to identify additional key informants, capturing nuanced perspectives to deepen our understanding of the issue. This method was particularly effective for several reasons.

The inclusion of receptionists was a deliberate choice. Given their central role in daily operations, receptionists are uniquely positioned to perceive and reflect on TM practices as they interact closely with both management and employees. Their position allows them to observe how talents (them or their colleagues) are attracted, developed, and retained within their hotels. In many SMEs where dedicated HR departments are absent, CEOs/owners and sometimes front office staff – including receptionists – play an informal role in HR-related activities, such as onboarding, attracting, developing colleagues, and coordinating. This made receptionists particularly relevant for understanding TM dynamics in these resource-constrained settings. The number of interviews was determined by reaching data saturation.

Prior to starting the interviews, participants were informed of the study’s objectives and their rights, including the option to refuse participation and withdraw at any time. Written consent was obtained from all participants before the interviews. Interviews were conducted face to face and in French to facilitate communication, and they lasted 40–60 minutes. Questions were translated from English to French, with responses subsequently translated back to English; a bilingual reviewer and co-author verified the transcripts and translations to minimize interpretation bias and enhance data reliability. To guide discussions, we used a comprehensive interview guide designed to elicit insights into SME challenges in the hospitality sector and TM practices. The guide covered attraction, development and retention topics, with questions capturing strategic perspectives from managers and operational insights from employees.

Insert Table 1 here

We analyzed the data using thematic analysis, employing conventional tools, recommended by Miles et al. (2014), that were well-suited to capturing organizational processes and the dynamic interplay of capabilities (Abid and Loufrani, 2024). The thematic analysis was carried out in two stages, in alignment with Creswell and Poth (2016) and Yin (2014): a within-case analysis, examining each case independently, followed by a cross-case analysis, where we identified recurring themes across cases. This involved organizing the data, generating categories, identifying themes, coding, and assigning representative codes. The thematic analysis structure was constructed based on our literature review and captured TM practices, SMEs challenges, and internal dynamics; this was then enhanced from our results.

Each interview transcript was summarized on a card, with transcripts reviewed multiple times to ensure comprehension. Then transcripts were coded and thematically analyzed using QSR NVivo 12. Using a deductive coding approach, we derived themes from terminology established in the literature prior to fieldwork, aligning with topics in the interview guide (e.g. TM practices, TM sensing/seizing capabilities) and enriched that later from results. Finally, to ensure the validity and reliability of the qualitative data analysis (Creswell and Poth, 2016), we used respondent verification to confirm the emergent concepts and make sure we took the correct meaning from their quotes. Also, as we interviewed multiple respondents from each firm, we cross-checked the consistency of reported organizational strategies and activities, thus enhancing data robustness. In addition, to enhance the rigor of our analysis, we developed a comprehensive codebook with clear definitions and examples for each code. Multiple coders were involved (co-authors), and we held sessions to familiarize ourselves with the codebook and coding procedures and discuss any discrepancies and refined coding guidelines, improving inter-coder reliability (see details and data structure in Supplementary Material, Appendix 2).

4. Results

Our findings introduce a new D-System perspective on TM within French hospitality SMEs, structured around attraction, development, and retention, and supported by dynamic capabilities.

4.1 The French D-System to attract, develop, and retain talents

Through a comprehensive analysis of interviews conducted with our stakeholders in French hospitality SMEs, a distinct approach to TM emerged, which we refer to as the D-System. In our results, reference to the D-System was a recurring cultural theme, highlighted by many interviewees. This indicates that the terminology and the underlying approach resonates widely within the five hospitality SMEs. To elaborate, this is not a label assigned by us, but a term that participants themselves employed to encapsulate their experiences.

“For us, the D-System is not just a set of procedures – it is a dynamic framework that allows us to continuously adapt our strategies to the ever-changing demands of the market.” (A1)

This system is deeply rooted in the French cultural concept of *la débrouille* (resourcefulness). It reflects a culturally embedded logic of navigating constraints through improvisation and informal problem-solving, flexibility, and short-term pragmatism in managing talent, which is why it is referred to as the D-System, with the ‘D’ standing for *débrouille*.

“It is all about making do with what we have – resources, time, and people. We just find solutions in the moment. It is la débrouille, you know? We have to adapt quickly.” (B3)

These insights underscore the ex post and reactive, informal nature of TM practices in SMEs, where structured, long-term HR strategies are often sacrificed in favor of coping with immediate operational needs.

“Each season teaches us, so we adjust our hiring practices based on past experiences.” (D3)

In addition, this approach involves three main practices: attraction, development, and retention.

4.1.1 Talent attraction: informal networks, flexibility, and sustainability

One of the most prominent indicators of the D-System emerged in the way SMEs approach talent attraction. Managers frequently reported a reliance on informal networks, including personal contacts, staff referrals, and community ties, rather than use of formal recruitment methods. As one director explained:

“We don’t have the budget or resources for large-scale recruitment campaigns, so we rely heavily on word of mouth and recommendations from existing staff. It’s quicker and helps us find people we can trust.” (A1)

This approach allows SMEs to respond rapidly to labor shortages, particularly during peak seasons, when flexible contracts are offered to expatriates, immigrants, and students.

In addition, sustainability initiatives emerged as a unique strategy for attracting environmentally conscious overseas workers and students. Many French hospitality SMEs are beginning to leverage their focus on sustainability – such as Green Key certification and eco-friendly operations – to appeal to green-minded, purpose-driven talent.

“We have noticed that younger workers, particularly students and expats, are attracted to our hotel because of our environmental efforts. They care about sustainability and want to work for a place that aligns with their values.” (C1)

This trend suggests that promoting sustainability could be a key strategy in talent attraction for SMEs in the sector, particularly to appeal to a new generation of workers who prioritize ethical, eco-friendly practices in their employment decisions.

In addition, expatriates, immigrants, and students are a critical component of the talent pool for French hospitality SMEs.

“We have consistently relied on expatriates, immigrants, and international students to fill key roles, as they bring diverse skills and experiences that are essential for meeting our staffing needs.” (E2)

These workers are open to short-term contracts that suit their availability, providing SMEs with a reliable and flexible workforce during peak seasons. This resourceful contract management approach enables SMEs to meet immediate labor needs without committing to long-term employment agreements, a necessity given their financial constraints.

“We cannot afford to keep staff all year round, so flexible contracts are essential. It gives us the workforce we need without tying us down financially.” (C4)

4.1.2 Talent development: on-the-job training and responsive learning

The D-System also influences how talent development is managed in the SMEs. Most training is on the job, rather than through formalized training programs. This responsive approach allows SMEs to quickly integrate new hires into their operations but limits opportunities for long-term skill development.

“There is no formal training here. You just start working, watch what others are doing, and pick it up as you go. That’s how we all learn.” (A5)

While this approach is efficient in the short term, it contributes to high turnover rates and fails to foster long-term loyalty or professional growth among employees.

“We train people on the job because it is fast, and we need them ready to work. But we don’t really have time for formal training, which means they often leave or don’t grow with us.” (C1)

Despite these challenges, SMEs have managed to remain operational by leveraging the D-System’s adaptability, even though it comes at the expense of structured, long-term TM. The reliance on informal recruitment, immediate incentives, and responsive learning highlights the resourcefulness of SMEs as they continually navigate labor shortages and fluctuating market demands. However, this short-term focus presents significant obstacles to sustainable talent retention and development, which are critical for long-term organizational success.

4.1.3 Talent retention: immediate incentives over long-term strategies

Retention strategies within the D-System are similarly informal and reactive. SMEs often focus on immediate incentives, such as bonuses for employees who stay through the tourist season, rather than investing in long-term retention or development programs.

“We get bonuses based on who stays through the summer. Beyond that, we don’t really have any long-term incentives. Most of us move on once the season ends.” (A5)

This approach reflects the short-term nature of the D-System, where seasonal labor necessitates quick fixes rather than sustained retention strategies.

“We know this system isn’t sustainable for talent retention, nor development, but right now, it’s what works for us.” (D1)

The high turnover rates seen in these businesses are largely viewed as inevitable, with managers accepting that their employees see these roles as temporary.

“It’s hard to see a future here because the focus is always on the now.” (E4)

However, this reliance on expatriates and migrants also presents challenges, particularly regarding talent retention. Many of these workers view their positions as temporary, with little incentive to remain beyond the immediate season.

“We hire students and expats for the summer. They don’t expect long-term contracts, and we can adjust our workforce size as needed.” (D2)

While this approach provides flexibility, it also creates instability for SMEs, as these workers are often not invested in the organization’s long-term success, leading to frequent turnover.

4.2 Dynamic capabilities: sensing, seizing, and reconfiguring

The D-System approach enables these businesses to develop dynamic capabilities that help them effectively navigate external challenges. These capabilities have been grouped into three categories allowing SMEs to react quickly to labor shortages and operational needs (see Table 2), as follow.

4.2.1 Sensing capabilities

Sensing capabilities help SMEs identify opportunities and threats in the external environment. A key first capability of this is *creative talent sourcing*, where SMEs utilize informal networks and community ties to meet labor needs, particularly during peak seasons.

“We rely on our local connections, friends, and employees to find new hires. Formal recruitment isn’t feasible for us because of the costs and time it takes.” (E2)

This reliance on informal recruitment systems is a hallmark of the D-System's ability to sense labor needs and respond quickly.

Second, *organizational learning* capabilities allow SMEs to draw on their experiences from past tourist seasons to predict staffing needs and adapt accordingly.

"We have learned that our staffing requirements fluctuate year by year, and we try to prepare based on past experiences. Still, there's always an element of unpredictability." (D3)

By learning from previous hiring cycles, SMEs are better equipped to handle labor demand shifts.

Third, *market adaptation* capability is crucial, as SMEs continuously adjust recruitment strategies to align with the seasonal and local labor market.

"Our hotel wants to stay on top of changes in the job market. Sometimes they hire us, students; other times they rely on expats – it depends on who is available at the time." (D5)

This agility in adapting to market conditions ensures that SMEs remain competitive despite their limited resources.

Fourth, *proactive talent pipelining* capabilities further enhance SMEs' ability to sense and react to future labor demands. SMEs maintain relationships with former seasonal workers who are likely to return for future opportunities. By cultivating a network of potential candidates, these businesses ensure a reliable talent pool, reducing the time and costs associated with last-minute recruitment efforts.

"We keep in touch with workers from previous seasons. It helps us fill positions faster when we need extra hands." (D2)

This approach to talent pipelining enables SMEs to be more responsive and less vulnerable to unpredictable labor shortages, securing a flexible workforce in advance.

4.2.2 Seizing capabilities

Seizing capabilities involve the deployment of resources in response to identified opportunities or threats. First, within the D-System, *ad hoc workforce reallocation* capability, where employees are trained to handle multiple roles, is common.

"Our staff have to be flexible. One day they might be working at reception, and the next they could be assisting in housekeeping." (E2)

This cross-training ensures operational flexibility, particularly during high-demand periods.

Second, *flexible strategizing* capability is where SMEs adjust workforce deployment quickly by employing flexible contracts and reassigning roles as needed.

"We rely on a mix of part-time and seasonal contracts to keep things running smoothly. It allows us to scale up or down based on the tourist flow." (D1)

Here, SMEs ensure operational continuity, particularly during peak seasons, when demand surges.

Third, *quick hiring* capability and crisis management allow SMEs to react rapidly to unexpected labor needs.

"When we need staff urgently, we tap into our community and get people in within days. It's not always perfect, but it keeps the business running." (C4)

This resourcefulness in handling labor challenges demonstrates the effectiveness of seizing capabilities within the D-System.

4.2.3 Reconfiguring capabilities

Reconfiguring capabilities are essential for SMEs operating within the D-System, allowing them to continually adjust their TM strategies to stay competitive in a fast-changing environment. First, *localized training* capability focuses on providing on-the-job training that addresses immediate operational needs, rather than relying on formal, structured programs. SMEs often employ this approach to integrate new employees quickly, offering practical training that is task-specific and tailored to the current demands of the business.

“There is no formal training program here. New hires learn by doing, watching others, and jumping in. We need them ready to work immediately, so there’s no time for classroom training.” (D1)

Additionally, cross-training employees for multiple roles is a common strategy, allowing staff to shift between tasks such as working in housekeeping or at the front desk, depending on daily needs.

Second, *evolutionary strategizing* capability involves the continuous adaptation of retention strategies and employee roles to meet changing business needs. SMEs in the hospitality sector frequently adjust their incentives, offering immediate benefits, such as seasonal bonuses, to encourage employees to remain through peak periods.

“We don’t have long-term retention plans. It’s all about keeping people for the season. We offer bonuses for those who stick around, but after that, we know most will move on.” (E5)

This approach is flexible and reactive, tailored to the short-term nature of labor requirements. However, it often lacks a focus on long-term retention, as financial constraints prevent the implementation of more sustained employee development programs.

Third, *operational adjustment* capability allows SMEs to flexibly reassign tasks and roles to employees based on real-time operational needs. This dynamic approach ensures that essential functions are covered, even in the face of labor shortages or changing demands, without the constraints of formal job descriptions or hierarchical structures.

“There is no fixed role for anyone. We need to be flexible because every day brings something different. We move people around based on what’s most urgent.” (B4)

A fortiori, the aforementioned outlines several practices under reconfiguring capabilities. However, a deeper analysis could reveal that these SMEs adjust their TM strategies over time through an iterative, feedback-driven process. For example, the localized training capability is not designed solely to address immediate operational needs – it also serves as a mechanism to capture tacit knowledge from day-to-day interactions, which is then reintegrated into subsequent training efforts.

“We adjust our strategies and practices over time through what can be described as a continuous cycle of reconfiguration and continuous learning.” (D1)

This cyclical learning process enables SMEs to continually refine their localized training approaches based on the evolving demands of their business environment. These feedback mechanisms are deeply embedded in the evolutionary strategizing capabilities of SMEs, enabling a continuous cycle of refinement of retention and incentive strategies. For instance, the concept of an *“adaptive retention process”* (E2) illustrates how SMEs leverage real-time performance data and employee feedback to fine-tune their approaches.

“If an incentive fails to improve retention, we modify it rather than abandon it.” (B3)

This is visible as well when offering seasonal bonuses and adjusting roles in response to fluctuating market conditions. SMEs are effectively experimenting with different configurations, learning from the outcomes, and gradually shaping more responsive TM practices.

Finally, these mechanisms are reflected in the operational adjustment capabilities and, thus, facilitate real-time task reallocation, providing immediate performance feedback that informs subsequent decisions about workforce deployment and role design.

“We do not wait for quarterly reviews – if something is not working today, we adjust it tomorrow.” (D3)

This iterative process allows SMEs to continuously optimize workforce efficiency, ensuring that staff *“are placed where [they] add the most value at any given moment”* (C3). Over time, these adaptive adjustments help SMEs transition from reactive workforce management to a more structured, data-informed approach that balances flexibility with strategic workforce planning.

Insert Table 2 here

5. Discussion

Our results show that TM in French hospitality SMEs is shaped by a distinct cultural approach, the D-System, rooted in the concept of *la débrouille* (resourcefulness). This culturally embedded system distinguishes French SMEs from other European models, confirming that societal and organizational culture significantly shape TM practices (Kravariti et al., 2025; Peeters, 2015).

Contrary to structured TM systems emphasizing for example formal training and retention programs (Festing et al., 2013; Magrizos et al., 2023), the D-System (see Figure 1) facilitates dynamic workforce adaptation through informal, localized strategies. Unlike Germany's structured, long-term orientation (Festing et al., 2013), the French D-System parallels Spain's collectivist, relationship-oriented model, emphasizing trust networks and personal connections (Valverde et al., 2013). It also shares similarities with Greek SMEs that blend informal flexibility and formal elements due to resource constraints (Kravariti et al., 2021). In line with French SMEs in various sectors (e.g. Abid and Loufrani, 2024), TM in French hospitality SMEs is intrinsically woven into the broader French cultural and societal context.

Our study integrates dynamic capabilities theory – focusing on sensing, seizing, and reconfiguring (Teece et al., 1997) – to explain how SMEs manage TM within resource-limited contexts. In French hospitality SMEs, these capabilities are intrinsically linked to cultural norms and informal networks. SMEs strongly leverage informal recruitment channels, rapidly sensing and responding to talent shortages through personal networks rather than formal HR channels. This informal approach, divergent from sophisticated multinational methods (Krishnan & Scullion, 2017), enhances agility and responsiveness, aligning with insights from Abid and Alsarhan (2025). However, reliance on informal mechanisms presents limitations. Although effective short-term, such strategies can undermine sustainable talent development and retention (Williamson & Harris, 2019). Financial constraints reinforce short-term TM investments, potentially jeopardizing long-term workforce stability (Abid, 2025). Whereas Abid and Loufrani (2024), the D-System foregrounds a distinctly cultural perspective that drives more short-run, day-to-day improvisation as SMEs pivot rapidly to adapt their workforce without the planned cycles of rehiring that characterize boomerang models. In addition, we highlighted specific reconfiguring capabilities: localized training, evolutionary retention strategies, and operational flexibility. SMEs implement evolutionary retention tactics tailored to seasonal demand, utilizing high-demand bonuses and community-centric incentives rather than standardized retention practices (Kwok, 2022). Operational adjustments enable rapid role reassignment, maintaining productivity and service continuity despite fluctuating labor markets (Williamson & Harris, 2019). Nevertheless, this flexible model may impede structured career paths and limit sustained employee growth (Kravariti et al., 2021).

Finally, feedback mechanisms embedded within the D-System underscore continuous organizational learning, enabling SMEs to iteratively recalibrate their TM approaches. Such *ex post* learning aligns with organizational agility principles and is crucial in resource-constrained, high-turnover environments (Harney et al., 2022; Kwok, 2022). This iterative capability fosters responsiveness but may prioritize reactive solutions over proactive, systematic workforce planning (Skuza & Scullion, 2021). Moreover, SMEs proactively create informal talent pipelines through seasonal rehiring practices, maintaining flexible talent pools for future demand peaks. Although this strategy ensures short-term responsiveness, it may not adequately address underlying systemic challenges such as skill shortages and high turnover rates (Williamson & Harris, 2019; Marinakou & Giousmpasoglou, 2019).

Insert Figure 1 here

5.1 Theoretical implications

First, we address the scarcity of research on TM in SMEs (e.g. Abid and Loufrani, 2024) and contribute to the fragmented and undertheorized literature on TM in H&T (Kravariti et al., 2022) by bringing a novel cultural perspective into the TM debate. We place TM within a framework of cultural sensitivity, simultaneously considering the external and internal work environments to reveal how cultural complexities shape the TM approach in SMEs. To our knowledge, this research is the first study to illustrate empirically that cultural dynamics are not peripheral, but central to understanding *why* certain TM approaches, like the D-System, prevail in the French context, thereby advancing the discussion on how embedded cultural norms influence talent attraction, development, and retention.

Second, we propose the D-System model, presented in Figure 1 – a set of distinct capabilities and feedback mechanisms tailored to SMEs – as a coherent and conceptually grounded framework for understanding TM in French hospitality SMEs. This contribution extends the predominantly conceptual literature on dynamic capabilities (Teece et al., 1997; Weaven et al., 2021) by embedding these capabilities within a broader strategic logic. Ultimately, the model helps explain how SMEs use dynamic capabilities through iterative learning loops and feedback mechanisms to continuously adapt TM, align talent, and reconfigure resources, showing that TM is not linear but iterative and shaped by prior experience and ongoing refinement.

Third, we bring into focus the critical role of informal networks in talent sourcing – a topic still underexplored in TM literature (Abid and Alsarhan, 2025). We unveil that French hospitality SMEs leverage strong sensing capabilities through creative talent sourcing, relying on informal networks and relational ties to swiftly address labor shortages. This insight allows us to propose a theoretical pathway that links informal networks literature with TM, thereby prompting a reconsideration of how both ordinary and dynamic capabilities develop in tandem within resource-constrained environments.

Finally, we contribute to the evolving conversation on contextualizing TM research by shifting the focus from predominantly Anglo-Saxon perspectives (Gallardo-Gallardo *et al.*, 2020) and Central and Southern European contexts (Skuza and Scullion, 2021), toward a Western European lens, with a specific focus on France. We extend the use of the outside-in approach by demonstrating how the societal culture shapes TM. This French-specific contribution does not aim to offer a universal blueprint but rather a one-off, deeply contextualized model that paves the way for a more regionally informed European understanding of TM and the diverse cultural and institutional dynamics that underpin it.

5.2 Practical implications

First, we recommend that SMEs focus more on their sensing capabilities, as these allow for the development of appropriate TM practices. For instance, SMEs should capitalize on their cultural strengths of trust and community bonds by enhancing their reliance on referrals and informal networks. SMEs could systematize these practices by creating a “preferred talent list”, to track past seasonal workers and community connections, ensuring quick access to pre-vetted candidates. CEOs could create a standard operating procedure for informal recruitment processes, actively cultivate relationships with local educational institutions, community organizations, and expatriate networks; and host informal networking gatherings to strengthen ties with potential talent pools. SMEs could use digital tools and platforms which can serve as instant hiring channels, allowing SMEs to mobilize talent even faster. In addition, the seizing capabilities, visible through cross-utilization of employees, ability to hire quickly, and use of flexible contracts are key strengths of the D-System. As these methods enable SMEs to respond to workforce needs in real time, SME owners can further enhance them by establishing structured cross-training modules that allow employees to develop multiple competencies before peak seasons. They can pre-negotiate seasonal hiring agreements with former employees who are available at certain times of the year.

Third, as feedback mechanisms in the D-System enable SMEs to learn and refine their TM strategies iteratively, SMEs should enhance their feedback loops to foster continuous improvement. This establishes a culture of learning by encouraging employees to share their experiences for improvement, while managers could conduct regular workforce alignment meetings to assess which roles need urgent reallocation. It could be useful to have basic documentation of best practices and role-specific guidelines to ensure that returning staff can reintegrate quickly. Finally, from a policy perspective, robust support frameworks can significantly support the positive outcomes in SMEs. Government incentives such as tax reductions, grants, or subsidies to SMEs that invest in formal cross-training and talent-sharing initiatives may help to incentivize them to develop flexible workforces. There is also a need to simplify and streamline administrative processes for flexible and seasonal contracts without compromising fair labor practices for SMEs.

5.3 Limitations and future research agenda

The first limitation is the reliance on qualitative methods. While the in-depth, semi-structured interviews provided rich, context-specific data, this approach limits the generalizability of our findings across sectors and in less tourism-dependent regions and build on analytic generalization (Yin, 2014). Second, the absence of a broader meta-level analysis of the French context – encompassing economic conditions, government regulations, and technological advancements (Abid, 2025) – limits a deeper and more global understanding of how institutional factors shape TM. Future research could build on this by incorporating more institutional perspective to simultaneously investigate the social and institutional contexts and their influence on TM models. Additionally, adopting a comparative framework that integrates additional variables could provide deeper insights into TM models within the same context, across different sectors, or in culturally distinct countries. We call for a test of our D-System and/or a comparative cross-cultural analysis (Gallardo-Gallardo *et al.*, 2020), including contexts that share cultural and institutional characteristics with France – such as other Francophone contexts (e.g. Belgium, Switzerland, Quebec) or nations with strong bureaucratic and regulatory frameworks (e.g. Germany, Italy) – to examine whether and how the D-System applies to other European markets and to highlight why and under which conditions it may differ. Additionally, since informal networks were identified here, future research should investigate in depth the interplay between informal recruitment networks, TM strategies, and stakeholders’ roles in SMEs (Abid and Alsarhan, 2025). We encourage future research to explore how variations in formal and informal institutional structures create distinct dynamics in TM that could enrich the dynamic capability framework through piston (the French appropriation of informal networks). Finally, we exclusively focused on SMEs in hospitality, which may not fully capture TM practices across the broader H&T industry. Future research could investigate whether similar TM strategies are used in other industries and try to quantify the impact of the D-System on performance metrics like employee retention and customer satisfaction.

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Table 1. Overview of the sample

SME (hotel)	Sector	Size (number of employees)	Number of interviews	Interviewee positions	Location
A	Family-run hotel	25	5	Director/owner (A1)	Nice
				General manager (A2)	
				Receptionist (A3)	
				Receptionist (A4)	
				Receptionist (A5)	
B	Aparthotel	27	4	Owner (B1)	Antibes
				Receptionist (B2)	
				Manager (B3)	
				Receptionist (B4)	
C	Mid-sized city hotel	38	5	General manager (C1)	Nice
				Receptionist (C2)	
				Receptionist (C3)	
				Front desk manager (C4)	
				Receptionist (C5)	
D	Aparthotel	22	5	City manager (D1)	Nice
				Operations officer (D2)	
				Front desk manager (D3)	
				Receptionist (D4)	
				Receptionist (D5)	
E	Family-run hotel	29	5	Owner (E1)	Nice
				Owner (E2)	
				Receptionist (E3)	
				Receptionist (E4)	
				General manager (E5)	

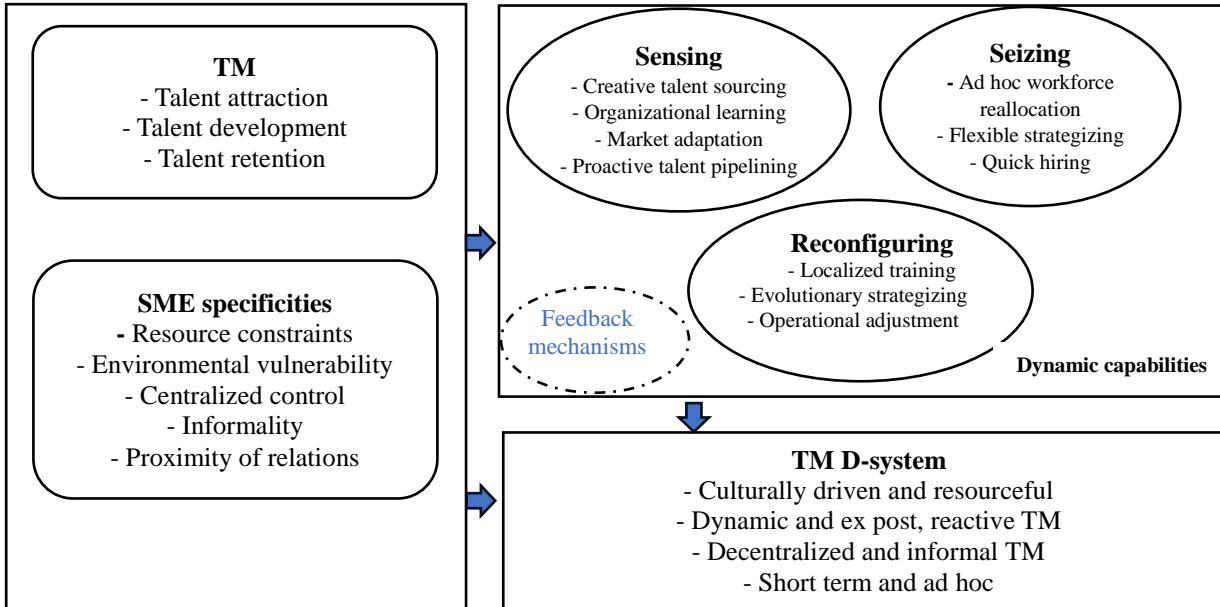
Authors own work

Table 2. Dynamic capabilities in French Hospitality SMEs

Dynamic capability	Description	Application of the D-System in hospitality SMEs
Sensing capabilities		
Creative talent sourcing	<ul style="list-style-type: none"> - Using informal networks - Using community ties - Using personal referrals to identify labor opportunities 	SMEs engage local networks to quickly fill staffing needs, particularly during peak seasons, bypassing formal recruitment systems.
Organizational learning	<ul style="list-style-type: none"> - Learning from past patterns of labor demand - Predicting staffing needs 	Hotels adapt to seasonal labor needs based on previous hiring cycles, ensuring they are prepared for tourist-driven fluctuations.
Market adaptation	<ul style="list-style-type: none"> - Continuously adjusting recruitment to seasonal and local labor shifts 	SMEs rely on quick, informal hiring strategies using expatriates and students during high-demand periods, bypassing formal recruitment channels.
Proactive talent pipelining	<ul style="list-style-type: none"> - Nurturing informal ties with future hires - Cultivating connections with former seasonal workers 	SMEs maintain connections with past seasonal workers, ensuring a ready pool of talent to meet future demands during peak operational periods.
Seizing capabilities		
Ad hoc workforce reallocation	<ul style="list-style-type: none"> - Reassigning employees across multiple roles - Focusing on immediate operational needs 	SMEs cross-train employees in multiple roles to ensure operational flexibility.
Flexible strategizing	<ul style="list-style-type: none"> - Rapidly adjusting workforce with flexible contracts - Shifting roles to tackle labor shortages 	Hotels employ seasonal, part-time, and expatriate contracts to quickly respond to changes in demand, ensuring staff coverage during peak periods.
Quick hiring	<ul style="list-style-type: none"> - Reacting swiftly to unexpected labor needs by hiring temporary staff - Reallocating current resources 	SMEs implement short-term hiring strategies during peak seasons or crises, ensuring the continuity of operations through flexible labor solutions.
Reconfiguring capabilities		
Localized training	<ul style="list-style-type: none"> - Offering immediate, task-focused on-the-job training over formal programs 	Cross-training employees for multiple roles to meet dynamic operational needs, without formalized training programs, especially during busy seasons.
Evolutionary strategizing	<ul style="list-style-type: none"> - Constantly adapting retention strategies - Adjusting roles to meet business needs and keep key staff 	SMEs tailor retention strategies (seasonal bonuses, community-driven incentives) to retain critical staff through tourist seasons.
Operational adjustment	<ul style="list-style-type: none"> - Adjusting roles - Adjusting responsibilities based on real-time needs 	SMEs adapt employee roles dynamically, ensuring staff cover all operational functions during high demand without the need for rigid hierarchies.
Feedback mechanisms	<ul style="list-style-type: none"> - Adjusting and refining TM strategies - Using an iterative and feedback-driven process 	SMEs adjust and refine their TM strategies through a continuous cycle of reconfiguration and learning, of reassessment and retention.

Authors own work

Figure 1. Talent management in French hospitality SMEs



Authors own work