Global Talent Management- Challenges and Role of HR Professionals

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Abstract

Global talent management has emerged as a key strategic issue for Multi National Corporations. It has been reported as one the most difficult challenges faced by HR professionals. Managing global talent is the topmost priority of HR practitioners over the past decade. The present study therefore attempts to understand the concept of global talent management. The study examines the challenges faced by HR professional in managing global talent. Furthermore, the study also aims to understand the role of human resource professionals in global talent management.

Keywords: Talent Management; Global Talent Management; Challenges; Role of HR

JEL Classification-M5

Introduction

In the past two decades, various firms have faced internationalization. These firms have entered foreign markets themselves or through joint ventures, strategic alliances, mergers & acquisitions by foreign establishments. HR policies and practices of these firms have been influenced by circumstances and practices of various countries and cultures (Workplace Visions, 1996). Internationalization of operations has made HR professionals manage various international assignments, work in congruence with HR professionals from other nations, and also acclimatize HR practices in cross cultural environment. Rapid pace of internationalization has also changed the role of HR to more strategic role. HR professionals have started acquiring necessary skills to work in the cross-cultural environment. HR is playing a significant role in transforming an organizational culture from a domestic to global.

However, as companies are expanding into new markets, the complexity and scope of HR issues has also expanded. Many global firms are still using a domestic paradigm. For instance, Claus (2014) opined that "HR individuals working for organizations with a worldwide reach concentrate the greater part of their global activities on forming international assignments (expatriate management), instead on building a global corporate cultural environment that can hold up the organization's strategic global orientation ". Global firms are finding it difficult to duplicate the system among their culturally and geographically distributed subsidiaries. Less

understanding between the HR specialists handling the international HR issues of an organization and difference between the knowledge of HR practitioners and international HR professionals are some of the issues being faced by HR across boundaries. Most importantly, the challenge of managing global talent has gained most of the attention. Farndale, Scullion & Sparrow (2010) stated several regions of the world like Europe, India, and China are facing talent management challenges.

This paper analyses the challenges faced by the HR professionals in global talent management. The paper also attempts to understand the role HR in the context of global talent management. In order to identify the articles regarding global talent management, selection of key words were used such as: globalization, internationalization, international human resource management challenges, global human resource management challenges, global talent management. The search words were used in different combinations. To identify the articles, databases like EBSCO host, Google scholar, Research gate were used. The literature was selected on two main questions: what are the challenges HR professional face w.r.t. talent management when managing a global workforce?; and what are the ways HR professional adopt to manage those challenges?

TALENT MANAGEMENT

Talent is usually considered difficult to copy, imitate or to substitute (Larsen 2012). The term 'talent' is defined in various ways in the literature (Lewis & Heckman 2006). Michaels, Handfield-Jones & Axelrod (2001) defined

talent as "the sum of a person's abilities -his or hers intrinsic gifts, skills, knowledge, experience, intelligence, judgement, attitude, character, and drive. It also includes his or her ability to learn and grow". According to Nijs et al. (2014) talent refers to "systematically developed innate abilities of individuals that are deployed in activities they like, find important, and in which they want to invest energy". It enables individuals to perform excellently in one or more domains of human functioning, operationalized as performing better than other individuals of the same age or experience, or as performing consistently at their personal best (Nijs et al. 2014).

HR professionals have a range of views about what comprise talent. Talent can be regarded as someone who is at a particular level or career in the organization. Talent can also be everyone in the organization irrespective of their level or designation. Also, talent can also be regarded as someone occupying higher position or someone with certain expertise. Thus, there are different interpretations of the term talent and it has to be expressed in the context of the organization in which TM is being administered.

Talent can also be defined in two ways: inclusively or exclusively. The inclusive approach views all employees as potential talent. This approach regards all individuals as talented (Armstrong, 2006) who have the ability to contribute to organizational success. The exclusive approach regards individuals with high performance and potential as talent. According to this approach, main group of leaders, technical specialists and vital contributors who can steer the business forward are regarded as talent (SHRM, 2007).

Organizations today confront alarming talent challenges. The capability to maintain a continual supply of talent is a challenge faced by almost every organization. Talent management is of strategic importance for organizations. Talent is tacit, tough to assess as it usually deals with potential rather than definite performance (Mellahi & Collings, 2010). Talent refers to those limited amount of people who have the utmost quality of professional and leadership skills. Thus talent makes a division among individuals who have an aptitude to make a difference in contrast to the rest of the employees.

The starting point for TM was the dearth of human resources which started to happen in the late nineteenth century. Talent management is mostly related with recognition of high performing persons who can contribute to organizations' performance and success. TM refers to the process that facilitates the 'identification, development, engagement, retention and deployment of those individuals who are of particular value to an organization' (CIPD,

2017). TM may be considered as the management of only top elites in an organization or everyone can be considered as talent (Scullion, Sparrrow & Farndale, 2011).

Talent management practices are often considered as a key strategic priority of organizations. TM is essential for organizations in order to meet their existing business needs and accomplish the business goals. Talent Management is based on the assumption that there is potential in each and every one and any approach should be to try to release that potential (Cannon and McGee, 2007). In today's uncertain environment it is vital that organizations address talent issues in the right manner and at the right time. Talent management is an important driver of organizations' success.

Global Talent Management

Companies today need to leverage from talented professionals across the world. TM is a compelling force for an organization to be successful. Global talent management has surfaced as a vital strategic issue for Multi National Corporations. It is the topmost priority among HR practitioners over the past decade (McKinsey, 2014). Collings and Scullion (2008) define Global Talent Management (GTM) as "the strategic integration of resourcing and development at the international level which involves the proactive identification and development and strategic deployment of high-performing and high-potential strategic employees on a global scale". It is "the set of activities undertaken in the context of international business to manage talent for differentiated roles" (Scullion & Collings, 2011). According to Scullion, Sparrow and Farndale (2011) GTM focus on developing a global talent pool of people and appropriate flows of people to fill critical positions in the organization and enable their successful executing through building necessary organizational capabilities.

Global talent management has been reported as one the most important challenges faced by HR professionals (PwC, 201   4). Cheese, Thomas and Craig (2008) argued that talent has become a valuable resource brawled over by competitors in a worldwide rivalry of talent. Tung (2015) suggested various reasons for this growing war for talent, for instance, aging of the labour force, ascending of promising markets along with up gradation of the educational qualifications and technical expertise, and fall in immigration/emigration because of various barriers in movement of people across various nations.

Mangers in global environment need unique competencies and a desire in order to survive in culturally distinctive countries. Farndale et al. (2010) stated that in order to deliver effectively, global managers need various kinds of

capital like cognitive capital -understanding of how knowledge has to be shared across global organization , social capital- various connections in order to perform across roles, political capital- the legitimacy needed to be confirmed as talent and human capital – competence to perform across cultures. Marquardt et al. (2004) defined six global competencies (as special abilities) required in international employees viz. cultural self-awareness, global outlook, language, tolerance for ambiguity and differences, cultural flexibility and communication ability.

CHALLENGES IN GLOBAL TALENT MANAGEMENT

Global talent management is a significant area for research nowadays. One of the major challenges faced by organizations nowadays is building and sustaining a robust talent pipeline. Organizations are on constant outlook for managers who has considerable skills and in-depth knowledge. They are increasingly demanding extremely skilled, very flexible, mobile employees who can bring the results while functioning in demanding situations (Roberts, Kossek & Ozeki, 1998). There is considerable competition among organizations to hire few managers with multifarious capital (Farnadel et al. 2010). In an annual survey report on CEOs by Pricewaterhouse Coopers (as cited in Tung, 2015) reported that 58% of the respondents cited concerns about talent deficit. Likewise, in a survey of companies across industries by Ernst & Young and Oxford Analytica (as cited in Tung, 2015) majority of the respondents reported shortage of talent as one of the topmost risks faced by their companies.

GTM challenges can be divided into two dimension viz. exogenous and endogenous (Tarique & Schuler, 2010). Exogenous are factors that are beyond the control of the management of the organization. Exogenous dimension consists of challenges such as globalization, demographics and demand-supply gap. Globalization includes challenges associated with migration of talented individuals between country due to reasons like to undertake advance education abroad or to obtain foreign experience, and then consequently returning to their home country. Demographics include challenges associated with the changing workforce demographics. For instance, Strack, Baier and Fahlander (as cited in Tarique & Schuler, 2010) stated that the size of the populations of many of the developed countries is anticipated to stay more or less the same, and in certain cases even reduce. However, the populations of the developing nations and the emerging countries are escalating and getting younger. Therefore, attracting, selecting, developing and retaining these different generation of employees (old, mature and even young) which may include highly talented individuals is a

challenge for the HR practitioners. Demand-Supply Gap involves scarcity of suitable talent due to which organizations are finding it difficult to fill positions in their markets. Endogenous are forces/drivers that are internal to the organization. Endogenous dimension consists of GTM challenges such as regiocentrism, required activities, international strategic alliances, and required competencies. Regiocentrism implies challenges that region and industry specific. Organizations need to obtain a suitable regional talent strategy for particular geographic regions like European Union (EU) and Association of Southeast Asian Nation (ASEAN). Internal Strategic Alliances challenges include retention of talent during mergers, acquisitions international joint ventures.

Kim and McLean (2012) defined ethnocentrism as the belief that one's own group is superior and other groups are inferior. Various organizations consider standardization through ethnocentric approach as a more efficient approach than customization or local flexibility. Ethnocentric perceptions of global organizations can lead to a lesser amount of preparation of the talent for global assignments leading to expatriate failure (Kim & McLean, 2012). Worries about global mobility involves individuals fear of global mobility as they think they may lose promotion opportunities in home country, fewer positions at home during repatriation, fear that foreign assignment may be a demotion, unwelcome attitude of co-workers after repatriation and also last but not the least- reverse culture shock. In addition, national identity and quality of life at in the home country may also dissuade individuals for global assignments (De Cieri, Sheehan, Costa, Fenwick, & Cooper, 2009). Barriers between headquarters and subsidiaries imply non-alignment of goals between organization and its subsidiaries. The subsidiaries may develop talent for their own branch performance, neglecting the overall success of the organization. This may reduce overall effectiveness of the organization. Kim and McLean (2012) stated that the barriers between headquarters and subsidiaries can result in a collapse of the global TM system. This can ultimately result in inadequate opportunities in the higher positions for the talented individuals.

Tarique and Schuler (2010) discussed three challenges in GTM viz. attracting employees, retaining them and developing these employees. One of the challenges is to attract employees in this world of fierce competition. Today, the number of people in the labour force is on the rise; however workforce with the required necessary knowledge is scarce. Therefore, it has become difficult to find the people with the right skills for specific positions such as knowledge intensive positions, management and

strategic positions. Second challenge faced by organizations id to retain employees. Engaging employees to retain them is crucial for companies. Employee turnover can be costly for organizations. It can also hamper the morale of the existing employees. Therefore, organizations have to implement various programmes to keep the employees stay longer in the organization. Lastly, employee development is another GTM challenge. Employees are constantly looking for such organizations which help them grow. Opportunities provided to employees for their growth and development motivated talented employees to stay with the organization, thereby reducing employee turnover.

Role Of Hr In Global Tm

Talent is central to operation of an organization. Effective talent management demands new kinds of skills. Sam Plamisano (President & CEO, IBM) opined that the one of the most important challenges in shifting from local to global enterprises and the thought compelling most business decisions today is to acquire individuals with prominent skills. HR practitioners needs to go beyond HR planning for global assignments and focus on talent management i.e. talent identification, deployment and retention of talent. HR professionals need to specifically focus on development and deployment of talent. New tool, methods, and coordination competencies are essential in order to focus on hiring the key talent and planning their career (Scullion, Sparrow & Farndale, 2011).

Kim and McLean (2012) suggested three roles of HR for developing talent namely a) balancing centralized and decentralized strategies, developing global competencies; b) creating structured global talent development and c) conducting global team building. Organizations need to have a right balance of global unified strategies and corporate culture as well as locally specified customized approaches at the same time. For global unified strategies, organizations send their executives from headquarters to various subsidiaries across various nations around the world to share their principal values and culture. The shared global talent management structure and its associated strategies make it viable for global organizations to have an adequate supply of talent, proper deployment of the talent and development of talent (Mellahi & Collings, 2010). For customized specified strategies organizations adopt decentralized approach. They develop and deliver localized or acculturated interventions (Marquardt et al., 2004). Kim & McLean (2012) suggested that the talent recruited and developed through localized strategies may only be more productive at the local level of the businesses only than at the headquarters or in other areas (Kim & McLean, 2012).

Therefore, developing global competencies like culture, self awareness, strong communications skills, global mindset, and global tolerance can be critical for business success. These competencies can maximize the performance of the talent. Organizations therefore can adopt various interventions in order to develop the abilities of global talent. Organizations need a structured development system that has be integrated to the business strategies and goals, reflect needs for global talent development strategies, identify action steps, and analyze inner and outer factors and resources" (Kim & McLean, 2012). It can include various interventions like global leadership development, succession plans, and expatriate training. Global team building is creating cross-cultural teams working for a common objective. These teams can interact face to face or virtually using technologies like web cam or web chat.

Tarique and Schuler (2010) defined talent positioning as "having the right talent at the right place at the right time with the needed competencies and motivation at all levels and all locations of the firms" as an important IHRM activity to management global talent. Tarique & Schuler also suggested developing HR reputation, attracting individuals with interest in international work, recruiting on positions basis, developing global leaders, reducing repatriate turnover, and increasing employee engagement as important IHRM activities in GTM systems.

Conclusion

The present study reviewed global talent management, its challenges and the role of HR practitioners in GTM. Many organizations today are facing GTM challenges. It is one of the most pressing global challenges. The present research highlighted several challenges in GTM. It also highlighted the role of HR professionals in addressing those challenges. It was found from this article that global talent management is critical for success of an organization. Organizations that fail to develop strategies to manage talent are less likely to succeed in international business (Guthridge & Komm, 2008). GTM activities are highly correlated with higher profit per employee (Guthridge & Komm, 2008). HR practitioners should keep paying attention to the issues related to global talent. They need to focus more on talent management i.e. talent identification, deployment and retention of talent. A great deal of attention is required when HR deals with global talent.

The research contributes to the existing literature on global talent management. It contributes to discussions on challenges and role of human resources in GTM. Studies in context of GTM are very few. Since GTM has strong implications on the organizations, more research is

required in this area. Further research could focus on the challenges in managing talent, as described in the present article. The results of the present study are theoretical analysis. There is also a need for more empirical research in this area.

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