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Exploring the challenges in global talent management

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Abstract

The purpose of this paper is to focus on the challenges relating to global talent management in the multinational organisational contexts. This is a conceptual paper that explains the various challenges internal and external such as., global competition, developing culturally competent employees, globalisation, demographics, talent retention, demand supply gap, international strategic alliances, required competencies and recruiting talent. Future studies can empirically test the conceptual model using statistical techniques.

Keywords: Challenges, Global Talent Management

1 Introduction

Today's global economy has created a more complex and dynamic environment where it has become necessary to compete effectively for achieving sustainable growth. Employees have become larger, increasingly diverse, educated and more mobile around the world (Briscoe, Schuler, & Claus, 2009) ^[2]. This global environment has not only changed the way business is conducted, it has also created the need for organizations to manage their workforces in a global context. As a consequence, the notion of a "global workforce" has received extensive discussion recently. One of the major topics of this discussion has been around talent management. While business and management scholars have called for more international research into talent management (Hartmann, Feisel, & Schober, 2010) ^[15] research in this field remains fragmented and under-developed, and the topic still lacks a clear vision (Collings & Mellahi, 2009) ^[9]. Therefore, present study shall uncover the various challenges faced by multinational organisation in global talent management.

1.1 Challenges in Global Talent Management

1. Global competition

There is growing evidence of increasing global competition for highly skilled talent and the emergence of a common global talent pool being shared by all the large organisations. In order to remain competitive, organisations are demanding increasingly high skill levels amongst their staff and are becoming more specific about the qualities that really differentiate their employees (Dickmann, Sparrow, & Brewster, 2008) ^[11]. The supply of sufficiently educated staff is not meeting the demand and it has been noted in the U.S.A. (Cappelli, 2008) ^[5], transitional and developing economies, such as China and India (Doh *et al.*, 2008) ^[12]. Market-mapping and employer-branding to assist in the attraction and retention of high-performing employees have become increasingly high on the corporate agenda.

2. Developing culturally competent employees

The growing importance of international business operations has increased the long-standing talent management challenge of staffing employees' roles that can operate in a global environment. Although there are many factors that shape the performance of employees at global level, recent work has emphasised the importance of cross-cultural competencies in managing employees (Tarique & Schuler 2010) ^[26]. Culturally competent employees are those who are effective in drawing upon a set of knowledge, skills and personal attributes in order to work successfully with people from different national cultural backgrounds at home or abroad (Johnson *et al.* 2006) ^[18].

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3. Globalisation

The challenges associated with talent flow refers to the migration of talented individuals between countries for various reasons like to undertake advanced studies abroad and acquire foreign work experience and then subsequently return to their country of origin to take advantage of economic opportunities and development (Carra, Inkson, & Thorn, 2005) ^[7]. Talent flow have been compared with the notion of 'brain drain' and it has been suggested that 'brain drain' is too restrictive and does not focuses on the psychology of migration as well as the economic, political, cultural, family and career forces motivating it. Government type and as well as the effects of government regulations also effects talent flow (Koh, 2003) ^[2].

4. Demographics

Recent trends show that while the size of populations of developed economies is projected to remain relatively stable and in some cases even shrink, the populations of the developing economies and those just emerging economies are expanding and getting younger (Strack, Baier, & Fahlander, 2008) ^[24]. Research along these lines has attempted to examine how organizations attract, select, develop, and retain two generations of employees: older or mature workers and "Generation Y" which have many high talent individuals (Faust, 2008) ^[13]. The research on older workers has focused on the stereotypical beliefs toward older workers and found that the relationship between employers' policies, practices and attitudes towards workers over 50 is complex with both positive and negative biases towards older workers (Loretto & White, 2006) ^[22]. In addition to examining the negative biases, several studies have identified important differences between the aging and younger workers (Broadbridge, Maxwell, & Ogden, 2007) ^[3].

5. Talent Retention

Talent retention is the emerging concern. A 2012–2013 Towers Watson survey of global employers found 50% were experiencing the problem of retaining top-performing employees (Towers Watson 2013) ^[26]. Cappelli & Hamori (2013) ^[6] suggested that executives change employers every three to four years and that almost 50% of executives were willing to consider searching for a new job at another company when asked by a search firm. It is difficult to sustain costly investments in employee training and development when the employees receiving that investment leave so quickly.

6. Demand-Supply Gap

Majority of employers worldwide are facing difficulties in filling positions due to the lack of suitable talent available in their markets (Strack *et al.*, 2008) ^[24]. Studies have focused on the causes of the shortages such as the changes in the employment relationship (Cappelli, 2005) ^[4], and a misfit or mismatch between the training adequacy and employment structure. A few studies have provided strategies to manage staff shortages (Henkens *et al.*, 2008) ^[16] such as increasing the labour supply of existing workers through overtime, encouraging part-timers to work extra hours, outsourcing work and substituting technology/capital for labour.

7. International Strategic Alliances

Retention of top level talent (CEOs, executives, vice presidents) during the merger or acquisition process is an important challenge. Very few studies have examined the notion of 'talent raiding' (Gardner, 2002) ^[14] which refers to an aggressive attempt by an organisation to attract or hire employees from a competing

organisations. A few studies have examined antecedents of talent retention such as executives' perceptions of the merger announcement, interactions with the acquiring firm's top managers and long-term effects of the merger (Krug & Hegarty, 2001) ^[21]. Evidence shows that there is a positive relationship between post acquisition performance of the acquired firm and degree of retention of the top management team of the acquired firm (Kiessling & Harvey, 2006) ^[19].

8. Required Competencies

This area includes studies on general business competencies, cross-cultural competencies, and knowledge workers. These competencies include basic education, communication skills, ability to use sophisticated technology, to interact with demanding customers, to perform under changing conditions and motivation to adapt to new conditions as needed (Adult Literacy, 2008) ^[1]. It appears that these increased competencies are being associated with almost all jobs traditionally performed in multinational firms around the world today (Price & Turnbull, 2007) ^[23]. While all workers today could be regarded as requiring more knowledge than ever before to do their jobs well, 'knowledge workers' appear to be defined by having special skills developed through extensive education and training and capable of having a significant impact on the success of the company (Jackson, Hitt, & DeNisi, 2003) ^[17].

9. Recruiting Talent

A survey by Deloitte (2005) of 1,396 human resource practitioners from over 60 different countries found that the ability to attract and retain new talent is perceived as being the two most critical people management issues faced by the organisations today. Fuelling the recruitment and retention challenge have contributed to the perception that it is a less than ideal place to work (Christensen Hughes, 2008) ^[8].

1.2 Proposition 1: Multinational organisations face various challenges pertaining to global talent management viz., global competition, developing culturally competent employees, globalisation, demographics, talent retention, demand supply gap, international strategic alliances, required competencies and recruiting talent.

2. Conclusion

One of the biggest challenges facing companies all over the world is building and sustaining a strong talent pipeline. Not only do businesses need to adjust to shifting demographics and work force preferences, but they must also build new capabilities and revitalise their organisations through investing in new technologies, globalising their operations and contending with new competitors. The range of talent management issues facing multinational companies today is extremely broad. Companies must recruit and select talented people, develop them through training, manage their performance, compensate and reward them and try to retain the strongest performers. Successful companies adhere to six key principles viz., alignment with strategy, internal consistency, cultural embeddedness, management involvement, a balance of global and local needs and employer branding through differentiation.

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