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**REVIEW OF GLOBAL TALENT MANAGEMENT**

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**ABSTRACT**

One of the most significant developments in people management over the past fifteen years has been the focus on effectively managing the individuals who are most important to the strategic success of companies, both domestic and international. This focus has taken the general labels of “talent management” or more popularly, “global talent management.” This report is about the broader and more encompassing label global talent management (GTM). Because of its importance, there have been many academic and HR practitioner papers and reports published on global talent management, but because of its recency, there are many viewpoints as to what it really is, what it covers and what things remain to be explored and developed in the years ahead. So in this white paper we would like to do several things:

- 1) Define the field of global talent management by reviewing the major academic and practitioner work.
- 2) Describe the drivers of the field of global talent management.
- 3) Review the work done on the policies and practices of GTM, including the attraction, development, retention, and mobilization of global talent.
- 4) Offer some thoughts on the future directions of global talent management for human resource academics and human resource practitioners. An extensive set of references utilized in the preparation of this review is found at the end.

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## Introduction

In today's complex and dynamic global environment multinational organizations have to manage a global workforce to achieve sustainable growth. Managing a global workforce is challenging -- it is mobile, diverse, and not bound by geographic and cultural boundaries (Schuler, Jackson, & Tarique, 2011; Scullion, Collings, & Caligiuri, 2010; Stahl et al., 2012). As a result of these challenges many human resource practitioners (HR leaders and HR consultants), and academics are focusing on the important area referred to as "global talent management" (Collings & Mellahi, 2009; Garavan, Carbery, & Rock, 2012; Schuler, et al., 2011; Scullion, et al., 2010; Stahl, et al., 2012; Vaiman, Scullion, & Collings, 2012).

According to the *Manpower Talent Shortage Survey*, the top three most difficult positions to fill in the Americas (e.g., Argentina, Brazil, Canada, Colombia, Costa Rica, Guatemala, Mexico, Panama and Peru, and United States) include technicians, sales representatives, and skilled trades workers, in Asia-Pacific (e.g., Australia, China, Hong Kong, India, Japan, New Zealand, Singapore and Taiwan) include sales representatives, technicians and laborers, in Europe, Middle East and Africa (e.g., Austria, Belgium, Bulgaria, Czech Republic, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Romania, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey and the United Kingdom) include skilled trades workers, technicians, and engineers (For more information see the *Manpower Talent Shortage Survey, 2011*).

Although the origins of talent management can be traced back to 1865 (Simonton, 2011) and to the fields of arts/entertainment management, sports management literatures, and early education, interest in talent management in the business context came in the 1990s with the ground breaking study entitled "The War for Talent," by McKinsey (Michaels, Handfield-Jones, & Axelrod, 2001). This study, reflecting the high tech boom times of the late 1990s, suggested that demand for talented employees exceeded the available supply, thus leading to the problem of talent shortage. Several HR practitioners and consultants recognized the importance of this trend, and as a result, several excellent studies were done in subsequent years by human resource practitioners and consultants to examine talent shortages (Tarique & Schuler, 2010). As a consequence of this, the phrases "talent acquisition, retention and management" and "attracting,

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retaining, and developing talent” become popular among human resource management community.

Global talent management was widely accepted by *human resource practitioners, consulting firms and professional associations*(e.g., Boston Consulting Group, McKinsey & Company, Hay Group, Watson Wyatt Worldwide, Heidrick and Struggles, Korn/Ferry, Lominger International, Society for Human Resource Management, World Federation of People Management Associations, Manpower Inc., Economist Intelligence Unit, The Chartered Institute of Personnel and Development, the American Council on International Personnel). Building on this excellent work, academics recently started to examine the talent management phenomena more closely in the last few years. Several special issues of academic journals such as the *Journal of World Business* (Scullion, Collings, & Caliguri, 2010) and the *Asia Pacific Journal of Human Resource Management* (McDonnell, Collings, & Burgess, 2012) and books such as *Global Talent Management* by Scullion and Collings (2011), *Strategy-Driven Talent Management* (Silzer & Dowell, 2010) and *Talent Management of Knowledge Employees* (Vaiman, 2010) have been published (Tarique & Schuler, 2010). Universities have also been paying attention to global talent management: The graduate business programs at Pace University (New York, USA) and Reykjavik University (Iceland) are examples of academic programs that specifically focus on global talent management.

## Drivers of Global Talent Management

This section identifies and discusses four drivers that have shaped and are shaping the field of global talent management. More specifically, these are the drivers that impact how organizations attract, develop, retain, and mobilize talent. Major drivers include:

- Shortage of talented workers;
- Changing demographics;
- Changing attitude towards work and structure of work; and,
- Country culture differences.

How these specifically impact global talent management is the focus of the section that follows this one on Drivers.

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**Shortage of Talented Workers**

There is considerable evidence that shows organization worldwide are having difficulty finding the right talent (Jeff Schwartz, 2011; Kavanagh, 2010; Kazmin, Pearson, Robinson, & Weitzman, 2011; Meisinger, 2008; Michaels, et al., 2001; Payne, 2008; Sridharan, 2007). The World Economic Forum and the Boston Consulting Group (2011) study recommends taking a systematic approach to managing global talent risk and suggest several responses by multinational firms (p.7):

- Introduce strategic workforce planning (e.g., determine future talent gaps);
- Ease migration (e.g., attract talent from a global labor pool);
- Foster brain circulation (e.g., reduce brain drain by encouraging students and professionals to return home);
- Increase employability (e.g., increase the skills levels of both the current and future workforce);

**Changing Demographics**

Several studies show that there is little doubt that world demographics are changing. Current trends show that population in the developed economies is shrinking and becoming older while the size of population of much of the developing economies is expanding and getting younger (Strack, Baier, & Fahlander, 2008).

Similar to the aging population, managing the millennial is also challenging for global talent management. According to a study by PricewaterhouseCoopers (2011), this generation of potential workers make up 25% of the workforce in the United States and account for over half of the population in India. The report predicts that by 2020, millennials will form 50% of the global workforce. Hence it is important to understand the work related characteristics of this group which include:

- Low loyalty (and engagement levels) towards employers;
- Most likely to voluntarily leave when economic conditions improve;
- Consider learning and development as the most essential benefit from employers;
- Look for a good work/life balance;
- Prefer to communicate electronically at work than face to face;

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- Career progression is important;

### **Changing Attitude toward Work and Structure of Work**

Attitude towards work are changing dramatically in some countries(Erickson, 2008; Gratton, 2010, 2011a,2011c). Traditionally employees rotated through a set of jobs or positions with an occupation or a company, lateral and/or horizontal movement (e.g., job mobility) was within the employer organization, and the employer invested considerable resources in training and developing employees. In return, the employees displayed loyalty to their employer and expected continued job security. The picture now is very different.

### **Country Culture Differences**

Country culture an important role in international human resource management(Black, 2005; Gerhart & Fang, 2005; Rowley & Benson, 2002;Schneider, 1988). Country culture can have a direct or indirect effect on how human resource management policies and practices are designed, how they work together, and how they influence employee behavior and performance both at the individual and organizational levels(Gerhart & Fang, 2005; Hassi, 2012; Lertxundi & Landeta, 2011; Miah & Bird, 2007; Schneider, 1988). An important discussion in international human resource management is on the issue of convergence/divergence of human resource practices across cultures, regions, and countries(Brewster, Wood, & Brookes, 2008; Festing, 2012; Mayrhofer, Brewster, Morley, & Ledolter, 2011; Sparrow, Schuler, & Jackson, 1994; Stavrou, Brewster, & Charalambous, 2010).

Similar patterns exist with other global talent management practices(Tarique & Schuler, Forthcoming). Several studies have examined talent management in countries such as South Africa (Koketso & Rust, 2012), Thailand (Piansoongnern & Anurit, 2010), India (Anand, 2011; Tymon, Stumpf, & Doh, 2010), Italy (Guerci & Solari, 2012), and New Zealand (Jayne, 2004). In most countries, talent management is a relatively new topic such as in China (Preece, Iles, & Chuai, 2011) and Thailand (Piansoongnern & Anurit, 2010), and there is little consensus on the definition of the term. For example in China talent management is viewed in a variety of ways such as talent management is different from HRM (Chuai, Preece, & Iles, 2008), focuses on

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certain employee groups, and focuses on certain jobs (Iles, Chuai, & Preece, 2010). They identify three reasons for the push towards convergence including:

- Companies compete for the same talent pool;
- Companies want to standardize how they recruit and develop talent; and,
- Easier for companies to imitate because of available data and information from large companies.

The last reason listed has important implications for talent management in terms of the relationship between talent management and competitive advantage. An important assumption in the strategic human resource management literature is that human resource management practices can provide competitive advantage as long as the practices cannot be imitated or copied (Becker, Beatty, & Huselid, 2009; Colbert, 2004; Huselid & Becker, 2011; Progoulaki & Theotokas, 2010; Schuler, Dowling, & De Cieri, 1993; Wright & McMahan, 2011).

### **Global Talent Management Systems**

Another area for future research is to explore issues related to designing and configuring global talent management systems. As mentioned earlier configurational theory (Jackson, et al., 2011) can be very useful here. Global talent management systems include complex subsystems related to attraction, development, retention, and mobility. Future research can examine how these subsystems work together and the process through which they impact organizational effectiveness. This process is similar to the process involved with human resource management systems impact organizational performance.

This processes as described in the strategic human resource management literature, suggests that human resource management systems, in general, do not lead directly to firm performance. Rather they influence intermediate employee outcomes such as human capital (e.g., knowledge, skills and abilities), and employee behaviors that in turn lead to improved performance. This is referred to as the black-box of strategic human resource management. Global talent management

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scholars can borrow from the strategic human resource management literature to describe how and why global talent management systems impact performance both at the individual and organizational levels.

Another area of research that can provide guidance here is the field of *talent analytics* which refers to the methods or approaches (e.g., statistical software) organizations take to measure and quantify the processes and outcomes associated with human resource management systems or practices and policies within the system (Bereno, 2011; Davenport, Harris, & Shapiro, 2010; Harris, 2008; Harris, Craig, & Light, 2011; Levenson, 2011; Levenson, 2011; Shen, 2011)

### **Implementation of Global Talent Management Systems in Different Contexts**

Further research is needed to examine the issues involved with the implementation of global talent management systems in different contexts, e.g., regions and countries (Vaiman, et al., 2012). It is important to move beyond the prescriptive best practice approach that is that is prevalent in the literature to date. Keeping with the best practices approach will move organizations towards “averages” which in turn it could become an obstacle for organizations to develop and sustain competitive advantage.

It is also important for future HR researchers to examine where the divergence perspective will be most affected such as countries with very strong institutional historical and culture forces. Future research can also examine whether global talent management systems are region specific. There’s considerable research in international human resource management which argues that human resource management policies and practices are region specific and that there is convergence within a region but divergence across regions.

### **MANAGERIAL IMPLICATIONS FOR HUMAN RESOURCE PRACTITIONERS**

This review shows that global talent management is an important function for HR practitioners as organizations grapple with the new era of talent shortages and how best to attract, retain, develop, and mobilize talent. Our findings have clear implications for global talent management in multinational organizations, specifically for:

- Global talent planning; and
- Embracing six principles.

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## Embrace Six Guiding Global Talent Management Principles

Stahl and colleagues (2012), in addition to their best “policy” suggestions, they suggest six principles that should be considered in an effective global talent management initiative. They include:

- Align Talent strategy with business strategy, values, and organizational culture;
- Design global talent management systems so that the various practices in the system support each other. The combination of practices should lead to a whole that is that is more than the sum of its parts;
- Make talent management a critical part of organizational culture;
- Involve and encourage senior leaders and managers at all levels to be involved in the talent management process;
- Find the optimal balance between global integration (e.g., similar talent management practices across regions) and localization (adapt talent management practices to the local conditions); and
- Improve and differentiateto attract talent.

## Summary and Conclusion

Academics and human resource practitioners alike are showing a strong interest in “global talent management” as evidenced by their work. In this Literature Review their academic and professional work on global talent management from the last five to seven years was reviewed. A major purpose was to identify important themes that can provide academics and HR professionals with an understanding of what is generally accepted and known and unknown about the “global talent management.” This Literature Review suggests that there are strong drivers shaping the field of global talent management including the shortage of talented workers, changing demographics, changing attitude towards work and structure of work, and country culture differences.

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These drivers in turn impact the need for and content of global talent management systems, that is, the general HR policies and specific HR practices that are used for attracting, developing, retaining, and mobilizing talent. As with any relatively new field of inquiry and practice, many questions remain to be answered, both in practice and in theory. Possible questions for academics and practitioners to address are described in the section on “Directions in Global Talent Management.” Because of the number of questions remaining and the importance of global talent management to multinational firms, it would appear that the field will continue to see many research articles and practitioner reports over the next 5-10 years. Clearly, there is a great deal of exciting and important work to be done!

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