

## Talent Shortage: Talent Development as a Tool to Thwart it Globally

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### Abstract

Scarcity of global talent is a significant challenge faced by the multinational companies globally. Effective implementation of Global Talent Management (GTM) is suggested essential for talent shortage issues. Therefore the aim of this paper is to study on the review of talent development and to highlight the areas that are need to be study and under-explored. Even though, talent development as one of the major activities of GTM has prominent effect on talent shortage, but it still lacks on scholarly articles. The outcome of this review highlights on prospective gaps for future studies and adds to existing literature review. From this paper, can see that new topics on GTM for the recent three years are on self-initiated expatriates, embedded the multinational performance with cultural intelligence, and defining the talent in global market. This study adds to existing literature of talent development and expands the current trend of researches under taken in this area recently and provides significant target of GTM in multinational corporation organizational performance globally. This may add values to the future research too.

**Keywords:** Global Talent Shortages, Global Talent Management, Talent Development, Training Development And Career Development

### Introduction

The era of globalization and high technology has forced companies and business alliances to rethink their strategies and corporate cultures (Al Ariss, Cascio, & Paauwe, 2014; Anderson, 2015; Canals, 2014). Businesses that span the world are becoming a norm and they continuously formulate strategies to expand their markets and extend their reach. These strategies include the need to accommodate an increasingly demanding, agile, and mobile workforce. Hence, the major challenges that multinationals face is the ability to systematically manage their workforces to sustain their business competitiveness (Cascio & Boudreau, 2016).

According to Schuler, Jackson, and Tarique (2011), the fluctuating aspects of globalization, the necessity for new capabilities, skills and enthusiasm, the emergence of new demographics,

and the scarcity of talented and competent work force drive these global challenges. 'Talent' become a new differentiator ("Manpower Group 2015-Talent Shortage Survey," 2015) in fast evolving globalize world. Globalization has transformed labour market significantly (Cranston, 2016). The author also highlights that this new transformation are compelling companies and business alliances to rethink their business strategy and company's corporate culture. The transformation of the employment landscape has been associated with high performers in a general sense or linked to how well an individual can perform in general or related to a specific job (Nilsson and Ellström, 2012). Indisputably, talent and their competencies differentiate and advanced the competitive advantage which is an important critical success factor of every single organizations (Khilji & Keilson, 2014 ;Thunnissen & Van Arensbergen, 2015).

Besides this, lately a significant number of scholarly articles, journals and management books highlights the importance of studying and researching about the efficiency in managing talent as a critical success factor of an organization (Barney, 1991; Bartlett and Ghoshal, 2002; Kehinde, 2012; Sears, 2003; Vladescu, 2012). According to Collings and Mellahi, (2009) and Egerova, (2013), the art of effectively managing talent globally has materialized as a vigorous competence for firms' competitive advantage. Accordingly, the aim of this research is to investigate the influences of talent development on global talent shortages in Multinational Corporations (MNC). The extensive literature review of this study is also aim to contribute to the body of knowledge of talent development and global talent shortages.

### **Global Talent Shortage**

Worldwide, many companies and employers are facing talent shortage which heightens the talent war that exodus since 1990s (Festing & Schäfer, 2014). According to, ManpowerGroup 2016-Talent Shortage Survey 2016, talent shortages in 2016 for global firms, peaks at 40% which has increased 2% since 2015 and employers finding it difficult to fill the vacancies and retain the employees. Global talent shortage remains as a big hurdle in MNCs, (Beechler & Woodward, 2009; Scullion & Collings, 2011). It is closely connected to borderless world which created a demanding and agile workforce that demands to work anywhere at any time at any cost (Vaiman, Haslberger, & Vance, 2015). It open up the path for the talents to work everywhere in the world apart their home countries. This has create a significant change in the talent market where the best employees placed them strategically to pursue international careers. Managing talent on a global scale is far bigger the challenge compared to managing talent on a domestic scale (Minbaeva & Collings, 2013).

Adding to that, the statement by Gross et al. (2003) express:

Work forces are aging, expert knowledge and skills are being lost, and qualified replacements are increasingly difficult to find and retain. The loss or departure of undocumented knowledge associated with this situation can be particularly problematic with complex systems that have been in place for many years. (p. 1)

Even though this statement is way back, the reality is, this problem still exist and mushrooming (Malik & Singh, 2014) even in the current economic slump. Furthermore, this statement clearly explains about the perilous of talent and skill shortages that almost every MNCs are facing now.

### **Antecedents of Global Talent Shortages**

The changing characteristic of world demography pattern has a significant effect on global talent shortages. Developed and matured economics countries like Us, German and Japan (Tarique & Schuler, 2011) are struggling and defied with talent shortage due to soon to be retirement of baby boomers. Whereas in the other part of transitional economic countries like Russia, China and India are exploding and emerging with greater number of young talents. This issue also worsen by the deteriorating world recession and irregular recovery of economy that the global is facing now (“Manpower Group 2015-Talent Shortage Survey,” 2015).

Changing global demographics and economic trends are a result of longer lifespans, declining birth rates, which form a disproportion between population sizes of the post-war baby boom generation to the young working generation. This causes a noticeable transferal in labour pool supply and generation gap (Cascio & Boudreau, 2016; H. Scullion, Collings, & Caligiuri, 2010). Average lifespans in developed countries are between 65 and 80 years, the highest in centuries, because of medical advancements and access to healthcare (Beechler & Woodward, 2009; Farndale, Pai, Sparrowd, & Scullion, 2014). Another major factor that pushes competition for talent is changes to business environments, skills, and cultures (Alon et al., 2016; Thomas et al., 2015). The fundamental business transformation shift from manufacturing sector to service sector, is impacting largely recruiting talents globally. Currently, the percentage of jobs opportunity offered by service sector out lead the agro based and industrial sector. In developed economies, the service sector is even larger, with the service sector representing 71.5% of all EU jobs (ILO, 2008). We now observe a shift towards service-based economies focusing on intangible and human assets.

The urgency of global talent shortages pushed the employers of MNCs to reconsider and seize the continuing challenges of retaining talents in their organization is a great deal (Cappelli and Keller, 2014; Doh et al., 2014). This is due to talent is now far more mobile with competition for talent between employers shifting from national to regional and global levels (Sparrow et al., 2004;McDonnell, Gunnigle, & Lavelle, 2009). Consequently, this has result in increased of research interest on global workforce continuously blooming (Briscoe et al., 2009; Collings, Scullion & Dowling, 2009; Scullion & Collings, 2006; Vaiman et al., 2015)(Malik & Singh, 2014).

### **Global Talent Management (GTM)**

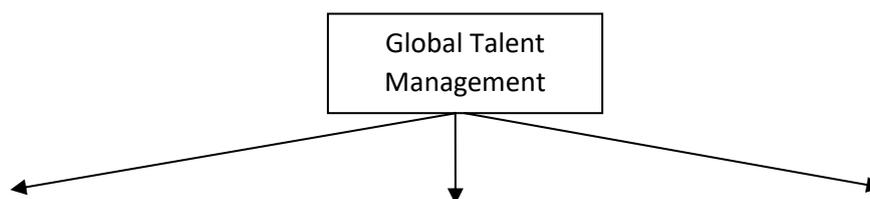
These changing characteristics of the milieu has resulted the rise and the need for GTM deliberately higher (Vaiman et al., 2015; King, 2015; Cascio & Boudreau, 2016; Kim & Mclean, 2012; Collings, McDonnell, & Scullion, 2009). Largely, the research about GTM would propose that this field is in its “infancy” likened to International Human Resource Management (IHRM) but then again GTM is also a significant element of IHRM (Collings & Mellahi, 2009). Companies and MNCs that operates internationally realize the importance of this volatile global business change that effects the talent flow and global talent management (Tarique & Schuler, 2010).

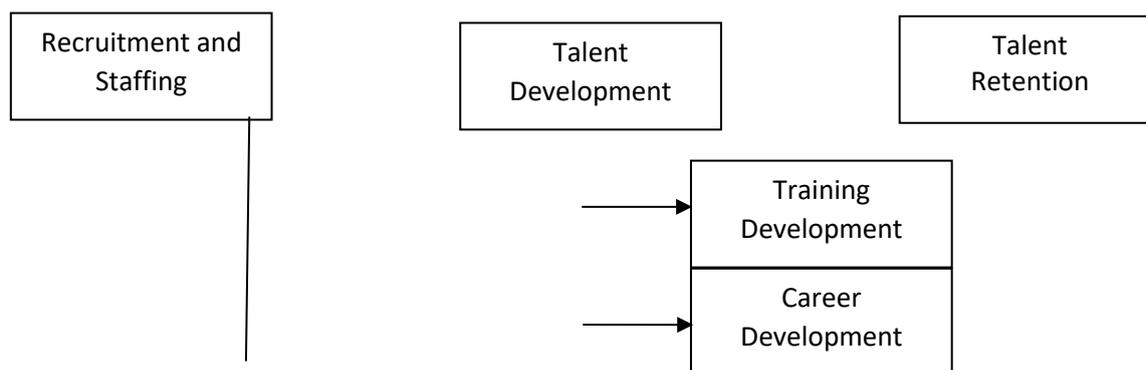
GTM which generally depends on IHRM literature and works about attracting, developing and retaining talents with high levels of skills aligning with the multinational companies business strategic plan globally (Tarique & Schuler, 2010). GTM practices could be classified as

workforce planning, succession planning, employee development, and career management. These activities are considered as a company's "hallmark" of a GTM processes. GTM is very vital to sustain the business competitiveness for global leaders to manage their employees and talents in a multicultural context in MNCs (Ruël, Bondarouk, & Dresselhaus, 2014; Schuler & Jackson, 2009). According to Dobbs et al., 2012, GTM is a "path to value creation" to win the global talent war accordingly.

Due to pressing global talent shortages, GTM is becoming an important strategic area for the survival and success of MNC and become a primary concern for managers globally, as many companies determine that their current manpower capabilities are insufficient to cover expected future demands (Strack et al., 2012). Lately, many researches have confirmed that MNCs assigned expatriates and GTM practices to create best potential employee development management (Cerdin and Brewster, 2014; Al Ariss, 2014). Moreover, GTM policies and practices have a direct influence on the MNCs capability and ability to "generate, acquire, store, transfer, and apply knowledge and information in support of company goals and objectives" (Vaiman et al., 2015). As companies and businesses enlarged into global fiesta, MNCs which is an important player in global economies are facing severe challenges in attracting, retaining, and developing talent on a global basis (Tarique & Schuler, 2011). MNC's aggravating scarcity of talent and the persistent pressure of fierce competition have fueled a strong interest in GTM (Mellahi & Collings, 2010)(McDonnell, Gunnigle, Lavelle, & Lamare, 2016).

Therefore, to overcome global talent shortages which is one of the vibrant global talent challenges (Schuler, Jackson, & Tarique, 2011), the HR and even the top management on MNEs should play their vigorous role in focusing on applying fitting and suitable global talent management phases. Almost every researches about GTM has been associated with positive impact on organizations performance of MNCs (Beamond, Farndale, & Hartel, 2016; Collings et al., 2009; Ruël et al., 2014; Thunnissen, 2016). Generally, talent management is more into identifying, nurturing, sustaining and retaining capable and talented workers in an organization. Adding the word "global" magnifies these talent management roles to the world or global scale across MNCs over the world (A. Al Ariss (ed.), 2014). Therefore, GTM is very vital to sustain the business competitiveness for global leaders to manage their employees and talents in a multicultural context. Below is the three main activities of GTM that well practiced by all the MNCs generally.





**Figure 1:** Three Main Stream of Global Talent Management Activities (Tarique & Schuler ,2011)

### Talent Development

Talent development is acknowledged as an important component of GTM and talent management apart talent retention and talent attraction (Scullion and Collings, 2011; Barlow, 2006; CIPD, 2011; (Mellahi & Collings, 2010). Even though the researches and scholarly articles are very limited (Mehdiabadi & Li, 2016) on this issue but the worth of talent development is clearly seen in the success of the companies in managing talent (Garavan, Carbery, & Rock, 2012). The authors highlights that the programs under talent development are primarily for cater “zero talent outages” and to create a solid succession plan path rather than talent replacement. Grooming the young talent by the baby boomers who are about to retire will definitely overcome the talent shortage issues (Stahl et al., 2012). According to this, this research is premised on talent development is preferably studies alone and not as a part of GTM.

According to Garavan et.al.,(2012), says that the programs under talent development are primarily for cater “zero talent outages” and to create a solid succession plan path rather than talent replacement. His research clearly emphasizes the importance of TD globally and locally. Apart this, Kim and McLean (2012) argued the developmental focus of TD as an important component of TM, which has been increasingly emphasized in human resource management literature (e.g., Collings & Mellahi, 2009). According to this, talent development is preferably studies alone and not as a part of GTM. Garavan et al. (2011) posit that talent development must be increasingly work-based, adaptable and flexible. They also suggest that talent development architecture is not a one-size-fits-all approach but that it should be differentiated, with an emphasis on customising talent development strategies to meet the needs of individuals.

MNCs responsible to develop the “right talents in the right people, at the right time, in the right way, to ensure their talent pipeline has an abundant supply of management talents” (Wang-Cowham, 2011, p. 392). Grooming the young talent by the baby boomers who are about to retire will definitely overcome the talent shortage issues (Stahl et al., 2012). Usually, MNCs have prefer exclusive approach that focus on senior management officers development (CIPD, 2011). Conversely, McKinsey Consulting Group, is changed their direction and advocating inclusive approach talent or “B” players (Ernst & Young, 2010). However,

relatively few organisations adopt inclusive approaches. This suggests that all employees should be regarded as great talent given their potential to generate creative ideas.

### **Training Development**

Training and career development are two important components for talent development strategy. Researches over 40 years, has been proved the significance of human competences in cultivating productivity and output of a firm (Zheng & Soosay, 2007 ; Schultz, 1961 ). Training is mainly enthralled on expertise, handiness, and skill fullness capabilities to do a job. It is not to bring into line human capabilities aligned with the strategic plans of an organization. Therefore it is utmost important element for train global and local talents to overcome acute talent shortages in MNCs (Sheehan, 2012). Managing people is very difficult and need a special art. Employees nowadays endlessly expect and search for their growth of skills and ongoing learning to develop and reskilled their competence level. MNCs that invest in training development wins the talent war by keeping the talents with them and could overcome global talent shortages. Furthermore managing global and multi varied employees really gives a big challenge with different nationalities and cultural setting. MNCs complex nature is also demanding.

The meaning of development is not only train the employees. Training is a “short term effort intended to equip individuals with the knowledge, skills, and attitudes they need to do their present jobs”. While, development, on the other hand, is an effort of an extended period to build proficiencies of the task performance for long run. As such, training development is totally important to support talents to build their skills and competencies (Bakker, 2016). Peterson and Little (2011) claims that there is a rising usage of orderly, planned, and structured practice of training within organizations to improve the pools of talents. Therefore, this research, which focus on training development and career development, could be explained strongly by the combination of human capital (HCT) and expectancy theory (ET).

HCT could be used to managing international HRM and MNCs effectively. HCT theory founded by Becker (1976). There are three main motives and significant of using this theory for this study. HCT mainly focused on the betterment and learning employees to gain more competitive advantage thru training. This is the main reason for this theory chosen. The theory incorporated learning and hands on training session develops talents born skills to upsurge their productive level. Usually, the employees who has high visions will invest themselves in education to get better outcomes and will create a brand for them.

### **Career Development**

Straby, (2002) defined career as “Work is now defined not by occupational titles or categories, but by skills and values. Effective career builders know how to shape and build their careers, project by project. This is a new competency, still largely unrecognized by most adults in the workforce”. The modern attitude to a career is that it is something to be developed or built through conscious effort. Career development may vary according to an organizations goals and strategic plans. A promising and enhanced career plans will tie a star worker in his/her job. A clear career development plans as if transparent and promising succession plan will always has a positive effect in abating talent shortage (H. Church, 2014).

Career landscape over the years become more challenging, more complex and open (Hoekstra, 2011). Hoekstra, 2011, come out with some major processes of career development by obtaining dissimilar career roles. Career roles defines as “the continuous development of career identity on the personal side and of career significance on the environmental side”.

### Conclusion and Recommendation

Talent is an important element of every organization. To overcome the shortage of talents due to many hurdles such uncertainty of global economy, demographic pattern, globalization and global mobility in the new milieu remain as a challenge. This paper established on the base of that talent development, 1) training development and 2) career development would thwart the global talent shortages. Talents who are convinced with a better career development plans, lifelong learning, and training development will not leave their jobs. This consequently, will overcome the issue of global talent shortages. The outcome of this review highlights on prospective gaps for future studies and ads to existing literature review. This study adds to existing literature, expand the current trend of researches under taken in this area recently, and provides significant target of GTM in multinational enterprises organizational performance globally. By doing so, it add values to the future research too.

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