

Ihrm policies and practices: global talent management and development

[Business](#), [Management](#)



INTRODUCTION:

Talent as described by the Oxford English Dictionary is among other things, (i) ‘ a natural aptitude or skill’ (ii) ‘ people possessing such aptitude or skill’.

Talent management is the systematic attraction, identification, development, engagement/retention and deployment of employees with high potential who are of value to an organisation (CIPD/HR INFORM: (2011) Talent Management)

One of the principal goals of the Human Resource Management unit of any organisation will be the effective management of the talents embodied in the personnel of the organisation. In fact, the success and effectiveness of the Human Resource Management Policy of an organisation can be measured by its success in this core sector amongst others. This is driven by the simple truth that “ people make the organisation”. Consequently, the “ right” people with the right skills and orientation will drive progress and growth in the organisation while the “ wrong” people may lead to collapse.

With the advent of globalisation, a phenomenon that has integrated formerly independent and distinct national societies and economies, including the various organisations operating in them, across the world through trade and technology. Globalization means liberalization and global integration of markets, it is primarily an economic phenomenon; It is inevitable and benefits everyone, as it spreads progress and democracy throughout the world (Steger (2005) and Fairclough (2006)).

Despite the obvious advantages of global integration such as a wider market reach and larger talent pools to pick from, the fact remains that societies, norms, values and business principles vary widely from region to region.

A good example of this difference can be seen in the advertising campaign launched in 2002 by the international banking group HSBC as a result of a worldwide customer survey.

One of the adverts include a set of three different numbers, each considered to be unlucky in three different countries; 888 is an unlucky number in China, 4 is an unlucky number in Japan while 13 is an unlucky number in the United Kingdom. While readers living in the United Kingdom may be familiar with the number 13 being an unlucky number, it is assumed few people will know that 4 and 888 are also considered unlucky in some other countries.

(<http://www.hsbc.com/1/2/newsroom/news/2002/new-campaign-for-the-worlds-local-bank>)

Although Human Resource Management may be at different stages of development in different countries, there is a gradual shift towards convergence- at least across developed nations. This happens for a variety of reasons but principally because it is assumed there is 'one best way' of managing Human Resources and its associated practices, such as job design, work organisation and quality control which is permeating throughout the developed world (Marchington and Wilkinson, 2006, p. 26).

Managing people globally is an increasing challenge for Human Resource practitioners. Research conducted by the CIPD (Chartered Institute of Personnel Development) in 2009 with 4, 000 HR professionals indicates that 30% of respondents see themselves as having international responsibilities (CIPD Research international membership Internal , 2009). Eighty-seven per cent said that ' keeping up with global developments' is important to them. This suggests that even if an individual's role is focused in one country, they cannot ignore the wider world of global Human Resource Management.

The challenge for Human Resource Management operating globally is to understand varied markets for both products and people. To assess this global talent challenge we need to understand the drivers of learning and talent development in all of the countries we seek to operate in and from. This has implications for firms competing globally, those with operations abroad and those seeking to exploit these alluring but difficult new markets. In addition, much of our domestic skills debate in the UK is fuelled by a preoccupation with the skills the UK needs to develop to compete with these emerging nations. Much of the hype about emerging economies omits the talent, culture and human capital dimension, which is crucial to really understanding how business operates.

This article aims at identifying the current differences in policies and practices across the world, the various options being employed to remove these differences as well as to critically evaluate the changing landscape of Global Talent Management and Development.

TALENT MANAGEMENT AND DEVELOPMENT ACROSS THE WORLD

Each country or region faces a unique context in managing and developing talent. The factors that shape each country's context are wide ranging and may include government laws, market forces such as supply and demand, geography, religious and ideological belief systems, level of technological advancement etc. In the following paragraphs, snapshots talent management practises in selected countries and regions will be examined.

THE WEST (EUROPE AND AMERICA)

Western countries have always been at the forefront development in Human Resource Management. Over the years, there has been a gradual evolution in the European Talent Management and Development system fuelled by the understanding that the right skills must be identified and cultivated to maintain an organisations's competitiveness and to drive growth and development in the organisation.

One of the new pioneering moves of managing talent is that organisations are now tending towards taking ownership of the training programs for their staff. This gives the advantage of having training programs developed to match the specific needs of the organizations. They also go further to partner with various government institutions to ensure these programs meet the relevant academic standards of the country. For instance, it was revealed in the magazine of the Chartered Institute of Personnel And Management (CIPD 27 January 2011) that the supermarket chain Sainsbury's has put in place a strategy for developing talent to match its business expansion

ambitions. As part of this strategy, it has been recently announced that six food colleges will be created. As many as 10,000 staff, more than 6 percent of the workforce, will attend the colleges each year to train and improve skills ranging from knife handling to customer service.

Another phenomenon related to that discussed in the preceding paragraph is the development of industry-wide as well as globally-accepted standardised training and examination techniques which result in the award of internationally-recognised professional certification by leading organisations. This hugely successful initiative has fast-tracked the development of large numbers of professionals to take up many vacant job places especially in the Information technology industry. Examples of such programs include the Microsoft Certified Professional (MCP) by the software company Microsoft. Other companies running a similar program include CISCO and Oracle,

Learning and development teams within the Human Resource management departments of organisations have been the standard driving force for training and development of personnel. They are usually taxed with the burden of identifying training needs and organising how these needs are met. They still have very important roles to play in talent management especially in smaller organisations where the cost-effectiveness of specialist talent management resources may not be justifiable.

A move by large organisations in Europe is the establishment of dedicated "Skillpool Management and Succession Management" planning teams within the wider Human Resource Management Team.

Succession Planning according to an article in People Management magazine of the CIPD is; “ a process by which one or more successors are identified for key posts (or groups of similar key posts), and career moves and/or development activities are planned for these successors”.

The business case for succession planning is very sound considering the fact that it is very difficult to get people of the right skills especially at top management or specialist functions in the organisation. The cost implication of contracting out the recruitment process or handling it in-house as the case may be can be substantial without any guarantees of success. Even when the recruitment process is successful, the new employee may require upwards of six months to start performing at full capacity. On the other hand, identified potential successors within the organisation already have most of the relevant business-related information and will require much less runup times in their new roles. Business-critical functions are also at risk if succession planning is not put in place. In the event of loss of staff in these roles for any reason, an organisation may easily be brought to its knees if a successor is not identified on time.

A good example of this situation is the case surrounding the founder and CEO of Apple – Steve Jobs who had been hospitalised repeatedly. Because a successor has not been formally identified, investor confidence in the company has been wavering with shareholders demanding a rectification of the situation.

The succession planning team will usually perform some of the following duties;

- identify the key roles that would require succession

identify all possible successors to these roles including both short and long term successors

- develop succession plans by genuine engagement of all concerned parties.

- develop job (or job group) successors and development plans for individuals
- analysis of the gaps/training needs revealed by the planning process and development of mechanisms to fill the gaps

- regular review of the process.

It is worth noting that the whole succession planning process has to be carried out as an intrinsic part of the HR policy of the organisation with full support of the organisation's management.

Coaching and Mentoring is also an effective talent management technique applied in organisations across Europe. In this case, senior personnel pair up with younger colleagues and pass on their knowledge to them over time.

This is a very effective tool and is used intrinsically in succession planning.

For this to be effective however, it will need the support and commitment of both the mentor and the mentored.

Recruitment agencies and so called “ head hunters” are also widely used across Europe to attract talented employees, often from rival organisations.

As previously defined, talent management involves the identification,

attraction as well as retention of suitably skilled personnel into an organisation.

INDIA

Due to the long-term economic and socio-political relationship between India and the West (especially the United Kingdom), India has absorbed some of the afore-mentioned talent management systems, at the same time other underlying cultural and socio-political issues cannot be ignored.

On one hand, elite talent of the type turned out by the top universities is highly attractive and highly mobile, with Indian engineers and specialists beating a well-trodden path to better prospects in areas such as the Gulf countries, the USA and Europe. Indian companies look increasingly to the global talent market to source key people from abroad. The other main challenge in India that is linked to talent leadership development. For Indian companies and those with operations in India, the challenge is for managers who depend too much on technical skills to acquire the critical people skills that will make them effective leaders. Talent retention is a major issue in India because there are many opportunities for the cream of Indian employees to exploit (CIPD, Talent Development in The Bric Countries).

On the other hand, despite the popular notion of India being dominated by high-level IT skills, its talent pool is much patchier and there are major issues in developing the skills that expanding business requires. As a result, key talent is scarce and most HR activity is based on rapid recruitment. A talent-focused approach will help companies develop their business in the sub-

continent. India has been one of the most dynamic high-growth economies. It's easy, however, for the recurring picture of high-tech back-office functions, staffed by high-tech graduates, to be seen as typical of India. In fact, high-tech employment accounts for a small overall proportion of the service sector, which itself counts for about a quarter of employment. The sector includes employment in all areas of the service economy, from high-tech, low-cost airlines to the grinding bureaucracy of the Indian railways. These industries occupy the most qualified layer of people. More typical of India is agricultural employment, which constitutes 60% of employment, while manufacturing accounts for less than 15% of the workforce. Most of India's 510 million labour force has poor levels of general education and there is widespread illiteracy. A minority of wealthy individuals have access to the best education at both secondary and university levels.

The rest of the 'tertiary' education sector has been assessed by the OECD as mediocre (OECD 2007). There is also a growing deficiency in soft/employability skills, with the focus on the technical skills India is renowned for in the public imagination. Most graduates have poor 'non-technical' skills, which impedes their effectiveness as workers and reduces their productivity (Rao and Varghese 2009). This also reduces the effectiveness

of management, especially when coupled with some of the cultural issues

The persistence of informal employment is also a barrier to productivity and growth. Indeed, a recent OECD report indicates that employment in firms of

ten or more employees accounts for less than 4% of total employment, while formal structured employment of the type necessary to developing employee commitment and skills accounts for only 15% of total employment. According to Indian HR experts, India's problem is not a labour shortage but a talent shortage (Rao and Varghese 2009). This talent shortage effectively drives up wages and exacerbates shortages in growth sectors. That is why the issues of managing talent, improving leadership development and managing work-life balance top the HR Agenda in India (CPA 2008).

CHINA

China faces talent problems from top to bottom. First, it faces a huge and ever expanding rural population drawn in from subsistence agriculture, which needs to be re-skilled to enter the nation's factories. Many of these labourers are still put to work in primitive, low-productivity factories managed in a distinctly authoritarian manner. As a result, their skill and therefore productivity is impaired, and the value and quality of Chinese manufacturing suffers. As in India, labour costs are increasing because cheaper labour costs are offset by low productivity. Many of the workforce are not just unskilled but illiterate.

This trend is set to continue as many more move from the rural interior to the industrial east.

In the middle of the labour market things are more positive but, like the cliché of Bangalore in India, not all Chinese industry is manufacturing high-tech games and 3G phones. Skilled technicians, managers and sales people

account for only 4% of the Chinese workforce, when the nation requires nearly a fifth to be equipped in these areas. Many Chinese people with technical skills, such as engineering, computing and the sciences, emigrate, and the country needs to import graduates in the key business skills such as accountancy, marketing and commerce. However, arguably, graduates are orientated too much towards the technical side of business and need to be grown and developed as managers and leaders (Yang and Wang 2009).

All nations have what management specialists refer to as 'institutional factors' in how people are managed. In China these issues loom large. State-owned enterprises are still beset by the residual suspicion of enterprise and individualism. The standard Western view of people as the most important asset is portrayed as callous and instrumental.

Conversely, in the private business sector, especially the home-grown factories, the perceived indulgence and inefficiency of communism is turned on its head with workers quite literally 'sweated'. Many SMEs adopt a 'clan management' style, often using harsh supervision that leaves little room for engagement, involvement and strategic people management practices.

To comply with international labour standards and a highly restrictive state employment regulations, many entrepreneurs set up 'shadow' factories, with one operation for inspection and audit and another for production. Often these have separate workforces which -though labour costs are low - is ultimately, unsustainable (Harney 2008).

BRIDGING THE GAP

How then can international organisations having business interests across some or all of these vastly different geographical and socio-political landscapes function effectively.

This is the million-dollar questions that International Human Resource professionals across the globe have been grappling with. The truth is that there is no easy answer and there are varied schools of thought on the issue.

Multinational companies have navigated these difficult terrains over the years, learning from mistakes and evolving with time.

Most countries have strict regulations with respect to employment of citizens and non-citizens and the first rule for any responsible corporate citizen will be to work within the legal framework of the host nation. However, employment is only the initial phase of the talent management portfolio with other phases such as deployment and career development requiring attention.

A thorny issue that also arise for Human Resource practitioners is that of diversity.

Step into any high-street bank, chain store or other customer-facing business and the chances are that the people who serve you will reflect all the rich diversity of 21st century Britain. But enter these same companies' headquarters and take the lift up to their executive suites and you are likely to find yourself in a mid-20th century time warp. The people here will be

overwhelmingly white, male, able-bodied and of a certain age – a photo of their wife and kids will doubtless be on their desk.

It isn't so much that large organisations actively discriminate against people who don't fall into this narrow category. A minority no doubt do discriminate, but prompted by legislation, skills shortages and demographic change, most employers are recruiting from an ever-widening base and take the diversity agenda seriously. The trouble is that there is often little joined-up thinking between activities that come under this agenda and what employers are doing to nurture top talent. As one HR director quoted in a recent report on the management of executive talent, put it: " Ideally talent and diversity should happen together but in reality we are terrible at it. On average, our senior managers are right-wing, white and middle-aged."

According to Jonathan Smilansky, the author of the report, *The Systematic Management of Executive Talent*, diversity in this context is often seen as being about political correctness rather than something that can have an impact on the bottom line.

(CIPD: People Management Magazine 07/2005)

" The real turning point for a number of businesses is when they realise that if your managerial population does not reflect your client base, you can't understand your consumers and therefore you can't provide them with the kind of service that you want to," says Smilansky, a partner in the executive assessment and development consultancy Hydrogen.

A representative employee base from top to bottom is essential for a company's development and success and the challenge for Human Resource practitioners is to proactively identify and nurture diverse talents across board in every organisation. Organisations need to have proactive, concise, measurable and achievable mission goals for equal opportunities for all employees.

Another effective means of bridging the gap across countries in terms of talent development is the development of a uniform approach across the whole organisation. The organisation develops a standard company policy that guides the talent management practices across all its spheres of operation. Words of caution though, for this “ policy” to be effective, it must take into account the various factors that operate in the individual nations and communities where the policy will be used. It may not be very successful if it attempts to enforce standards of one particular geo-political area onto other. Compromise may be the best way forward.

The concept of Cross-posting and work exchange is also a tool for bridging gaps across socio-political divides in organisations. The idea is that a worker recruited in the United Kingdom for example who has been identified as a potential for a position that would require familiarity with customs in Hong Kong is transferred to the Hong Kong branch of the organisation for a number of years so as to gain firsthand knowledge of the practices in Hong Kong to prepare him for the future position.

Cross posting within an organization is not only beneficial for preparing individuals for future roles but also helps integration within the organisation with employees gaining better insight into how other cultures and people work.

EMERGING TRENDS

From the foregoing, organisations have gradually moved towards various styles of managing global talent development. Intense competition and harsh economic climates have shaped this key aspect of human resource management in diverse ways. HRM practitioners are innovating and experimenting with new ideas on how to tackle growing talent shortages and have come up with various ideas. Below are critiques of some of these new trends:

Imported Talent:

Many organisations especially in Europe are now increasingly looking to sourcing workforce from eastern countries like China and India as well as African countries. They are ready source of cheap and reasonably equipped skill pool that organizations can tap into. The professionals themselves are willing to relocate to Europe on the promise of a better life.

This provides a solution to the issue of aging populations across Europe by supplying a ready working class to support the young as well as the old and retired.

Everybody wins except the countries where these expatriates are coming from who end up training a manpower pool for other countries without

benefitting from the ideas and innovations of the people that they had invested so much in. The “ brain drain” syndrome is a well-flogged issue.

On the other hand, there is the argument that these expatriates remit money back to their home countries to families and relatives left behind, running up to millions of pounds annually.

The better of these two rewards to the home countries of these professionals is left for the reader to decide; financial remittance or intellectual contribution to the building up of their home nations.

Offshore Jobs/Outsourcing:

Another radical approach to the international talent management conundrum is the outsourcing of total companies, production plants, departments or operations to other countries where talents are readily available and cheap, thus helping to bring down the overheads of organisations and improve profits. Typically, this outsourcing is from western nations to the east.

There are heated arguments for and against this idea. The argument in favour is obvious; lower operating costs and higher profits. The argument against takes a more holistic and long term look at the issue to arrive at the conclusion that moving jobs and talents to other nations will impoverish the local community/nation at the long run.

Head-Hunting:

This is a short-term solution to the talent deficiency problem. It usually involves poaching identified potentially beneficial personnel from other

organisations with the lure of better compensation packages and or promotion. The advantage is that it promotes healthy competition amongst organisations in the area of compensation packages and salaries for employees. However, it does not address the underlying problem of inadequate number of qualified personnel in any given industry.

CONCLUSION

Global Talent management is a dynamic and critical aspect of Human Resource management and indeed the total management of the organisation. Organisations that ignore this fact do so at their own peril.

It is the opinion of this writer that in order for organisations to remain competitive both in the short and long term, they will have to develop and implement a Global Talent Management Policy that takes into account all aspects of their operations, the surrounding socio-cultural factors in the host countries where they operate as well as equal opportunities for all employees. It may not always be the most cost-effective approach in the short term, but investments made now will definitely yield positive long term results.

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