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# 14

# Local, National or International Strategies for Talent Management

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## Learning objectives

By the end of this chapter you'll be able to:

- Understand the critical success factors for global and local companies
- Identify existing challenges regarding talent management functions
- Discuss possible solutions regarding the issues in global and local companies
- Identify the cultural and demographic challenges in local companies in developing talent management strategies
- Learn the current facts and issues about talent in emerging Asian markets such as China, Singapore, Hong Kong, Taiwan, Thailand, Korea and Japan.

## Introduction

The chapter discusses critical success factors, challenges and possible solutions for talent management in global and local contexts. The first part focuses on international and global strategies and the second part concentrates more on the national or local talent management practices and strategies, and current issues being faced in emerging markets in Asia, namely China, Singapore, Hong Kong, Taiwan, Thailand, Korea and Japan. The third part includes cases in a Chinese context discussing the perceptions of talent management in China and a successful example from the industry.

Successful implementation of talent management in a global or local company depends on how it blends with the company's overall strategies and how successful it is in dealing with local or global challenges. Although talent management related problems seem to be similar, there are significant differences depending on the cultures or countries where the business is being developed. In Asia, for instance, the main concern for talent acquisition and development can be how to stay competitive in fast-growing Asian economies and rapidly growing businesses. The objective of this chapter is therefore to identify the issues that the industry is facing; provide possible solutions in terms of local and global companies; and present current situations in the Asian context. The emerging markets in Asia represent a huge portion in the hospitality and tourism industry on the global stage. Therefore, the chapter includes valuable cases of benchmarking and talent management practices from emerging Asian markets.

## **Global (multi-national) talent management**

It is well known that the hospitality and tourism industry is highly people-oriented, which just brings the issues and challenges of managing the talent. Without mentioning more about the reasons and benefits of effective talent management in the industry, there are basically two fundamental approaches to viewing the optimum utilization of an organization's resources for enhancing its competitive advantages: resource based and talent based theory (Rabbi *et al.*, 2015). Another comprehensive theory of firms describes how those resources that are valuable, rare, inimitable, and non-substitutable, have the potential to sustain competitive advantage, and that these include the talent, also referred to the human capital (Barney, 1991).

Another definition of talent management in the global context is described as *'the strategic integration of resourcing and development at the global level which involves the proactive identification and development, thus strategic deployment of high-performing and high-potential strategic employees on an international scale'* (Collings *et al.*, 2009). This implies the significance of not just sourcing and acquiring the competence and intelligence, but also the matter of retaining and sustaining their contributions in the emerging markets globally (Farndale *et al.*, 2010). Thanks to, and because of globalization, the demand and supply of talent bring both opportunities and challenges to organizations; and hence the management of this matter remains significant (Lane and Pollner, 2008).

## **Critical factors for the successful implementation of talent management**

Interactively, the successful implementation of talent management is just similar as the typical management of human resources, which requires a holistic and comprehensive collaboration with the strategies of managing other aspects in an

organization, such as its marketing and financial objectives and goals. Talent management has to be integrated and aligned with the organization's overall strategies because of its vital importance to articulation (Rabbi *et al.*, 2015); therefore, human behaviour and culture are critical attributes identified in dealing with the implementation (Coleman, 2008). Considering that knowledge and skills are the factors that can be constant, because of free information flow and transparency, the organization's competitive advantage can be easily copied or learned by other firms, but not the competencies and intelligence of its talent. Therefore, overcoming the cultural challenges is not just a matter of simply sharing and transmitting knowledge and intelligence (Cole, 2004).

Another point of view for the management on acquiring that knowledge and intelligence can be expressed by how much the talent are offered; that is the compensation. Offer and acceptance can be simply interpreted as the demand and supply in the human capital market, in which the competitors 'fight' among each other by offering attractive and competitive 'motives' to acquire valuable and competent talent, and so the right incentive has to be given to those who are able to contribute success (Cole-Gomolski, 1997). It is also important that the talent themselves have to also understand the importance of the management's implementation, so that they are willing and able to contribute their efforts in knowledge sharing by accepting the reward of compensation.

## Challenges and solutions for global companies

In the wider scope of the global context, a multinational corporation can confront a number of challenges in managing talent, particularly the following two key difficulties: global competition and new forms of international mobility (Farndale *et al.*, 2010). As the hospitality and tourism industry is definitely doing the business by crossing borders and territories, organizations are typically and commonly large and wide covering countries and regions, not just in competing for customers and markets, but also for the human resource and talent. Therefore, it can be predicted that the emergence of a common pool of global talent is being shared and fought over by the multinational organizations. Thus, this creates the issues of demanding increasingly high skill levels of staff and requiring more specifically those of their qualities which can differentiate and help the company stand out among its competitors (Dickmann *et al.*, 2008).

Further about the 'quality' requirement, there is the issue that the supply of sufficiently educated senior and managerial staff is not enough to satisfy the demand. As well as in the developed countries (Cappelli, 2008), it has been also a growing problem in transitional and developing countries, such as China and India (Doh *et al.*, 2008; Ma and Trigo, 2008); and therefore the multinational organizations have to broaden their search to a wider pool of talent (Boussebaa and Morgan, 2008). Strategically, the integration of holistic approaches on managing high quality human resources requires the extension of their talent pipelines into much more forward planning activities, such as sourcing and recruiting; and

it also means that the issue also involves market-mapping and employer-branding to assist in attracting and retaining high-performing employees with exceptional qualities (Farndale *et al.*, 2010). Such activities have to be highly and extensively executed on the corporate's agenda by considering many more aspects, including both internal and external opportunities and threats, particularly in the international and regional markets of human resources.

Substantially, the criterion of culture is again to be considered when managing talent from the perspectives of multinational organizations. Research suggests that there is a need for managers with distinctive competencies and a desire to operate the business in distant countries culturally and geographically (Bjorkman and Xiucheng, 2002; Li and Scullion, 2006). Specifically, the effective and successful management of cross-cultural and cross-regional talent requires several forms of capital competencies (Farndale *et al.*, 2010), namely cognitive, social, political and human capital. Cognitive capital refers to the effective mental competency of sharing and transmitting knowledge across the globalizing organization (Murtha, Lenway and Bagozzi, 1998); social capital is based upon social networking, which gives the necessary connections to perform boundary-spanning roles (Kostova and Roth, 2003); political capital means the legitimacy necessary to be recognized and confirmed as talent (Harvey and Novicevic, 2004); and human capital is the personal competencies necessary to operate in a cross-cultural context (Earley and Mosakowski, 2004). Previously, talent management in the global context has been focusing on the staffing senior positions in headquarters or at regional levels by considering the pattern of the expatriates' appointment in terms of ethnocentric, polycentric, regiocentric or geocentric aspects (Perlmutter, 1969); and now the trends are even more on the international transfer of expatriates or inpatriates with the inclusion of the above capitals (Collings *et al.*, 2009; Sorge, 2004).

Another key challenge arises from the new forms of international mobility, in particularly the emerging markets. Even though the supply of culturally-conscious and competent talent may satisfy the demand of the current market of human resources, the willingness and readiness of the talent to be relocated bring another big factor towards the success. As the emerging markets are usually in the stage of developing, the lack of support can set barriers for motivating or compensating the talent to the new locations, such as the living standard and environment of the host countries. The developments in emerging markets instantly create the issues of the preparedness of individuals' mobility in the international context; and the individuals' ethnocentric mentalities in coping with the global approaches to managing the cross-cultural business and operations (Farndale *et al.*, 2010). With the intense competition for scarce highly qualified senior staff, the talent is also able to be more selective in the offers of opportunities; hence the challenge of mobility is present. Such issues across international borders, particularly to the relatively higher risk locations such as the developing countries, is significantly difficult to overcome (Yeung *et al.*, 2008); for instance the failure of overseas appointments is reported to be the highest in China, India and Russia,