



The role of the corporate HR function in global talent management

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ABSTRACT

We currently know little of the role of the corporate human resource (HR) function in multinational corporations regarding global talent management (GTM). GTM is explored here from two perspectives: increasing global competition for talent, and new forms of international mobility. The first considers the mechanisms of GTM, and the second, individual willingness to be mobile, especially in emerging markets, and the organizational capability needed to manage this talent. New corporate HR roles are identified which show how these issues might be addressed. We then advance our understanding of GTM theory and practice by considering the major future challenges facing corporate HR.

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1. Introduction

It has been argued that the more rapid pace of internationalization and globalization leads to a more strategic role for Human Resource Management (HRM) (Novicevic & Harvey, 2001; Scullion & Starkey, 2000). While there have been some attempts to integrate international corporate strategy and human resource strategy (see, for example: Taylor, Beechler, & Napier, 1996), the role of the corporate human resource (HR) function has until recently been relatively neglected in the international HRM literature, particularly in the context of the multinational corporation (MNC) and its attempts to manage talent on a global scale.

The issue of global talent management (GTM) has become an important area for research for a number of key reasons. Competition between employers has become more generic and has shifted from the country level to the regional and global levels (Ashton & Morton, 2005; Sparrow, Brewster, & Harris, 2004). This competition can be broken down further into two primary drivers:

1. *Supply factors*: A number of factors have increased the level of international mobility and opportunity for new forms of mobility, such as: the volume of migration and the shift towards skills-related immigration systems (Salt & Millar, 2006;

Sparrow et al., 2004); and the globalization of a number of professional labor markets, such as healthcare and information technology (Clark, Stewart, & Clark, 2006).

2. *Demand factors*: An increase in demand for: skilled expatriates to help build emerging international markets, even as the world economy is in general decline; temporary and short-term access to specialized talent to assist the execution of overseas projects and to develop emerging markets; and the need for highly mobile elites of management to perform boundary-spanning roles to help build social networks and facilitate the exchange of knowledge necessary to support globalization.

While companies are facing significant talent management challenges in several regions of the world, such as Europe and North America, the challenges are most acute for young professionals and new managers in the emerging markets such as the BRIC economies of Brazil, Russia, India, China and the economies of Central and Eastern Europe (Bhatnagar, 2007). The need for effective talent management strategies and practices that work in emerging markets is increasingly recognized by top MNC managers yet there has been little systematic research of talent management in these markets (Bhatnagar, 2007; Sparrow & Budhwar, 1997).

There is evidence of a number of constraints that limit the effectiveness of responses to these pressures. For example, in many leading European firms, shortages of international management talent have been shown to be a significant constraint on the successful implementation of global strategies (Scullion & Brewster, 2001). It is argued, in particular, that a shortage of leadership talent is a major obstacle many companies face as they seek to operate on a global scale. The rhetoric of maximizing the

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talent of individual employees as a unique source of competitive advantage has been a central element of strategic HR policy in recent years (Frank & Taylor, 2004; Lewis & Heckman, 2006). However, the extent to which organizations effectively manage their talent in this respect often fails to live up to the hype (Cappelli, 2008).

This globalization of talent management brings with it a requirement to create new HRM tools, methods and processes to provide the necessary co-ordination systems to support global integration (Kim, Park, & Prescott, 2003). This has led to an expansion of the territory that might legitimately be considered part of a GTM system into marketing-driven concerns such as market-mapping and employer-branding (Sparrow, 2007). This also implies new roles for the Corporate HR (CHR) function: in addition to the well known strategic roles for HR laid down by Ulrich and Brockbank (2005), the multinational context requires a more nuanced approach which considers additional international pressures (Farndale et al., 2010). Here we focus our discussion on four core roles for CHR derived from the extant literature (champion of processes, guardian of culture, network leadership and intelligence, and managers of internal receptivity) and explore how these roles support GTM in MNCs. These four roles are summarized in Fig. 1, showing each role's unique activities and their interconnections. These roles will be discussed in detail in light of GTM developments.

Despite these developments, and a decade of debate around the importance of talent management for success in the increasingly competitive business environment (Michaels, Handfield-Jones, & Axelrod, 2001; Sparrow & Balain, 2008), the concept is still lacking in definition and theoretical development, particularly in the global context. Clearly, it is necessary to examine and clarify what is implied by GTM in its current context. In this paper we seek to examine the challenges faced by the CHR function in managing talent on a global basis and identify the main drivers of GTM, paying particular attention to the rapidly growing emerging markets. The paper reviews the research on the issues MNCs face in the context of two key challenges: *global competitive pressures for talent* and *new forms of international mobility*. We use these analyses to identify and discuss the key issues which need to be addressed to advance our understanding of the theory and practice of GTM and the implications for CHR. First, however, we start our discussion by looking at current definitions of GTM.

2. A definition of global talent management

Although the notion of talent management has been with us since the 1990s, and presented as a 'war' since the first McKinsey *War for Talent* survey of 1997, MNCs now face a new challenge: they are increasingly coordinating their talent pipelines on a global basis, leading to this notion of *global talent management*. Collings and Scullion (2008: 102) define GTM as "the strategic integration of resourcing and development at the international level which involves the proactive identification and development and strategic deployment of high-performing and high-potential strategic employees on a global scale". We might add also to this definition the importance of retention of these high-value employees, as seen in particular in the emerging markets mentioned previously.

In the current economic climate, it may no longer be appropriate to talk about a 'war' for talent. For example, unemployment in East Asia (including China) is expected to rise for the first time in five years from its 2008 rate of 3.8% to up to 5.5% by the end of 2009; in South Asia (including India), unemployment has already been rising to its 2008 rate of 5.4% and is predicted to either remain stable or increase to up to 6.2% over the next year (ILO, 2009). However, more people available on the labor market does not necessarily mean that employers are able to find the level of skilled managers and professionals they are seeking. For example, Teagarden, Meyer, and Jones (2008) still emphasize the growing scarcity of high-level knowledge talent in these countries. Although the *war for talent* may no longer be appropriate terminology, the *demand* for talent in practice certainly remains significant (Lane & Pollner, 2008).

3. Challenges faced by the corporate HR function in GTM

From a CHR perspective, firms are facing a number of challenges in managing talent on a global basis with regard to the two key challenges: global competition, and new forms of international mobility.

3.1. Global competition

There is growing evidence of increasing global competition for highly skilled talent, particularly amongst MNCs, and the

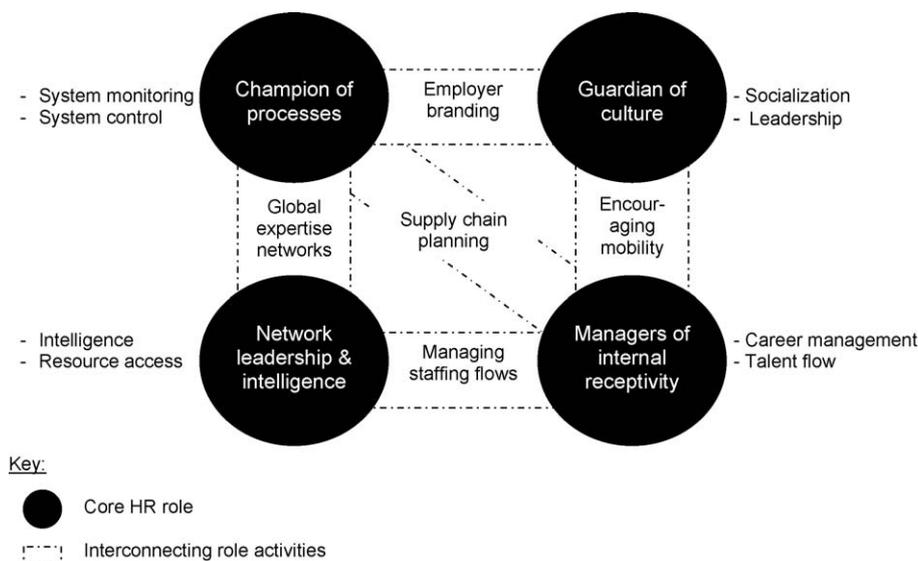


Fig. 1. Corporate HR roles in global talent management.

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