



Balancing individual and organizational goals in global talent management: A mutual-benefits perspective



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ABSTRACT

Drawing from the talent management and global mobility literatures, there is simultaneous pressure to address both organizational goals to place talent internationally, and individual goals of self-initiated expatriation. This raises important questions for the future of global talent management (GTM): how might individual and organizational goals be balanced to the mutual benefit of both parties? Qualitative data from pilot studies in multinational corporations demonstrate a largely financially driven balancing act between self-initiated and organization-assigned expatriate assignments. Building primarily from psychological contract theory, this study builds propositions for future research, and explores the implications for global talent management practice.

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1. Introduction

In today's global economy, multinational corporations (MNCs) are increasingly reliant on their ability to manage their international operations effectively, realizing the need to develop key talent into future leaders (Mendenhall, Reiche, Bird, & Osland, 2012). As such, MNCs develop global talent management (GTM) strategies, concentrating on the movement of talent around the organization through expatriate assignments (McDonnell, Scullion, & Lavelle, 2013). This not only enables the company to perform services in the global market (Neal & Cavallaro, 2007), but also serves as a tool for developing managers with the global competencies and mindset to lead the MNCs of the future (Javidan, Teagarden, & Bowen, 2010).

As a result, GTM has emerged as a field of study from the strategic international human resource management and talent management literatures (Tarique & Schuler, 2010). Despite the growing awareness of the importance of effective GTM to the success of global operations (Tarique & Schuler, 2010), MNCs face

considerable challenges in implementing their GTM strategies (McDonnell, Lamare, Gunnigle, & Lavelle, 2010; Scullion & Collings, 2011). This article explores GTM strategies, focusing on how organizational-level talent management policy is balanced against individual-level motives for expatriation assignments. While the advantages of GTM to the organization are apparent, expatriation assignments potentially also provide a unique opportunity for the individual, setting him or her on a path of career development with global mobility opportunities (Baruch, Dickmann, Altman, & Bournois, 2013).

The approach to GTM taken in MNCs is driven by a range of organizational goals, including business control and client demands, moderated by cost considerations (Li & Scullion, 2010; Suutari & Brewster, 2001). From the individual employee's perspective, there is an equal but different variety of goals, extending from personal and career development, to a desire to follow family members to another country or a longing to experience the challenges of working overseas (Andresen, Biemann, & Pattie, 2013). The aim of this study is to explore how these two sets of goals might be balanced in what we term a 'mutual-benefits approach' to GTM. In doing so, we reconcile two emergent bodies of literature: whilst the growing body of GTM literature focuses on leveraging internal talent to address organizational goals, it pays little attention specifically to expatriation assignments, which has emerged as an independent (though related) field of study on global mobility. Observations from two pilot qualitative studies are set against psychological

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contract theory in order to understand the implications for GTM strategy and to identify important research questions, resulting in the development of propositions for future research and practice in this field.

2. Contrasting organization-assigned versus self-initiated expatriation goals and challenges

The talent management literature defines GTM as: “the strategic integration of resourcing and development at the international level that involves the proactive identification, development and strategic deployment of high-performing and high-potential strategic employees on a global scale” (Collings and Scullion (2007, p. 102). Concurrently, the global mobility literature focuses on the importance of expatriation assignments for MNCs: addressing a lack of availability of management and technical skills in certain locations; controlling and coordinating operations locally; developing future managers and leaders; and maintaining trust in key foreign businesses, or serving representational purposes (Collings & Scullion, 2012; Li & Scullion, 2010). Additionally, some of the GTM literature highlights the potential importance of expatriation assignments for future business development from a talent perspective: producing leaders who understand the business context and global strategy, and equipping top talent to become future leaders (Gakovic & Yardley, 2007); ensuring future leaders have competencies to handle globally spread operations (McDonnell et al., 2010); helping assignees and the receiving country understand the networks that will provide the assignee with the connectivity to build architectural knowledge around the business model (Sparrow, 2012); and building a diverse, high-performing business team to drive innovation and growth (Neal & Cavallaro, 2007).

Despite these obvious benefits of expatriation, a major issue facing MNCs is expatriation’s high cost (Suutari & Brewster, 2001). In addition to the already substantial direct costs of the initial expatriation, should the assignment fail (due to a range of issues, including family difficulties and cultural adjustment, well-documented in the global mobility literature), there are indirect costs due to failure in the local business (Harzing, 1995; Harvey & Moeller, 2009). These high costs are particularly associated with the use of traditional, long-term, organization-assigned expatriates (AEs), i.e. employees assigned to go on overseas for a defined period within the organization. To address this, two trends have seen a gradual reduction in the use of AEs in recent years. Firstly, the growing importance of alternative forms of international assignment (for example, short-term, commuter, and international frequent flyers: Collings, McDonnell, Gunnigle, & Lavelle, 2010; Collings, Scullion, & Morley, 2007; Mayrhofer, Reichel, & Sparrow, 2012). Secondly, a rise in the number of self-initiated expatriates (SIEs). These are individuals who relocate voluntarily to a foreign country, without assistance, and are hired under a local, host-country contract (Al Ariss & Crowley-Henry, 2013; Andresen, Al Ariss, & Walther, 2013; Biemann & Andresen, 2010; Vaiman, Scullion, & Collings, 2012).

Significant differences exist however between AEs and SIEs with respect to their motivations for undertaking an overseas assignment and the value to their careers (Andresen, Biemann, et al., 2013). The challenge for policy is to match new sets of organization and individual goals. SIEs are often activists who take control of their own careers in a highly proactive manner and operate with a high degree of personal agency (Altman & Baruch, 2013; Mayrhofer et al., 2012). In the same way that AEs are sent overseas for different reasons, SIEs likewise have different and perhaps a broader set of motivations. These may include personal development, career development, family connections, exploration, seeing other cultures, and escaping from existing ways of

living (Cerdin, 2013; Inkson, Arthur, Pringle, & Barry, 1997; Shaffer, Kraimer, Chen, & Bolino, 2012). Personal and professional development is seen as important given diminished job security in many lines of work (Cerdin, 2013; Stahl, Miller, & Tung, 2002). Organizations need to consider SIEs as a special case, partly because they have higher organizational mobility than traditional AEs (Biemann & Andresen, 2010), and because of distinctive GTM challenges that arise when seeking to manage SIEs effectively (Haslberger & Vaiman, 2013; Howe-Walsh & Schyns, 2010).

Both SIEs and AEs are generally willing to overcome the personal hardship of an expatriate assignment, as both groups believe that it will help them get ahead in their career (Jokinen, Brewster, & Suutari, 2008). Nevertheless, many expatriates are not promoted when they return home, at least in the short-term, as rationalization and restructuring makes it hard for MNCs to give expatriates post-assignment employment guarantees (Pate & Scullion, 2010). This creates a disconnect for those successful assignees between their learning about the overseas market and cultural leadership skills and their actual career prospects (Bolino, 2007; Suutari, 2003). This raises questions for the future of expatriation regarding the alignment of goals of both AEs and SIEs, which may be expected to change in line with changed and more realistic expectations of the experience.

Recent research finds that both AEs and SIEs appear to have similar boundaryless career ambitions (Andresen, Biemann, et al., 2013) and similar career anchors (Cerdin, 2013). We might conclude therefore that both AEs and SIEs see expatriation as a potential career-development tool. SIEs also perceive overseas experience as a means of self-development or to achieve personal rather than corporate goals, whereas AEs primarily seek to achieve company goals in order to benefit from the career progression and the increased opportunities that are offered on their return (Andresen, Biemann, et al., 2013). There are therefore multiple and contrasting goals at stake in expatriate assignments.

The extent to which these goals are complementary or competing and can be balanced is a primary focus of this paper. From a theoretical perspective, contingency theory explains the use of expatriation by MNCs: corporate strategy is aimed at growing the business, which, when lead by global clients or new overseas markets, necessitates the movement of key individuals to foreign locations to facilitate this expansion. In other words, this is an ‘outside-in’ approach, whereby strategic decisions based on the external environment influence corporate actions (Baden-Fuller & Stopford, 1994). Expatriation is a tool used by MNCs to facilitate global expansion and the future growth of the firm, leading to the phenomenon recognized as AEs.

This contingency approach however does not take into consideration the individual perspective, especially for those employees who might not be prepared to limit their ambitions to the sole pursuit of an internal career. For example, increasing numbers of employees, particularly young graduates, are looking for overseas experiences to develop their careers as SIEs (McDonnell, 2011). This employee group may not be the first choice for an MNC to send overseas as an AE due to their lack of experience, which may augment the risk that they may be prepared to switch jobs to another firm to augment their international experience.

An alternative and more fruitful theoretical framework (psychological contract theory) can help to balance the ‘outside-in’ approach to developing a GTM strategy: there are corporate gains to be had by focusing on the evolving needs of talent inside the organization – in developing an internally driven GTM strategy (an ‘inside-out’ approach) – rather than relying on external market forces to define this. Meeting individual employee needs is more likely to result in an engaged and productive workforce (Rousseau, Ho, & Greenberg, 2006). This is based on the psychological contract

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