Global Talent Management and Staffing in MNEs: An Introduction to the Edited Volume of International Business and Management

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Effective management of human resources can facilitate the creation of specific knowledge and building of social relations within the organization (Barney, 1991; Lado & Wilson, 1994). The international human resource management literature highlights the importance of attracting, recruiting, and retaining suitable workforce that contributes to the multinational enterprises' (MNEs) sustainable competitive advantage (Collings & Mellahi, 2009; Tarique & Schuler, 2008; Tarique & Schuler, 2010). MNEs are now more focused on developing and obtaining capabilities from their global talent pool rather than sending expatriates for specific tasks (Sparrow, Scullion, & Tarique, 2014). In this volume, we consider global talent management as an activity that involves managing employees' development in a global context, such as the activities relating to the management of talented employees at key positions and employees' global career development (Collings, 2014; Collings & Mellahi, 2009; Farndale, Scullion, & Sparrow, 2010; Mellahi & Collings, 2010; Sidani & Al Ariss, 2014).

Global staffing is the primary focus of talent management and is concerned with whether MNEs' overseas subsidiary is staffed and managed by parent country nationals, third country nationals, or host country nationals (Cerdin & Brewster, 2014; Collings, Morley, & Gunnigle, 2008; Tarique & Schuler, 2008). Parent country national staffing and its contribution to individual and organizational level outcomes has been the key focus of studies found in the global staffing literature (Gong, 2003). Traditionally, international expatriate assignments were for a period of three to five years. However, the high cost associated with using expatriates coupled with rapid expansion of MNEs' foreign operation had led to an imbalance between the demand for, and supply of parent country nationals, and has forced MNEs to use short-term international staffing arrangements (Collings, Scullion, & Morley, 2007; Reiche, Kraimer, & Harzing, 2011). These alternative arrangements include short-term assignments, commuter assignments, international business travel and virtual assignments (Collings et al., 2007; Dowling, Festing, & Engle, 2013). In addition, the use of host and third country nationals in MNEs' global operations is another important component of global talent management that requires further investigation (Collings, McDonnell, Gunnigle, & Lavelle, 2010; Tarique, Schuler, & Gong, 2006).

The identification of talent and knowledge, which resides in an individual, is perhaps the first step of the global talent management process. The other areas of concern for the organization are the management of the expatriate and repatriation process.

Tacit Knowledge held by Individuals

Talent management involves identifying the key skills and knowledge held by individuals in the organization, and managing its transfer across within the organization's global network. However, this knowledge that resides in the

individuals is inherently difficult to transfer. Part of the difficulty lies in trying to convert this tacit knowledge into an explicit form that can be understood and applied globally. Nonaka and Takeuchi (1995) provided perhaps the most comprehensive and widely used knowledge transfer model. This model, known as the SECI (Socialization, Externalization, Combination and Internalization), details how organizations can transfer tacit knowledge by making it explicit through various steps (Li & Scullion, 2010). The first of these is socialization where individuals meet and work with each other to learn. This knowledge is then made explicit by documenting it. This process continues until the tacit knowledge is absorbed by the other individual and becomes part of their tacit knowledge.

While transfer of knowledge between individuals can be difficult, it is considered to be even harder when attempted between individuals from different countries. Differences in cultural norms, learning, hierarchy, and other contextual issues can act as hindrance, and can lead to miscommunication and other issues. It is therefore important for organizations to identify and select those individuals who are able to adapt to different working conditions.

Staffing Approach

To staff their global operations, organizations can use various staffing options (Michailova, Mustaffa, & Barner-Rasmussen, 2016). These options include ethnocentric, polycentric, regiocentric and geocentric staffing. Ethnocentric staffing philosophy is appropriate for firms that wish to maintain strong control over the subsidiary, and usually would result in a parent-country manager staffing the overseas subsidiary. Polycentric staffing philosophy supports a decentralized structure, where the host-country nationals are given the responsibilities of managing the operations. The rise of regional trade agreements, and regional integration at the common and economic union levels has helped inter-regional mobility of individuals; allowing organizations to select an individual from within the subsidiary's regional location to manage their operations. And finally, organizations can ignore the geographic location of the individual by taking a geocentric approach, where the best person for the job is selected regardless of their country of origin.

Whilst much has been made about organizational culture, and the need for control being among the key factors that influence the decision of an organization to employ either a parent, host or third country national to staff their global operations, in reality the organization's staffing is also influenced by the regulatory environment (Sekiguchi, Froese, & Iguchi, 2016). The movement of individuals and their ability to work around the world can be limited by national-level policies relating to work permits, movement of professionals, and mutual recognition of educational qualification and experience. This is especially a concern in professional services firms, where the individual may need to register with the local accrediting body in order to carry out their duties in the country. As Rammal and Rose (2014) discuss, the limitations on movement of professionals can create hurdles for firms attempting to transfer knowledge within the organizational network, and forces them to use an individual from the host country or host region to manage operations. These staffing philosophies and how they are influenced by country level policies and expectations are illustrated in Figure 1.
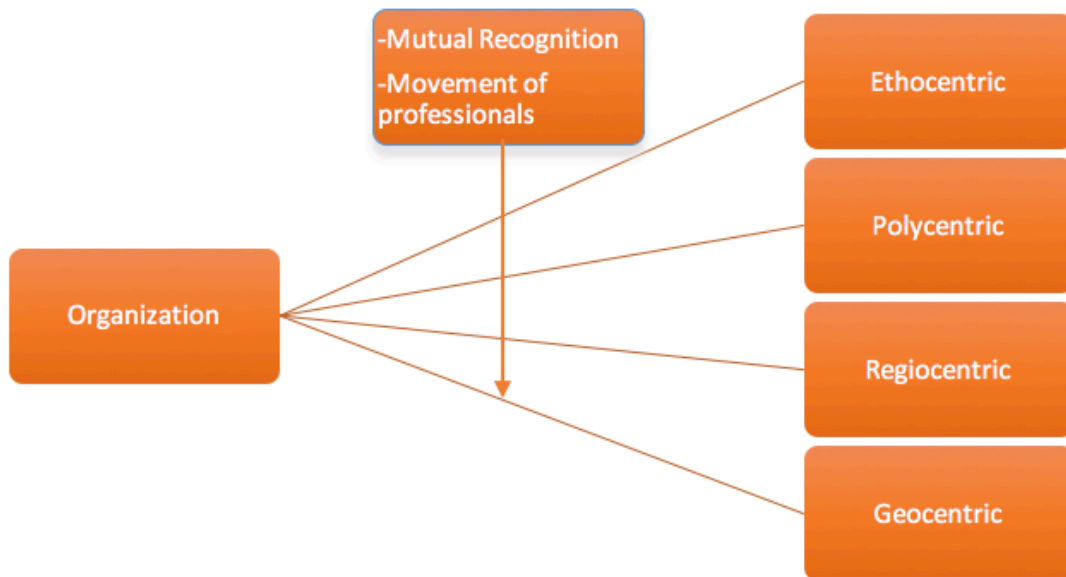
Figure 1: *Staffing philosophies and country-level influences on selection*

To address this limitation, and to facilitate the transfer of knowledge through the socialization process, organizations can utilize the option of providing training course in the parent country, where the manager of the subsidiary can interact and work with the experienced individuals, or exploring the possibility of utilizing the inpatriation option where individuals from the host countries are brought in to the parent country of the organization to work (Harzing, Pudelko, & Sebastian Reiche, 2015).

Selection Criteria

The identification of talent within organizations is the first of many steps that an effective human resources department has to take. Working within the national level requirements of a country, an organization needs to select individuals who can not only manage operations in the subsidiaries, but also can identify talent and facilitate the knowledge transfer beyond national boundaries. The selection of such individuals requires much thought, and consideration of factors beyond individual skills and talent.

To improve the chances of achieving the outcomes expected from an expatriate assignment, an organization has to ensure that it invests in provide appropriate training and support to the selected individual. However, the selection process itself can be complex, and may include a number of issues to consider, including: motivation of their employee; experience; remuneration; family considerations and nationality. The motivation of the individual to accept an expatriate assignment and work away for home for an extended period of time is some times overlooked by organizations. An individual may want to accept the task for intrinsic reasons: such as to further their learning, and gain relevant experience; and/or for more extrinsic reasons: such as increase in salary, or a promotion, or living in a city that is seen to be more desirable for their lifestyle (Caligiuri, Baytalskaya, & Lazarova, 2016). If the task for which the individual is selected only fulfills their extrinsic desires, then the long-term job satisfaction may not be there, and can affect the individual's motivation.

Similarly, the experience of the individual also has to be relevant to the task, and may in some cases be an external pressure that organizations may face (Mäkelä, Suutari, Brewster, Dickmann, & Tornikoski, 2016). For example, during the 1980s and early part of the 1990s, there was an expectation that managers posted to the subsidiaries in Japan and other Asian country would fit a specific profile when it came to age and seniority. The selection of these managers went beyond just their skills and abilities, as the conditions in the local environment demanded that senior staff be given the task of managing the offices. Recent studies have also suggested a link between the age of the expatriates and their adjustment to a new work environment (see for example Wechtler, Koveshnikov, & Dejoux, 2015).

Another key issue in the selection of expatriates is the role of family. The importance of family adjustment has been recognized as a key element in the success of the expatriate. A large number of studies conducted on expatriate adjustment have shown that the failure of the family to adjust to a new environment can result in the expatriate returning before the completion of the assignment (Baker & Ciuk, 2015; Cole & Nesbeth, 2014; Welch & Bjorkman, 2015). This failure is due to the culture shock that the family can face in unfamiliar surroundings, and is often a result of limited exposure to the host country culture prior to the acceptance of the assignment. Some organizations tend to extend pre-departure training to the family as well, but often the limited time between the selection of the expatriate and commencement of the assignment makes it difficult for the family to plan in advance for issues such as schooling, medical needs and other activities.

Delving further into the family adjustment issue, some researchers have highlighted the issues faced by the trailing spouse (Lazarova, McNulty, & Semeniuk, 2015; McNulty, 2012), and dual-career (Känsälä, Mäkelä, & Suutari, 2015) or dual-income couples (Hughes, 2013). The potential loss of an income for such couples if they decide to move to the host-country should be a consideration for the organization, and an appropriate strategic response should be provided. But perhaps an area that remains under researched in the expatriate and talent management literature is the use of dual-nationality or dual-citizenship held by an individual.

As discussed earlier, the movement of professionals can be limited due to nationality requirements and work permits. To address this issue, MNEs are increasingly relying on their human resource department to also identify talent from the self-initiated expatriates in different countries. These expatriates in many cases can hold dual-citizenship or dual-nationality, which allows them to work in different countries without facing mobility restriction. Similarly, organizations would need to look within their global network to identify dual-national/dual-citizen individuals from their talent pool, and identify opportunities to use them to overcome the nationality requirements placed. In Figure 2, we highlight some of the key considerations for expatriate selection.
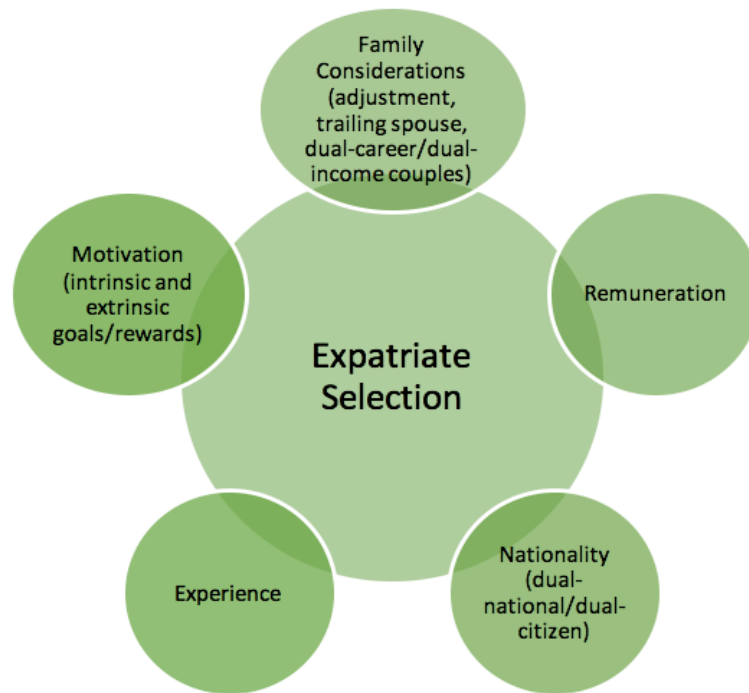
Figure 2: *Key considerations in expatriate selection*

Repatriation and Career Management

A well-managed repatriation program should ideally follow a successful expatriate assignment. The talent management process is often focused and limited to the expatriate assignment, which can result in poor planning for the repatriation process. Failure to plan for how the returning expatriate would be utilized means that not only does the organization miss out on the knowledge that the individual gained during their expatriate assignment, but also risk losing the individual to a competitor (Baruch, Aitman, & Tung, 2016; Greer & Stiles, 2016). Research in this area suggests that organization can experience a high percentage of repatriate turnover due to poor repatriation process and lack of career planning for the individuals (Black & Gregersen, 1999; Harzing & Christensen, 2004).

If properly managed, not only can organizations apply the knowledge gained by the individuals during their assignment, but can also utilize their experience to mentor other expatriates in the organization. Another benefit of successful repatriation is that organizations can access the networks that these individuals have built during their interactions with local buyers, suppliers and government organizations. Johanson and Vahlne (2009) highlight the benefits of networks or the advantage of being an "insider" in the internationalization process. Individuals build these networks on behalf of organizations, and managing these networks should be part of the consideration when it comes to managing the knowledge transfer across national boundaries. Figure 3 illustrates this process from selection of the expatriate, through to the repatriation process and the application of new skills and knowledge and use of networks.
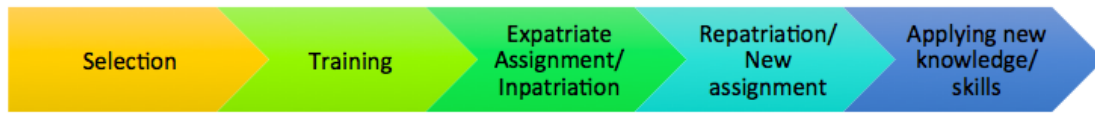
Figure 3: *Managing the knowledge transfer process*

Overview of Chapters in this Volume

The chapters of this edited volume cover a wide range of issues related to global talent management. The first six chapters explore global talent management and staffing options from the individual level, and base it in different research contexts. The issues discussed in these chapters relate to various expatriate management activities and global staffing in MNEs such as recruitment, selection, compensation, repatriation, learning, training and career development. Focusing on the starting point for expatriation assignment, Chapter 1 by Ott and Michalova provides an historical overview of expatriate selection. The chapter provides a critical review of the expatriate selection related literature over the past five decades. It identifies five expatriate selection criteria at the organizational, individual and contextual levels. These include organization philosophy, technical competence, relational abilities, personal characteristics, and spouse and family situation. The authors argue that the identified expatriate selection criteria are not only applied to the traditional international assignments but also can be helpful for the alternative assignment patterns.

In Chapter 2, Kang and Shen provides empirical evidence for how expatriate recruitment and selection process takes places in a MNEs' overseas operation. The authors conducted semi-structured interviews with the employees working in South Korean MNEs' subsidiaries operating in China, and find that "one-way selection" (rather than open recruitment) approach is employed by South Korean MNEs in relation to expatriate recruitment and selection. The criteria of recruitment and selection practices in South Korean MNEs' subsidiary are adjusted to suit the local environment, and helps attract host country nationals. The authors also suggest that South Korean MNEs should pay more attention to expatriate career development, individual and family issues in expatriate and repatriation process.

Chapter 3 and 4 focus on the use of alternative expatriate assignment options in MNEs. In Chapter 3, Selmer, Lauring, Zhang and Jonasson highlight the trend of using self-initiated expatriates (SIEs) to perform at high level management position, a role which in the past was only given to organizational assigned expatriates (OEs). The chapter compares SIE CEOs and OE CEOs from the perspectives of demography, expatriate personality and job performance in Chinese context and finds that SIE CEOs are more experienced, tend to have less self-control, have different temperament, and tend to rate lower on job performance compared to their OE counterparts. Guo, Rammal and Dowling in their study (Chapter 4) focus on the career capital development of SIEs in China. The chapter reviews the empirical studies which comparing SIEs and OEs, and using the career capital theory, the authors discuss SIEs' career capital accumulation and development through international assignment in China. The study provides three propositions for career capital development of SIEs in China through knowing-how, knowing-why and knowing-whom. Understanding these elements and linking it to the individual expatriates' motivations for the assignment can help MNEs design relevant training

programs, and provide adequate learning and development opportunities for SIEs employed in China.

Chapter 5 focuses on the topic of repatriation, which is a key area in post expatriation period. In this chapter, Naito present the survey findings with the managers who have successfully completed their assignment and repatriated back to their parent country, Japan. This chapter discusses the multiple aspects of repatriation adjustment from the perspectives of work and personal life, and identifies three influencing factors of readjustment. Investigating the repatriation process and re-adjustment can help MNEs identify and apply the knowledge held by repatriates, and retain these skilled and talent employees after repatriation.

The issue of expatriate compensation and global talent management is the focus of the study by McNulty presented in Chapter 6. The author reviews the expatriate compensation literature over the past 10 years, and discuss the home- and host-based approaches to expatriate compensation. The study identifies the challenges and opportunities that MNEs face in attempting to use these two approaches, and proposes a "global compensation" host-based compensation approach that is based on performance and can help avoid overpayment and unfairness.

Chapters 7, 8 and 9 discuss the global talent management and staffing options by linking with human resource management practices, policies and company strategy. In Chapter 7, Ratten and Ferreira look at the links between global talent management and corporate entrepreneurship strategy. Discussing the role of human capital, innovative recruitment practice, cross-cultural staffing policies, and this chapter highlights the importance of global talent management on increasing an entrepreneurial organizations' global competitiveness and organizational performance. The authors highlight the importance of selecting, recruiting and retaining talent in MNEs, and explain that incorporating these elements as part of the human resource policies can help organizations develop and sustain innovation in products, services and processes.

Williams and Bhanugopan in Chapter 8 address the issue of localization of human resources in the Middle East. Using the human capital theory, the authors conducted a survey of expatriate managers undertaking an international assignment in Qatar, and examined the relations between work values, organizational commitment and human resource localization. The findings of the study suggest a positive relationship between human resource localization and organizational commitment, and a negative relationship between human resource localization and work values.

The last chapter by Buzady looks at the trends in relation to global talent management in the Central and Eastern Europe (CEE) region, which includes Bulgaria, Czechia, Hungary, Poland, Romania and Slovakia. The chapter focuses on the findings of surveys conducted with the expatriates and local mangers in CEE region to seek their perception and opinions on talent management practices and policies. The author highlights significant differences in perceptions and opinions of expatriate versus local mangers, and argues that the adoption of regional specific talent management and staffing practices can help MNEs exploit the value-added opportunities in the CEE region.

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