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New perspectives on human resource management in a global context

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ABSTRACT

In the past three decades or so, globalization/regionalization, migration and reverse migration (also referred to as "brain circulation"), the ascendancy of emerging markets, the demand for people with a global mindset, and the worldwide war for talent have brought about fundamental changes to the nature, magnitude, and *raison d'etre* for human resource management (HRM) in a global context. These changes require us to adopt new lenses to fully understand the dynamics that impact international human resource management (IHRM) policies and practices. This paper presents new perspectives on IHRM as they relate to research on multicultural teams under the three dimensions of diversity (separation, variety, and disparity) posited by Harrison and Klein (2007), and brain circulation in the context of movement of peoples across countries. These perspectives go toward the traditional approach of studying expatriates, whether company-sponsored or self-initiated assignments. The paper discusses how these new perspectives can set the agenda for future research on IHRM.

1. Introduction

Since the publication of my 1981 article, "Selection and training of personnel for overseas assignments", in the *Columbia Journal of World Business* (now known as the *Journal of World Business, JWB* in short), most countries around the world have embarked on the inexorable path toward globalization or regionalization.[1] A major consequence of globalization is global mobility where the movement of people across international boundaries, whether temporary or permanent, has become a common phenomenon.

To commemorate the 50th anniversary of the *JWB*, this paper will first present a brief overview of how HRM in the context of global mobility has changed since 1981, albeit some aspects have evolved more slowly than others. The paper will then examine the changes and challenges in the international human resource management context, particularly in light of the global war for talent and brain circulation, that render the need for fresh perspectives to better understand the evolving phenomenon of HRM policies and practices. Finally, the paper will elaborate on these new perspectives in terms of their implications for research and practice.

2. Overview – From MNC-sponsored expatriation to global war for talent

My 1981 paper (Tung, 1981) is generally recognized as the first systematic attempt to understand the reasons for expatriate failure among U.S. multinationals (Dowling, Festing, & Engle, 2013). My study of U.S. multinationals was followed by a succession of studies on European, Japanese and Australian multinationals to compare and contrast selection policies and training programs from major source countries of expatriation (Tung, 1982, 1984). Through a critical analysis of studies published on the subject, Harzing (1995) traced how my 1981 publication has inspired many subsequent studies of expatriate failure and ways for remedying the situation. These subsequent studies (see, for example, Black, Gregersen, & Mendenhall, 1992; Mendenhall & Oddou, 1985; Torbiorn, 1982), in turn, spawned an exponential growth in interest on different aspects of expatriate assignments – selection, training, compensation, performance appraisal, etc. – to catapult the subject to become one of the most widely researched topics in the field of international human resource management.

In the three decades since my 1981 article, we have learned a lot about the experience of expatriates from countries, both developed and emerging markets, including but not limited to the following: The reduced incidence of American expatriate failure abroad

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[1] Some researchers, such as the late Alan Rugman, have asserted that regionalization is a more accurate characterization of developments in most parts of the world. In this paper, I will not go into the debate of globalization versus regionalization. Rather, the assertion here is that most countries in the world are engaged with other countries, whether on a regional or global basis.

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where Tung (1998) attributed this decline to their transformation from "neophytes" to "cosmopolitans"; the challenges they continue to encounter (McNulty, 2012; Ren, Yunlu, Shaffer, & Fodchuk, 2015; Takeuchi, Wang, & Marinova, 2005; Takeuchi, 2010); correlates of adjustment (Caligiuri, 2000; Earley & Ang, 2003); the emergence of self-initiated and short-term assignments as distinguished from those that are company/MNC sponsored (Andersen, Bergdolt, Margenfeld, & Dickmann, 2014; Biemann & Andersen, 2010; Cerdin & Selmer, 2014; Collings, Scullion, & Morley, 2007; Stahl, Miller, & Tung, 2002; Suutari & Brewster, 2000); the deployment and experience of women in international assignments (Caligiuri & Tung, 1999; Tung, 2004); the interactions between host country nationals and expatriates (Levy et al., 2014; Mahajan & Toh, 2014; Takeuchi, 2010; Toh & DeNisi, 2007); repatriation (Lazarova & Caligiuri, 2001); and reasons for the continued use of expatriates despite their higher costs and localization requirements by host governments (Collings & Mellahi, 2009; Harzing, 2001; Reiche, Kraimer, & Harzing, 2011; Tarique & Schuler, 2010). The Caligiuri and Bonache paper in this SI traces the evolution of the "strategic deployment of expatriates" over time, including changes in types of overseas assignments and profile of expatriates that contribute to a blurring of the lines between expatriates and global professionals, a point that will be addressed further in this paper.

This fascination with the topic of expatriate assignments can be attributed, in part at least, to the inexorable path toward globalization or regionalization that I alluded to earlier. In addition, there is growing recognition among practitioners, policy makers and researchers that human capital is pivotal to a firm/nation's international competitiveness. In my 1984 book, *Key to Japan's Economic Growth: Human Power*, I hypothesized that human capital is pivotal to the then Japanese economic miracle. Similarly, human power is the driving force behind South Korea's remarkable transformation from the devastation after the Korean War (1950–1953) to its current status as the 15th largest economy in the world, on the basis of nominal GDP. Nonaka (1991, p. 98) has distinguished between two types of knowledge: explicit and tacit. Explicit knowledge is "formal and systematic . . . and can be easily communicated and shared, in product specifications or a scientific formula or a computer program". Tacit knowledge, on the other hand, resides in people, results from experience, and represents "informal, hard-to-pin-down skills captured in the term 'know-how'" (Nonaka, 1991, p. 98). In the pre-global mobility era, with the exception of emigration primarily from developing to industrialized countries in search of better living conditions and career opportunities, human talent (particularly those from industrialized countries) typically remains in a given country. With the increasing willingness of people, including those from industrialized countries, to relocate abroad, whether on a temporary or permanent basis, there is a growing war for talent, a term coined by McKinsey (Chambers, Foulon, Handfield-Jones, Hankin, & Michaels, 1998).

The looming war for talent has received attention at all levels – it was the focus of the 2006 World Economic Forum held at Davos, Switzerland. The governments of fast-growing emerging markets, such as China and India, have developed initiatives and policies to attract talent from around the world, particularly among members of their respective diasporas who have attained professional/career success in their adoptive countries to return to their countries of origin (Cooke, Saini, & Wang, 2014; Tung & Larazova, 2006). Companies have to contend with this challenge by devising ways and means to attract talent, and more importantly, to retain them.

Talent poaching and acqui-hiring [i.e., "acquisition of small companies to gain access to their employees" (Chatterji & Patro, 2014, p. 395)] have become commonplace among businesses. An outstanding example of the challenges and opportunities associated with the war for talent is that of Dr. Kai-Fu Lee, a Taiwan-born, U.S.-educated speech recognition expert who first worked for Microsoft. When Google hired him from Microsoft, a bitter legal battle ensued over what intrinsic knowledge Dr. Lee could use at Google. Shortly after the legal dust had settled between the two technical giants, Dr. Lee left to start up his own China-based company, Innovation Works (Tung, 2014a).

In 2014, the *JWB* devoted an entire Special Issue on talent management (Ariss, Cascio, & Paauwe, 2014). Cascio & Boudreau's essay content analyzed publications in *JWB* over a 50-year timeframe and noted the surge in research on talent management after 2009. Given the broader focus of talent management, similar to Khilji, Tarique, and Schuler (2015), Cascio & Boudreau called for a multidisciplinary approach (i.e., beyond HR per se) to better understand the phenomenon. Khilji et al. (2015) emphasized the need to adopt a macro perspective that includes an examination of government policies, diasporas and brain circulation. These issues are addressed further in this paper.

In a 2013 annual survey of CEOs from around the world, Pricewaterhouse Coopers (*Dealing with disruption*, 2013) on what worries them most, 58% of the respondents expressed concerns about talent deficit. Similarly, in a 2013 survey by Ernst & Young and Oxford Analytica (*Business Pulse*, 2013) of companies across industries in 21 countries, the respondents identified the shortage of talent as among the top ten risks confronting their organizations. Collectively, these findings highlight the significance and magnitude of the problem.

2.1. War for talent

The reasons for the escalating war on talent are several-fold, including the overall aging of the workforce, the ascendancy of emerging markets accompanied by a substantial upgrading in the educational levels and technical skills of their indigenous populations, and the general reduction in immigration and emigration to the barriers of movement of people across countries. Johnston (1991) has attributed these three factors to the emerging phenomenon of "global workforce 2000": one, an aging workforce in the industrialized West; two, the rising educational levels and technical skills in emerging markets; and, three, the lowering of immigration and emigration barriers to people flow. Each of the first two factors is discussed below:

2.1.1. Overall aging of the workforce

Statistics by the UN Population Division (2009) and Hayutin (2007) revealed that most developed countries and many emerging markets have to contend with the graying of their population. For example, approximately 20–35 percent of the populations in Canada, Australia, New Zealand, Europe, Japan and the Republic of Korea will be 65 and over by 2030. Europe and Japan have the oldest population while Africa has the youngest. Fertility is already below-replacement rate (i.e., under 2.1 births per woman) in most advanced economies. East Asia (including China, the most populous nation in the world), Canada, Europe, Russia, Australia, and New Zealand have fertility rates of 1.2–2. A notable exception among the BRIC countries is India which enjoys a demographic dividend, namely one third of its population is 15 years of age or younger (Tung, 2009). Chand and Tung (2014) have discussed the impact of aging on businesses around the world.

2.1.2. Ascendancy of emerging markets

O'Neill (2001) of Goldman Sachs coined the term BRIC to refer to the rise of Brazil, Russia, India and China. Goldman Sachs subsequently projected that by 2050, the combined economies of the BRIC countries will surpass that of the G6 countries (Wilson & Purushothaman, 2003). According to statistics compiled by TD