

Talent management and expatriation: Bridging two streams of research and practice



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ABSTRACT

This paper argues that talent management and expatriation are two significantly overlapping but separate areas of research and that bringing the two together has significant and useful implications for both research and practice. We offer indications of how this bringing together might work, in particular developing the different results that will come from narrower and broader concepts of talent management. Our framework defines global talent management as a combination of high-potential development and global careers development. The goal of the paper is to lay the foundations for future research while encouraging organizations to manage expatriation strategically in a talent-management perspective.

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1. Talent management and expatriation: bridging two streams of research and practice

In the international human resource management (HRM) literature, the management of expatriation is accorded significant status since it is seen as a key contributor to firm performance. Yet, despite this, it appears that expatriate management remains a weakness for many organizations (Lazarova & Cerdin, 2007; Shaffer, Kraimer, Chen, & Bolino, 2012) and is often somewhat separated from the organization's global policy of human resource management. Developing the key talent in the organization is usually managed by a different set of specialists than those who manage expatriation. Expatriates are usually selected by line managers (Harris & Brewster, 1999) and expatriation is often managed by administrative HRM specialists who are focused on the reward and taxation package, with little linkage to training, performance management, individual career development or long-term careers (Cascio, 2012; van der Heijden, van Engen, & Paauwe, 2009). In short, expatriation management and talent management, while undeniably closely related, are rarely studied together.

We propose to explore the connection between talent management and expatriation to explain how they interact and to elaborate the consequences of this relationship for both fields of study. Global talent management seems to be the right label for

capturing the connection between talent management and expatriation (Scullion, Collings, & Caligiuri, 2010; Tarique & Schuler, 2013). However, we can identify two streams in this relationship, in line with two conceptions of talent management, namely (1) the elitist, or talent segmentation, approach focused on a few chosen individuals, often termed 'high potentials', in whom the organization invests, and (2) a broad aspect of Human Resource Management where all employees are considered as talent. We propose to explore both so as to introduce a framework for understanding the relationship between talent management and expatriation. This can serve as a basis for future research and help organizations better manage their expatriates within the logic of talent management.

Our analysis and our examples are from corporately assigned expatriates and the messages in this article are clear for them. We believe that they may also apply to other forms of international experience, such as migrants, self-initiated expatriates and short-term assignees (Al Ariss & Crowley-Henry, 2013; Ariss, Vassilopoulos, Ozbilgin, & Game, 2013; Fang, Samnani, Novicevic, & Bing, 2013; Guo, Porschitz, & Alves, 2013; Vaiman & Haslberger, 2013). However this article is focused on the 'traditional' expatriate and we leave research into the other forms for the future.

2. The talent segmentation approach to expatriation and talent management

The talent segmentation approach to expatriation stems from the rationale for its use. The classic explanation of organizations' reasons for using expatriation (Edström & Galbraith, 1977;

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Hocking, Brown, & Harzing, 2004) still holds: they use it (1) to provide skills in a market where they are hard to find, (2) to develop the organization through control and coordination, and (3) to create learning amongst expatriates that will benefit the firm. For the first goal, the organization's immediate priority is to fill positions, which leaves little to no room for consideration of individuals' careers; the second goal may be about imposing central control, with the same effects, or about developing co-ordination through global mindsets in the organization, which may involve changing minds at headquarters as well as in the subsidiaries, and would be include career considerations; and for the third goal, the development of individual careers is the focus (Cerdin, 2008). We draw a distinction that is not usual in the literature, but we believe to be common in practice, between control and co-ordination. The two objectives may be equally strategic in their impact upon the expatriate and the organization. Controlling roles are much less likely to have a talent-management aspect than are co-ordination roles. Hence, for the latter, as for those (rare) expatriation roles that are explicitly designated as developmental, talent management is a key focus, as the organization is mindful of the development of the individual's skill set, and of the capabilities of those they interact with – a point we will return to.

The segmentation approach to strategic talent management focuses on those who “are included in the organization's pivotal talent pool and who occupy, or are being developed to occupy, pivotal talent positions” (Collings & Mellahi, 2009: p. 306). Expatriates may well belong to this group. The role expatriates, particularly managerial expatriates, play in knowledge transfer (Bonache & Brewster, 2001) or in diffusing managerial practices from headquarters to subsidiaries and vice versa underlines their importance as amongst the key employees who are the object of segmentation talent management (Björkman, Barner-Rasmussen, & Li, 2004; Cerdin, 2003; Kamoche, 1997).

This approach to talent management combines a strategic use of expatriates with a strong focus on talent management, the aim being to develop individuals for further responsibilities within the organization. In that sense, talent management is synonymous with the traditional ‘high-potential’ approach. Organizations identify individuals who they expect, in the long term, to be able to occupy top-management positions (CIPD, 2009). It is well-known that major multinational corporations (MNCs) such as Colgate Palmolive and Philips, for example, restrict their senior positions to employees who have worked in more than one country. International experience is a prerequisite to get promoted above a certain level within those organizations. High-potentials are assigned to international positions so that they may develop new skills, but it is also a way to test their abilities as tomorrow's top managers. In this sense, the high potentials as expatriates are critical for the organization's current goals as well as for its long-term objectives. The segmentation perspective on talent seems prevalent in the literature (Swales, 2013). This talent segmentation perspective is “consistent with Pareto's ‘law of the vital few’, which, in this case, suggests that about 80% of an organization's value adding derives from about 20% of its employees” (Swales, 2013: p. 32).

The segmentation approach to talent management addresses not only top positions, but also key positions. Collings and Mellahi (2009: p. 305) suggest that talent management aims to identify key positions that “differentially contribute to the organization's sustainable competitive advantage”. The relationship between the talent segmentation view involved in some expatriation assignments and the segmentation view of talent management is apparent in international developmental assignments, but goes beyond that.

We can map the link between expatriation purposes and talent management as shown in Fig. 1. The key axis is the diagonal one from bottom left to top right. Expatriate assignments in the bottom left corner (short-term business objectives) will include purposes such as position-filling, opening new markets and technology transfer that may have little or no link to talent management nor have aspects of talent management as primary objectives. As the strategic management purposes of the assignment become more long-term so the talent management element increases until organizations are investing in solely individual development. We see that assignments focused on control will require closer affiliation with HQ with less opportunity for talent development and those focused on co-ordination will create more individual learning. This is, of course, a gradually sliding scale so that few assignments will fit solely and exactly into the named categories and not include elements of other kinds of assignment in them but the figure indicates the relationship between expatriation purposes and talent management.

A valuable aspect of talent development will be, in many cases, the expatriation experience. The global-assignment-success cycle can develop global leaders within the organization assuming that (1) they have been selected effectively, (2) they use their time abroad to develop their competencies and (3) they return successfully to their organization (Stroh, Black, Mendenhall, & Gregersen, 2005).

The selection criteria have been the subject of a large body of literature, with emphasis placed especially on criteria such as partner support and communication skills (Franke & Nicholson, 2002). However, criteria that are centered on expatriate development within the logic of talent management, such as leadership qualities, or alignment between personal and corporate values, are mostly overlooked in the literature. The focus on technical skills found in the early research has persisted (Anderson, 2005; Zeira & Banai, 1985) and, indeed, the process by which employees are selected for expatriation is often not as formalized as one might expect (Harris & Brewster, 1999).

Adjustment and performance while on assignment has been examined frequently since the seminal conceptual work on adjustment by Black, Mendenhall and Oddou (1991). Their identification of adjustment as consisting of three (somewhat overlapping) ‘facets’ of adjustment to work, to interacting with host nationals and to the general environment has been much replicated (see Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005). It has also increasingly often been critiqued (Haslberger &

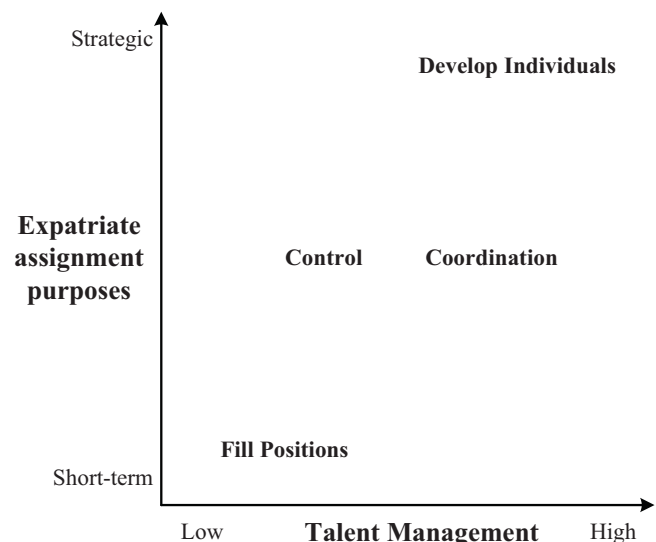


Fig. 1. Expatriation purposes and talent management.

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