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Review

MNE translation of corporate talent management strategies to subsidiaries in emerging economies

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ABSTRACT

The rise of emerging economies in recent years has motivated calls for research into how multinational enterprises translate their corporate strategies to subsidiaries in these countries. This study addresses this issue and presents a heuristic framework derived from the resource-based view and neo-institutional theory. We propose that the translation of corporate talent management strategies to emerging economies is affected by metropolitan and provincial institutional and cultural differences. We develop propositions pertaining to corporate-local level decision-making, community relations, skills shortages, and diversity, to inform future research and practice.

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1. Introduction

Emerging economies are increasingly vital to the sustainability of multinational enterprises (MNEs) doing business in those countries (Harvey et al., 2000). Effective talent management of employees, and particularly of knowledge workers and managers

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is of strategic significance for these organizations (Tymon et al., 2010; Uen et al., 2012). Talent management research, however, has been limited by a North American focus and thus needs to be studied through the lens of different environments (Collings et al., 2011; Thunnissen et al., 2013). This is especially true in emerging economies (Vaiman et al., 2012) where talent management and retention are particularly crucial (Tymon et al., 2010; Vaiman et al., 2012). This study argues that effective translation of corporate talent management (CTM) strategy within MNEs requires efficient adaptation of CTM strategies to local conditions. Acquiring suitable talent, developing that talent into local management capability (Collings et al., 2007; Farndale et al., 2010), and better recognizing local knowledge and factors (Tymon et al., 2010; Vaiman et al., 2012) are likely to be important elements of talent management strategies for MNEs expanding into emerging economies.

Even after the global financial crisis of 2008–9 (Sparrow et al., 2013), organizations continue to face severe difficulties recruiting and retaining the talent to support global business (Scullion et al., 2008). This challenge is most critical for young professionals and new managers in emerging economies, as there are insufficient qualified candidates to meet the demand for talent during economic expansion, corporate growth, and periods of moderate to low unemployment (Tymon et al., 2010). At the same time, these regions present different institutional structures that need to be considered when developing CTM strategies (Sidani and Al Ariss, 2014; Sun et al., 2015).

In this article, we use the term “Translation” to describe the movement of management ideas and practices to new ideas through the process of transference and transformation (Ahlstrom et al., 2010; Czarniawska, 2009; Czarniawska and Sevón, 2005). Of the different modes of practice translation between corporate and subsidiary levels (Kostova, 1999), we focus on factors that affect the translation of strategy to subsidiaries in emerging economies at the macro organizational level. Borrowing from the human resource management (HRM) research by Wright and Boswell (2002), and Huselid and Becker (2011), we define *macro* as the strategy formulation and implementation of talent management. Through translation, organizational ideas are changed by specific factors as they move from one context to another (Carter, 2008). We analyze these factors in the context of MNEs in emerging economies.

To date, the academic literature has had little to say about the translation of talent management strategies to MNE subsidiaries located in emerging economies, focusing instead on developed economies (e.g., Boxenbaum, 2006). As a result, there is little theoretical or empirical direction for MNEs on how to translate CTM strategies from top to bottom business levels, and how local contextual factors affect the translation and reception of these strategies in emerging economies (bottom-up receptivity). For this reason, our study analyses the global orientation and context-specificity of talent management strategies of MNE corporate and subsidiary levels, by building from the resource-based view (RBV) and neo-institutional theory (NIT). As a result, this research presents an integrative multilevel heuristic framework to guide future research in this area (Abrahamson, 2008). For this reason, this study therefore analyses the global orientation and context-specificity of talent management strategies of MNE corporate and subsidiary levels, by building from the resource-based view (RBV) and neo-institutional theory (NIT). As a result, this research presents an integrative multilevel heuristic framework to guide future research in this area (Abrahamson, 2008). These theoretical lenses offer important benefits. They are both currently applied in the talent management field to study the strategic challenges that businesses face (Clark and Lengnick-Hall, 2012; Collings and Mellahi, 2009; Farndale and Paauwe, 2007; Festing et al., 2013;

Meyers and van Woerkom, 2014; Meyers et al., 2013; Vaiman et al., 2012), including the application for emerging economies (Holden and Vaiman, 2013; Sidani and Al Ariss, 2014). Moreover, they demonstrated the need for research on talent management strategy translation, through both global and context-specific lenses.

At corporate level, the resource based view on talent management focuses on how organizations gain sustainable competitive advantage through differentiating talented employees who perform well, are unique and valuable, and occupy positions that create substantial contributions to a firm’s strategic success (Becker and Huselid, 2006; Lepak and Snell, 1999). At the subsidiary level, neo-institutional theory focuses on the importance of recognizing institutional structures in emerging economies for effective talent management practices (Sidani and Al Ariss, 2014).

In summary, at the macro level, this study focuses on four research areas relevant to the translation of CTM strategies in emerging economies. First, in the context of global talent management research, it suggests the need for context-specific or indigenous research that involves the highest level of contextualization when focusing on emerging economies. Second, in the context of organizational strategic capabilities (Joyce and Slocum, 2012), this study explores the level of talent management required to provide adequate numbers of qualified people in emerging economies. Acknowledging the influence of more macro level factors on micro level analysis, this study also analyses two talent management functional tensions: acquired talent, and investments that vary between emerging economies. Third, this study analyses institutional factors of emerging economies that may affect CTM decision-making (Vaiman et al., 2012) at subsidiary level in both metropolitan and provincial locations. Finally, by analyzing these three themes, this study suggests a strategic balance between global assimilation and emerging economy local adaptation of talent management in MNEs (Sidani and Al Ariss, 2014; Stahl et al., 2012). It does so by arguing that talent management in MNEs should involve both institutional and cultural consistency, as well as management collaboration, while balancing global and local needs (Stahl et al., 2012).

Analyzing institutional and cross-cultural characteristics of the intricacies of emerging economies to achieve effective translation and competitive advantage provides two major contributions. First, the study addresses gaps in the literature on talent management, emerging economies and translation at the macro level. To this end, we present a heuristic framework illustrating the macro level factors influencing the translation of CTM from headquarters in developed economies to emerging economy subsidiaries. Furthermore, the study assists managers who wish to implement or improve corporate-to-subsidiary translation strategies in emerging economies.

2. Literature review

Talent management has become one of the key strategic issues for leaders (e.g., Boudreau and Ramstad, 2007; Cappelli, 2008; Collings and Mellahi, 2009) as the management of knowledge workers and high potential employees is particularly important for global organizations (Tymon et al., 2010; Vaiman et al., 2012). Consequently, talent management has gained increasing attention in the last decade among practitioners and academics alike (Al Ariss et al., 2014). Although managing talent globally is critical to firm success, there are particular challenges in attracting, managing, and retaining talent in emerging economies where the availability of skilled employees is low (Tymon et al., 2010).

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