

THE GLOBAL TALENT CRUNCH: TALENT DEVELOPMENT AS A MEANS TO BRIDGE THE GAP

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ABSTRACT

Aim of the study – Talent crunch is a major challenge confronted by the organizations globally. This crisis could cost nations trillions of dollars in unrealized annual revenues. The talent crunch - an imminent skilled labor shortage affecting both developed and developing economies - could ultimately shift the global balance of economic power by 2030 if left unaddressed. Labor will be available globally, but it may not match sector needs at the time. This has resulted into the burgeoning interest in talent development, especially among practitioners. Strong implementation of talent development is recommended crucial for talent 'shortage' or 'gaps'. The purpose of this paper is to explore the concept of talent development and to bridge the practice and science of talent development by showing the importance of building human capital in organizations. It also reviews the range of interventions available to organizations like 360-degree feedback, executive coaching, mentoring and networking, job assignments and action learning, for development.

Design/methodology/approach – The paper reviews the relatively scant and fragmented literature on talent development processes.

Findings –The literature review uncovered that talent development is usually discussed as part of a wider talent management process. The study underlined why talent development has proved crucial to the success of an organization, whether in prosperity or adversity.

Research limitations/implications – Though the study is exclusively qualitative in its essence; it highlights avenues for future studies.

Practical implications – This study will help training professionals in dealing with certain problems and challenges that lead to the management and development of talent at work.

Keywords: Talent, Talent development, Talent management, Talent crunch, Human resource

Paper type Literature review

I. INTRODUCTION

Human capital is regarded vital for an organization in order to gain edge over its competitors (Price, 2004); an indispensable entity that is available for a premium for organizations and becoming scarce resource (Kim and McLean 2012; Pruis 2011; Lockwood 2006) every passing day. The talent crunch may be hard to see now, with daily headlines about how robots and artificial intelligence are making their way into a growing number of industries. But technology cannot deliver the promised productivity gains if there are not enough human workers with the right skills. This has set the scene for a global talent crunch.

The issue of shortage of talent is almost global which is highlighted in Talent Shortage Survey conducted by ManpowerGroup in 2018 that reported shortage of talent in 67% of the large organizations (250+ employees) across the world. It's a growing challenge worldwide. Every industry is impacted. From manufacturing to mining, transport to trade, construction to finance, employers are increasingly struggling to find the people they need with the right blend of technical skills and human strengths. As companies digitalize, automate and transform, finding candidates with the right blend of technical skills and human strengths is more important than ever.

These talent 'gaps', 'crunch', 'crisis', 'deficit', or 'shortage' have hindered the business advancement (Collings and Mellahi 2009) by impacting on its operating costs, bottom-line profitability, competitiveness, service, quality, brand and investment in the longer-term. This can even threaten an organization's ability to adapt, grow and compete. The impact of the talent crunch is so significant that the organizations may be prompted to relocate their headquarters and operational centers to places where the talent supply is more plentiful. Governments will be forced to invest in improving their people's skills to avert corporate flight and to defend their nations' income and status.

As such, governments and organizations must rethink their talent acquisition strategies and make talent development a key priority and take steps to educate, train, and upskill their existing workforces. They must act now to mitigate the talent crunch, making people - and their development - a top priority to support sustained growth. Organizations need to

build their own talent pipeline. Constant learning - driven by both workers and organizations - will be central to the future of work, extending far beyond the traditional definition of learning and development.

Michaels *et al.*, (2001) found that organizations around the world have little choice but to strive for the same group of talented people with the similar tools, tactics, and perspectives employed by many other organizations. As a result, many organizations have started considering talent as a source of competitive advantage and are investing in its development accordingly to ensure that they have the in-demand skills for today and tomorrow (McCall, 1998; Vicere & Fulmer, 1998). Human resource managers, the world over, have realized that talent development has turned out crucial for business growth (Cook and Macaulay 2009; Kim and McLean 2012). All such elements bring forth talent development - as a subject field, at the top of the priority list. However, there are relatively scant and fragmented scholarly papers that centralize quintessentially on talent development (Garavan *et al.*, 2012).

II. OBJECTIVE OF THE STUDY

The prime concern of the present study is to review the prominent and relevant literature of past researches pertaining to talent development so as to contribute to the body of knowledge of talent development and global talent crunch. The study also examines the range of talent development interventions available to organizations. The aim of the study is also to offer a base for identifying opportunities so as to provide better guidance for further research into this domain.

III. RESEARCH METHODOLOGY

This study is qualitative in nature. Secondary data has been accessed from review of literature as well as from various journals and articles. The articles have been accessed from online databases i.e. scholar.google.co.in, National HRD network, emeraldinsight.com, elsevier.com, sciencedirect.com, researchgate.net, academia.edu and data available in books are collected in order to carry out an in-depth analysis.

IV. GLOBAL TALENT CRUNCH

A major crisis is looming over organizations and economies throughout the world. A study conducted by Korn Ferry in May 2018 revealed that by 2030, demand for skilled workers will outstrip supply and there will be a global human talent crunch of more than 85 million people, or roughly equivalent to the population of Germany. Signs are already emerging that within two years there won't be enough talent to go around. In countries with low unemployment and booming manufacturing production, including the Czech Republic, Poland, Hungary and Slovakia, a labor shortage has already accelerated automation and increased use of robotics—not to replace people, but because there aren't enough of them to fill the factories. Left unchecked, the financial impact of this talent shortage could result in \$8.452 trillion in unrealized annual revenue by 2030, equivalent to the combined GDP of Germany and Japan.

According to the Talent Shortage Survey conducted by ManpowerGroup in 2018, 67% of the organizations are finding it difficult to fill the vacancies and retain the employees. Global talent shortage remains as a big hurdle in MNCs (Beechler & Woodward, 2009; Scullion & Collings, 2011). It is closely connected to global world which created a demanding and agile workforce that demands to work anywhere at any time at any cost (Vaiman, Haslberger & Vance, 2015). It opens up the path for the talents to work everywhere in the world apart their home countries. This has created a significant change in the talent market where the best employees placed them strategically to pursue international careers. Managing talent on a global scale is far bigger the challenge compared to managing talent on a domestic scale (Minbaeva & Collings, 2013).

Gross *et al.*, (2003) revealed that work forces are aging, expert knowledge and skills are being lost, and qualified replacements are increasingly difficult to find and retain. The loss or departure of undocumented knowledge associated with this situation can be particularly problematic with complex systems that have been in place for many years. Even though this statement is way back, the reality is, this problem still exists and mushrooming (Malik & Singh, 2014) even in the current economic slump. Furthermore, this statement clearly explains about the perilous of talent and skill shortages that almost every MNCs are facing now

V. DEFINING THE SCOPE OF TALENT DEVELOPMENT

Organizations have been continuously emphasizing that they wish to manage and develop talent. However, researches have shown that the notion of talent development is conceived diversely in various organizations with varying degrees. Few academicians consider it as interchangeable with HRM and the issues of what talent denotes and in what way organizations need to manage them are yet a matter of discussion (Collings and Mellahi 2009).

It is recognized that talent development (TD) is a key element of global talent management (Barlow, 2006; Novations, 2009; Cappelli, 2009; Scullion and Collings, 2011; CIPD, 2011; Garavan *et al.*, 2012). Dessler (2009) viewed TD as a crucial constituent of talent management, which is a bunch of organizational methods and practices (McDonnell *et al.*, 2010; CIPD, 2011) that describes how organizations lure, choose, engage, train and handle employees in an optimized and planned manner (Scullion and Collings, 2011).

According to Evans *et al.*, (2002) talent development aims at evolving leaders through processes such as 360-degree feedback, networking, coaching, training, job assignments, action learning, mentoring and challenging employees. Davis *et al.*, (2007) defined TD as the manner of transforming an organization, its workforce, its various stakeholders, and set of persons within it, by way of meticulously organized and impromptu training, with an objective to have an edge for the organization. Mehdiabadi *et al.*, (2016) defined TD as an all-inclusive system comprising of a set of principles, tasks, and procedures focused at enhancing the interested and competent employees for the mutuality of individuals, host organizations, and community at large.

According to Garavan *et al.*, (2012) talent development emphasizes on the planning, selecting and execution of development techniques for the talented individuals to make sure that the organization has the present as well as forecasted inventory of talent to achieve business goals and the development tasks are in sync with the talent management programs of the organization.

Dilemma: Talent from within or from outside

Brewster *et al.*, (2007) revealed that due to unfair and illegal acts like poaching of talents, establishments have lost some of their talented staffs to their rivals and have been left with an option to either *train or attract* other staffs in order to thrive as well as survive. However, there is no clarity whether organizations should concentrate more on hiring and recruitment or developing of talented employees (Briscoe and Hall 1999). *Make or buy* approach has been an object of continuing discussion among management scholar in the literary works (Cappelli, 2008; Cappelli & Keller, 2014). Pfeffer (2001), as one of the patrons of ‘make’ approach, cautions that sheer consideration to hire and engage and overlooking the development of talent might weaken the establishment in the long run. Furthermore, according to Garavan *et al.*, (2012), concentrating on procuring talents from the outside is less fruitful in the longer term; on the contrary, establishments must practice the policy of developing talented employees internally, with a view that staff members have sector and business-related know-how and expertise (Lepak and Snell, 1999) so that he remains in competition. Consequently, for the purpose of realizing their mission and goals, establishments have to aim at talent development.

VI. TALENT DEVELOPMENT INTERVENTIONS

A variety of practices have been developed and implemented in organizations for talent development.

Mentoring refers to activities and relationship that exist between those that are regarded as role models who possess the traits and behavior needed to facilitate the professional development of a protégé (Hunt and Michael, 1983; Byrne *et al.*, 2008). It involves the mentor who is usually more experienced passing knowledge and skills to the protégé, with the effect of optimizing career progress. A mentor can be co-worker, supervisor or manager in workplace. Mentoring is a vital development tool that provides opportunity to develop technical supports, respect and power for use of organization as mentors help less experienced employees for development (Hunt and Michael, 1983). Therefore, mentoring helps in increasing productivity, efficiency and transfer of leadership skills within workplace and ensures talent pipeline are filled in organization (Abbajay, 2014).

Coaching involves equipping people with all they need to develop themselves and become more effective (Peterson and Hicks, 1995). Coaching was primarily used as a technique to improve employees’ task performance especially those with low performance. But more recently, it has become a means of facilitating learning and moving employees from excellent performance to peak performance (Feldman and Lankau 2005). It is used for upper and middle level managers for advancement in their career and to adapt to major workplace changes (Feldman, 2001). Sourcing for coaches can be internal or external. For instance, M&G uses external coaches to support employees in new roles while Orange draws on internal coaches to support and develop employees in their career development (CIPD, 2007). Using internal coaches is necessary when quick intervention is desired and detailed knowledge of organizational culture is vital. However, internal coaches need to be trained. For instance, companies like Motorola and Chrysler run multi-day training programs for coaches (Feldman, 2001). One limiting factor of internal coaches however is that mostly; managers are reluctant to release potential coaches from their normal work. In employing external coaches however, their credential and references need to be thoroughly checked to get the right coaches (Thach and Heinselmati 1999).

As a way of breaking down barriers between functional areas, some organizations include development activities aimed at fostering broader individual networks. An important goal of **networking** initiatives is to develop leaders beyond merely knowing *what* and knowing *how*, to knowing *who* in terms of problem-solving resources. Networking is also about expanding one’s definition of what and how through exposure to others’ thinking, which can challenge basic assumptions about what we think we know. It is also a means of encouraging organization members to form commitments with others outside of their immediate work group. In this way, networking is about investing in and developing social capital with a primary developmental emphasis on building support.

Job assignments have been identified as particularly helpful to managers in learning about building teams, how to be better strategic thinkers, and how to gain valuable persuasion and influence skills (McCall, Lombardo, & Morrison, 1988). More attention should be paid to assessment, especially in terms of matching individuals with the appropriate developmental assignment. Some types of jobs are more developmental than others, and different kinds of

developmental assignments are associated with different kinds of learning (McCauley & Brutus, 1998). Job rotations (lateral transfers of employees within an organization), secondments, stretch assignments (assignments that put a manager in a new situation with unfamiliar responsibilities, especially high-responsibility and high-latitude jobs) and job moves (multinational assignments and nation-wide transfers) enable employees to learning through experience – by handling day-to-day issues and challenges.

Action learning team is probably one of the highly organized types of developmental assignments. It is based on the assumption that people learn most effectively when working on real-time organizational problems (Revans, 1980). This sounds relatively straightforward, but someone who has worked in the area for almost 20 years put it this way: “Action learning may be a simple idea, but only at the philosophical level” (Pedler, 1997). Because action learning is primarily a generative practice, each application is a unique performance of sorts in which participants collectively construct social meanings and shared realities in a community of practice (Drath, 1998; Drath & Palus, 1994). As typically implemented, action learning tends to provide a good deal of challenge and support; more emphasis is needed on formal assessment, especially in terms of choosing suitable individuals for a given project.

360-degree feedback, multi-source feedback, and multi-rater feedback are all terms used to describe the method of systematically collecting perceptions of an individual’s performance from the entire circle of relevant viewpoints (Warech *et al.*, 1998). Rating sources typically include peers, direct reports, supervisors, and, occasionally, such external stakeholders as customers and suppliers. A purported advantage of such intense, comprehensive scrutiny is that a more complete and accurate picture of an individual’s performance can be obtained. In terms of the tripartite developmental strategy of linking assessment, challenge, and support (Van Velsor *et al.*, 1998), 360-degree feedback is strong on assessment but typically weak on challenge and support.

Formal programs involve participation to business events, executive education and formal education. Examining its goals, Rothwell and Kazanas (2003) put forward a demarcation between employee education that concentrates on transforming people to assist them groom for job progression *vertically* (up the chain of command) or *horizontally* (across a range of specialized skill) and staff training that is a short-period, transformation endeavor aimed at enhancing productivity at an individual level.

Organizations may provide a plethora of **self-development programs** to develop leaders. Books, articles, newspaper, magazines, manuals, journals, reports, publications and online materials act as a primary source of learning and awareness for employee members. Distinguished personalities, eminent speakers, guest lectures, seminar, conference and workshops give an opportunity to experts, wizards and veterans who can share ideas and keep abreast with the recent technological advancements and developments in the industry.

VII. CONCLUSION

Acute global talent shortages are clearly a looming threat, and they’re driven by a shortage of skills rather than a shortage of people. Mitigating the talent crunch requires a fundamental redefinition of the social contract between individuals, organizations, and governments. The future of work doesn’t just require different skill sets, but entirely new ways of working. For individuals to remain credible, it will be critical for them to stay constantly up to date, with the emphasis on individual responsibility for maintaining relevant skills. Governments must be mindful of their citizens’ employability in the context of a global talent market. It’s essential that governments and companies focus on building and maintaining skilled talent pipelines and provide continuous access to both formal and on-the-job learning opportunities.

While technology will reshape the future of work, organizations will be unable to leverage it without the right talent. To secure their future, companies must look to address the talent crunch now. Talent is an important source of competitive advantage for an organization. Overcoming the problems faced due to shortage of talent remains a challenge for every organization. This paper established that talent development is required to thwart the global talent crunch. Talents who are convinced with a better career development plans, lifelong learning, and training development will not leave their jobs. This consequently, will overcome the issue of global talent crunch.

The practices of 360-degree feedback and executive coaching, mentoring and networking, and job assignment and action learning have all been lauded as beneficial for talent development in one situation or the other. Effective talent development is less about which specific practices are endorsed than about its consistent and successful implementation. A key to effective implementation is having the organizational discipline to introduce talent development throughout the organization, rather than bounded by specific (usually top) levels.

The outcome of this review highlights on prospective gaps for future studies and adds to existing literature review. This study adds to existing literature and expand the current trend of researches undertaken in this area recently

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