

Talent Management of Multinational Companies in the Kingdom of Bahrain

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Abstract

The purpose of this study was to assess the existing talent management practices of selected multinational companies in the Kingdom of Bahrain as basis for talent management program. It determined the extent of use of talent management tools such as, talent strategy and planning, sourcing and recruiting, performance management, learning and development, succession planning, leadership development, and compensation. Mean was used for descriptive analysis, while one-way analysis of variance (ANOVA) was utilized to establish if significant difference existed between the extent of use of talent management tools among the selected multinational companies classified as small, medium, and large. The study disclosed that the extent of use of talent strategy and planning, sourcing and recruiting, performance management was to a *Very Great Extent*, whereas in learning and development, succession planning, leadership development, and compensation was to a *Great Extent*. Of the three groups of multinational companies, it is the large group which used succession planning, leadership development, and compensation to a *Moderate Extent* only. The overall mean for the three groups of multinational companies in the implementation of the seven elements of the integrated talent management was to a *Great Extent*. However, there was a significant difference noted in the extent of use of talent management tools in the aspect of talent strategy and planning and compensation between small and large multinational companies.

Keywords: talent strategy and planning, sourcing and recruiting, performance management, learning and development, succession planning, leadership development, and compensation

Introduction

The expansion of the world economy has encouraged the prevalence of multinational corporations. With the world's global economy, organizations do business transactions abroad. The world is accessible from any point of destination, and same with business organizations to the people and vice versa (Anto, 2013). In general, multinational companies staff their subsidiaries with local or host country nationals (Scullion and Collings, 2006). Consequently, parent company has to deploy managerial or technical employees to its subsidiaries to solve staff shortages or develop management talent. The high cost in relocating employees abroad is wasted if companies do not have a well-formulated program directed towards creating and sustaining competitive advantage.

The company should regard that as a human resource (HR) implication, the workforce is vital to the execution of international strategies. In globalization, what it needs to be formulated consistent with the global business strategy is a global human resource strategy to put the right people in the right place at the right time. The role of the HR expert then in bringing global strategy is to boost the capabilities needed to win globally; and deliver HR practices that warrant these capabilities. Likewise, HR strategically must become a fully-integrated global business partner, considering the crucial role of the company's global talent (Scullion and Linehan, 2005).

In this context, talent management is one of key HR processes. Talent management is a strategic HRM process which can help companies to bring strategy to individual employees, and turn employees' potential into the desired results. This process is becoming more central due to the increasing global integration needs in multinational companies. Global integration is becoming competitive and essential in a number of markets in which distributed strategies were prevailing in the past. In order to succeed in such global integration, supporting global HR systems such as integrated talent management needs to be developed (Scullion and Linehan, 2005).

Talent management is an integrated approach from recruiting to development and learning. The purpose of talent management is to develop an integrated system for managing talent to allow the organization to respond to business demands effectively. The study therefore of integrated talent management may provide important information for multinational companies, helping them to maximize the return on investment in their employees.

Hence, this study undertakes a thorough evaluation on the talent management tools of multinational companies while implementing their talent management practices for their employees, for purposes of laying a foundation for these companies to formulate an effective talent management program.

Methodology

This is a descriptive study utilizing survey questionnaire in which validity measures were established. To test the hypothesis, a survey on selected multinational companies in the Kingdom of Bahrain was conducted in 2016 in which the subjects were classified as large, medium, and small. By total enumeration, the selected multinational companies were sent questionnaires for the survey. Respondents of the survey were the HR officers representing

each category.

Mean was used for descriptive analysis, while one-way analysis of variance (ANOVA) was used to determine if significant difference existed between the extent of use of talent management tools among the selected multinational companies categorized as large, medium, and small.

Results and Discussions

The first objective of this study was to determine the extent of use of talent management tools of selected multinational companies. Table 1. presents the extent of use of the talent management tools of selected multinational companies as perceived by the HR officers.

Table 1. Extent of Use of Talent Management Tools of Selected Multinational Companies as Perceived by the HR Officers

	Small		Medium		Large		Weighted Mean	Interpretation
	Mean	Interpretation	Mean	Interpretation	Mean	Interpretation		
Talent Strategy and Planning	4.84	Great extent	4.33	Very Great extent	3.33	Great Extent	4.17	Very Great Extent
Sourcing and Recruiting	4.00	Great Extent	4.33	Very Great Extent	4.00	Great Extent	4.11	Very Great Extent
Performance Management	4.33	Very Great Extent	4.67	Very Great Extent	3.67	Great Extent	4.28	Very Great Extent
Learning and Development	4.33	Very Great Extent	4.33	Very Great Extent	3.33	Great Extent	4.00	Great Extent
Succession Planning	3.17	Great Extent	4.33	Very Great Extent	3.00	Moderate Extent	3.50	Great Extent
Leadership Development	3.67	Great Extent	4.00	Great extent	3.00	Moderate Extent	3.56	Great Extent
Compensation	4.83	Very Great Extent	4.00	Great Extent	3.00	Moderate Extent	3.94	Great Extent
Overall Mean	4.17	Very Great Extent	4.28	Very Great Extent	3.33	Great Extent	3.93	Great Extent

As shown on the table, the selected multinational companies, irrespective of classification, used the necessary components of integrated talent management system to a **Great Extent**: ‘(a) talent strategy and planning, (b) sourcing and recruiting, (c) performance management, (d) learning and development, (e) succession planning, (f) leadership development, and (g) compensation’. This supports to the model developed by www.berstin.com which is the integrated approach of talent management from recruiting to development and learning. This integrated approach for managing talent allows the organization to respond to business demands effectively.

Since strategic planning is an important consideration to start with, the selected companies utilized talent strategy and planning to a *Very Great Extent*. Planning for human resources has experienced a chequered history. It was seen in the sixties and seventies that planning is a significant tool for business success in hiring effective and efficient people, while in the eighties and nineties, it was used as instrument for downsizing and redundancies. Until today, planning still has an important contribution in supporting strategic HRM in this context (Torrington, et al. 2008).

Personnel planning is the process of reviewing periodically the number and kinds of positions the company will have to hire and how to hire them. It covers all future positions, from bottom-line to top management. Succession planning, however, is the process of deciding how to hire executive jobs. It is the firm’s strategy to determine its workforce needs. It is the process of developing plans to fill the employer’s future openings, based on (1) projecting open positions, and (2) deciding whether to fill these with inside or outside candidates. Managers traditionally use simple tools like trend analysis, ratio analysis, and scatter plots to forecast staffing future requirements (Dessler, 2012).

Effective recruiting, although more complex than just placing ads and calling agencies, the selected multinational companies used sourcing and recruiting to a *Very Great Extent*. Recruitment, for one thing, should make sense in terms of company’s strategic plans. It is important because the more applicants the company has, the more selective it can be in hiring (Dessler, 2012). The main purpose of recruiting is to get the right people interested in working for the organization or in a specific job, persuade them to apply for it, and then ultimately accept the job if it’s extended. If recruiting is implemented poorly, few people will apply for a job with the company, and more of those who apply will drop out of the hiring process (Phillips and Gully, 2012).

Performance management is also implemented by the selected companies to *Very Great Extent*. It is the process by which companies direct employees to work toward the goals of the organization. It involves practices like defining the employee’s goals and work, developing the employee’s skills and capabilities, evaluating the person’s goal-directed behavior, and then rewarding him or her in a way consistent with the company’s and the person’s needs (Dessler, 2012).

The selected multinational companies used the other major elements such as ‘learning and development,

succession planning, leadership development, and compensation' to a *Great Extent*. While succession planning ensures an appropriate supply of people next in line for present and future main jobs arising from business strategy, so that individual career can be managed to maximize the company's needs and the employees' aspirations (Dessler, 2012), training largely contributes to the success of job performance. It facilitates employee's learning of job-related competencies which include knowledge, skills, and behaviours (Noe, 2005). Compensation, on the other hand, pertains to all the extrinsic rewards employees receive in exchange for their work. Certain policies, however, must be developed before a successful compensation system can be implemented (Byars and Rue 2011).

On the second objective of this study which was to compare the extent of use of talent management tools when the selected multinational companies were classified as large, medium, and small, Table 2. used the one-way ANOVA and multiple comparisons. As shown on the table, a significant difference of **.05** was noted in the extent of use of talent management tool in the aspect of talent strategy and planning and compensation between small and large multinational companies.

Table 2. Difference in the Extent of Use of Talent Management Tools When the Selected Multinational Companies were Classified as Large, Medium, and Small

a) ANOVA

Talent Management Tools		Sum of Squares	df	Mean Square	F	Sig.	Interpretation
Talent Strategy and Planning	Between Groups	4.500	2	2.250	9.346	.006*	Statistically significant
	Within Groups	2.167	9	.241			
	Total	6.667	11				
Sourcing and Recruiting	Between Groups	.250	2	.125	0.422	.668	Not Statistically significant
	Within Groups	2.667	9	.296			
	Total	2.917	11				
Performance Management	Between Groups	1.583	2	.792	1.069	.383	Not Statistically significant
	Within Groups	6.667	9	.741			
	Total	8.250	11				
Learning and Development	Between Groups	2.250	2	1.125	1.168	.354	Not Statistically significant
	Within Groups	8.667	9	.963			
	Total	10.917	11				
Succession Planning	Between Groups	3.417	2	1.708	1.618	.251	Not Statistically significant
	Within Groups	9.500	9	1.056			
	Total	12.917	11				
Leadership Development	Between Groups	1.583	2	.792	1.336	.310	Not Statistically significant
	Within Groups	5.333	9	.593			
	Total	6.917	11				
Compensation	Between Groups	6.833	2	3.417	10.853	.004*	Statistically significant
	Within Groups	2.833	9	.315			
	Total	9.667	11				

* The mean difference is significant at the .05 level.

b) Multiple Comparisons

Dependent Variable	(I) GROUP	(J) GROUP	Mean Difference (I-J)	Sig.	Interpretation
Talent Strategy and Planning	small	large	1.5000	.002*	Statistically significant
	medium	large	1.0000	.034*	Statistically significant
Compensation	small	large	1.8333	.001*	Statistically significant

* The mean difference is significant at the .05 level.

Conclusion and Recommendation

In implementing the integrated approach of talent management system, all selected multinational companies, regardless of classification, acknowledged the significance of these aspects: '(a) talent strategy and planning, (b) sourcing and recruiting, (c) performance management, (d) learning and development, (e) succession planning, (f) leadership development, and (g) compensation'. It appears however in this study that the *large* group of multinational companies hardly implemented succession planning, leadership development, and compensation. And, while the *large* group conducted well the talent strategy and planning, but it is far off the way the *small* group carried out.

The multinational companies, being fully cognizant of the process of integrated management system, should regularly review their approach to continually respond to business demands effectively. While the *large* group

are strong in the implementation in the processes like ‘talent strategy and planning, sourcing and recruiting, performance management, and learning and development’, some worthwhile activities are recommended to improve their aspects in succession planning, leadership development, and compensation.

The *large* group should develop a talent management plan which is associated with the company’s strategic plan. This talent management plan would recognize required skills to be developed in all employees, and formulate a realistic compensation plan that responds both the demands of their business and the market for talent. Setting up a talent management strategy is not an easy task, but definitely would attract talent and remain competitive.

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