**Gordon Institute
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The adaptation of talent management to fill human capital voids in Africa

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration

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Abstract

The purpose of this study is to understand human capital voids in Africa and how multinational enterprises are responding to such constraints. The literature on talent management strategies in Africa is still limited, and more insights into this market are needed for organisations planning to enter the continent. The study is divided into three sections. It first looks at human capital voids in Africa, then how multinational enterprises respond to these human capital voids, and last, how these voids have an impact on their talent management strategy, with a focus on divergence, convergence and cross-vergence. A qualitative study was conducted with multinational enterprises operating in Africa to gather data on their experiences and solutions to contextual factors. The interviews revealed, which factors are having an impact on their talent management strategies and how they mitigate these challenges successfully. The research concludes with recommendations for business on how to approach the issue, followed by suggestions for future research.

Keywords:

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Glossary of Terms

Africa:

The African continent forms the core of this study, representing most of the emerging markets referred to in the report.

Emerging Markets:

Referred to as any emerging market internationally.

Global Talent Management (GTM):

As with talent management, but also includes personality, competencies and motivation to be aligned with the organisation's strategy to function in a global, competitive and dynamic market. GTM forms part of an MNE's international human resource strategy and is under the control and direction of the parent country or head office.

Host Country Nationals:

These are local employees sourced by the subsidiary from the available labour-force in that country.

Multinational Enterprise (MNE):

This refers to any organisation from any market and in any market internationally. This study contains MNEs from both developed and emerging markets that operate in Africa and / or other markets.

Parent Country / Company Nationals:

These are employees and talent from the head office or parent country of the MNE who can be used as mobile and expatriate staff. The MNE's GTM strategy will originate from the parent company / country.

South Africa:

South Africa is the southern-most part of Africa and also representative of an emerging market. The participating MNEs were operating in and from South Africa, either as a regional office for their organisation, or the MNE's head office is stationed in this country.

Talent Management (TM):

Talent management refers to the attraction, development, retention, long-term succession planning and deployment to key positions within an organisation. TM forms part of the MNE's local strategy in the subsidiary as part of the subsidiary's human resource management strategy.

Chapter 1: Introduction to the Research Problem

1.1 Introduction

This research project will be looking at how multinational enterprises adapt their talent management strategy to compensate for specific human capital voids, as a labour market element of one of five formal institutional voids in emerging markets described by Khanna and Palepu already in 1997, when entering a new country, and whether the talent management strategy is converging, diverging or cross-verging. The convergence theory is believed to happen due to global similarities in technology and industrialisation, and in countries with similar economic and political systems, whereas divergence is believed to happen due to differing cultures and economical institutions (Rowley & Benson, 2002). The aim of this deductive study is to align theory with practice and derive at a better understanding of the experiences from multinational companies when they enter an emerging or developed market with regard to human capital voids and how they fill these voids, with a special reference to Africa since theory suggests more literature is needed in this regard (Horwitz, 2015).

1.2 Background

The term, "The War for Talent" was first introduced in 1998 by McKinsey when they asked why someone would work for a specific company and how to keep such an employee or talent (Chambers, Foulon, Handfield-Jones, Hankin, & Michael III, 1998). They looked at talent management strategies and how these enhanced the company's competitive advantage and revenue growth. They also examined aspects such as recruiting, developing and retaining superior talented individuals. The McKinsey article was preceded by work done by Khanna and Palepu (1997) in their article on institutional voids in emerging markets, where one particular void refers to the lack of human capital. They believe that human capital does not necessarily refer only to senior executives, but also includes lower-ranked employees, and that human capital voids are more prominent in emerging markets due to fewer business schools, generally poor quality of education and educational institutions (Palepu & Khanna, 2010).

Over the past few decades, the business world has globalised, increasing the demand for talent, both locally and internationally, thus making it harder for MNEs to attract, develop and retain talented human capital (Tatoglu, Glaister, & Demirbag, 2016). This competition for talent is among some of the issues that chief executive officers worry

about, and talent management is at the top of this list, followed closely by the global business environment, laws and regulations (Groysberg & Connolly, 2015). The concept of talent management (TM) and global talent management (GTM) is not new to human resource practices; however, organisations need to change their strategic approaches depending on the context of the market they are moving into (Al Ariss, Cascio, & Paauwe, 2014). The same research also suggests a divide between the theory, practice and organisational strategy; however, both academics and human resource practitioners agree that successful TM strategies provide an organisation with a sustained competitive advantage (Meyers & Van Woerkom, 2014). This leaves MNEs with the balance between converging their TM practices towards global practices, or diverging in response to local context to fill any human capital voids that might exist (Al Ariss & Sidani, 2016).

1.3 Human Capital Voids

The need for talent, or human capital, stems from the theory of institutional voids (Khanna & Palepu, 1997). Institutional voids were defined as the lack, or absence, of political and social systems, market's openness to foreign direct investment, market segments, quality of labour, and capital markets (Doh, Rodrigues, Saka-Helmhout, & Makhija, 2017; Khanna, Palepu, & Sinha, 2005). MNEs planning to expand into new markets have to consider these voids to calculate how they will enter such new markets, the risks they can face and what impact this will have on performance, and therefore adjust their strategies to the context of the new market when entering such markets (Doh et al., 2017). Considering that emerging markets almost doubled their share of global gross domestic product over the past 50 years, investment in, and trade with these markets have received increasing attention from MNEs looking to expand their operations (Gao, Zuzul, Jones, & Khanna, 2017).

The phenomenon of a scarcity of talent is one of the five institutional voids that MNEs experience when moving into a new market, especially emerging markets (Khanna et al., 2005). Institutional voids, such as human capital, have long been described by Palepu and Khanna as a lack of skilled employees in emerging markets. Some of these positions are strategic jobs, and most Human Resources departments are mainly focused on supplying international managers for these key positions, with the question of the ideal person-environment fit (Cappelli & Keller, 2014). This is made more difficult as there is a local scarcity of talent to fill these positions (Al Ariss et al., 2014; Meyers & Van Woerkom, 2014). This implies that MNEs need to assess the new market by looking at educational institutions and the quality thereof when considering available talent

(Khanna & Palepu, 1997). This leaves it up to the MNEs to attract, select, develop and retain talent from the available supply (Mäkelä, Björkman, & Ehrnrooth, 2010). To add to this challenge, many talented employees are leaving emerging markets in search of better opportunities elsewhere, such as in developed countries, resulting in the so-called "brain-drain" (Wang & Cuervo-Cazurra, 2017). MNEs need to achieve a balance when attracting talent by considering their immediate and long-term needs (Tarique & Schuler, 2010). This section of the study will consider ways that MNEs are planning for, and filling human capital voids.

1.4 Emerging vs. Developed Markets

There is a general skills shortage across Africa, which could be attributed mainly due to the rapid economic growth experienced, as well as a lack of quality education in critical thinking and complex problem-solving and decision-making skills (Christensen, Ojomo, & Van Bever, 2017). Considering the growth in emerging markets, coupled with the short supply of human capital, MNEs looking to expand into these markets are faced with a myriad of challenges. These challenges are not only faced by MNEs entering a new market, but also by local firms operating in the same market, resulting in competition between organisations for the available talent (Wang & Cuervo-Cazurra, 2017). These challenges could deter MNEs from entering the market altogether, depending on the severity of such shortage (Doh et al., 2017), despite the economic need in emerging markets for such foreign direct investment and any spill-over effects that could arise (Wang & Cuervo-Cazurra, 2017).

Considering the impressive growth of emerging markets in recent decades, and the need for further growth and investment, MNEs moving into emerging markets will face shortages of quality human capital and talent to ensure they will become and remain financially sustainable. Keeping specific contexts in mind, talent management can be used to establish and sustain MNEs in an emerging market, if their TM strategy is aligned with the new market. This alignment means MNEs cannot apply their "best-practices" of talent management and that they have to take into account local expectations, and cultural and institutional differences (Al Ariss & Sidani, 2016). Although much of the research distinguishes between developed and emerging markets regarding labour-force talent, there is evidence that human capital voids are not unique or limited to emerging markets.

1.5 Talent Management Strategies

Multinational enterprises (MNEs) expanding into new markets often assume that by moving strategic employees to these new subsidiaries will enable them to make a success in the new market; however empirical evidence suggests that this may be overstated (Minbaeva & Collings, 2013). The authors based this on the finding that due to a lack of local talent, employees who are moved to the new market are often disrupted because of the move, and inexperience and a cultural misfit in the new market could influence their work performance. This can be planned for and avoided through effective cross-cultural education, although it can still take up to five years for their performance levels to return to normal after such a move (Minbaeva & Collings, 2013). In contrast, a new study has found that not all talent is mobile, and not all talented employees are willing to relocate to a different market, both on a permanent or temporary basis (Tansley & Kirk, 2018). This implies that MNEs moving into a new market can use their own parent company talent only to a certain degree, depending on their GTM strategy and how it is applied and executed.

Should key talent be willing to move to a new market, the new environment could also pose a challenge for both the organisation as well as the individual. A culture shock, both organisational and environmental, legal frameworks, political factors and economic policies could influence the success or failure of the organisation (Warnich, Carrell, Elbert, & Hatfield, 2015). These challenges, combined with the GTM practices of the organisation, should be taken into consideration before such a move is considered, especially to emerging markets (Sidani & Al Ariss, 2014). This would mean that the organisation would need to introduce or adapt a TM programme that would benefit both the organisation and the individual in the new market (Beamond, Farndale, & Härtel, 2016). To add to the challenge, MNEs may try to operate in a multitude of developed and emerging markets, each with their own idiosyncrasies, while still attempting to be financially stable in each market (Cascio & Boudreau, 2016), thus adding to the TM challenges. The mobility of talent from a South African perspective will be investigated during this section since South Africa is also an emerging market in Africa.

Another factor to consider is the use of a globalised TM strategy. The need to explore how TM strategies are affected by country-specific factors is very important from a theoretical perspective (Al Ariss & Sidani, 2016). Can an MNE's TM policy converge towards a globally accepted standard or will the context of each new market force the TM strategy to diverge to accommodate local legislation (Tatoglu et al., 2016)? This

leaves MNEs with the challenge of balancing their available talent with the supply available in the new country (Brewster, Mayrhofer, & Cooke, 2015).

1.6 Purpose of the Research

The purpose of the study is two-fold; first to add a deeper understanding of existing GTM theory as applied to MNEs and emerging markets, and to understand the human capital voids present in these contexts. There is arguably a gap in literature regarding human resources practices in Africa and other emerging markets on how talent management is applied when compared to developed countries, including influencing contextual factors and adequate subsidiary TM adaptions (Al Ariss & Sidani, 2016). Second, the study will aim to provide a deeper understanding of GTM strategies for MNEs to use when entering an emerging market with a scarcity of skilled human capital, by assessing how MNEs respond to the scarcity of talent in emerging markets, with a focus on how they attract, select, develop and retain these employees, to fill the labour institutional void (Cooke, Saini, & Wang, 2014). This will include both a global and context-specific approach to talent management (Beamond et al., 2016).

This study will attempt to identify how MNEs enter a new market, with specific reference to where their talent comes from, to what extent does the human capital institutional void have an impact on their entrance, and if they are applying a converged or diversified TM programme in the subsidiary to develop current available talent, considering the fierce competition for such talent, and also which factors influence their GTM strategy. Studies have been conducted around GTM in the international human resource field on which this study will build, especially with regard to the adaptation of TM policies and talent mobility in Africa due to its rapid expansion (Al Ariss & Sidani, 2016). MNEs have to sometimes search intensively for local talent, and spend considerable resources to develop and retain such employees, making the investment into such talent a deficit (Sidani & Al Ariss, 2014). This is an important consideration since there is a need to further TM theory for business applicability in under-represented markets such as Africa (Al Ariss et al., 2014).

Regarding the practical implications, the research will enable MNEs to consider best-practice with regard to their TM strategy when considering entering a new market. The research looks at how MNEs are compensating for a lack of talent in Africa, in emerging and developed markets, keeping in mind the global competition for talent and explain how TM strategies converse, diverse or cross-verse as the need arises (Al Ariss & Sidani, 2016).

1.7 Summary

The study will therefore look at how human capital voids are affecting the MNEs' strategy to enter a new market, with a focus on what skills are available, followed by how or from where the MNEs source their talent, with a focus on talent mobility and development, and last, what factors affect the TM strategy to converge, diverge or cross-verge.

In the next sections, an overview of institutional voids will be discussed, as well as current talent management and global talent management literature and theories in terms of MNEs moving into emerging markets compared to developed markets, and how this move affects the TM strategy. This will be followed by the three formulated research questions, research methodology, and results of the study.

Chapter 2: Literature Review

2.1 Introduction

The purpose of this research report is to examine the use of talented employees to compensate for the lack of knowledge, skills and abilities in host countries in Africa, through contextual learning that would positively benefit the subsidiary and organisation as a whole (Cerdin & Brewster, 2014).

Studies have been conducted in markets such as China, India and the Arab Gulf (Cooke et al., 2014; Hartmann, Feisel, & Schober, 2010; Sidani & Al Ariss, 2014). These studies found that multinational enterprises (MNEs) only want the elite with the best education to work in their organisations. Apart from these articles, there were also studies done in Central and Eastern Europe (Russia), Poland and part of the Asia-Pacific region (Beamond et al., 2016). The researchers also identified several issues from the studies, including competition between MNEs, retention of talent, lack of proper talent management (TM) strategies, skills shortages (human capital void) and the difference between Western TM theories versus emerging and African economies (Dries, 2013). Apart from these issues, it was also evident that MNEs with the most and best talent had a substantial competitive advantage (Beamond et al., 2016). This was also echoed in another study that found that TM strategies with dynamic capabilities could increase an organisation's return on investment in emerging markets (Glaister, Karacay, Demirbag, & Tatoglu, 2017).

Various studies have also been done regarding TM practices, including the public sector and state-owned entities (Barkhuizen, Mogwere, & Schutte, 2014). They found that most TM strategies were poorly applied and executed, especially in government institutions (Barkhuizen, 2014). They continue stating that there is limited empirical knowledge on TM in Africa and that leaders should become more involved in the practice (Barkhuizen, Welby-Cooke, Schutte, & Stanz, 2014). Only a third of TM studies are empirical in nature (Tatoglu et al., 2016). Another study considered emerging market multinational enterprises and the adaptation of culture in new markets (Wöcke, Bendixen, & Rijamampianina, 2007). However, no evidence could be found on TM strategies in MNEs in Africa, and how they strategically employ the practice to fill possible institutional voids that arise from the current supply of labour in a new market context.

Leadership in an organisation will have to play a bigger role when managing talent in South Africa (Mtshali, Proches, & Green, 2018). There is still confusion around TM theories, and evidence around TM in Africa is still underexplored and unclear, yet most

researchers agree that the field needs to be explored in competitive environments (Sidani & Al Ariss, 2014). In the African context, there is still uncertainty regarding Western HR management systems' applicability in this context, for both MNEs and local firms because they do not always consider the suitability for and relevance of their environment (Horwitz, 2015).

2.2 Human Capital Voids

Institutional voids, also referred to as the institution-based view, introduced by Khanna and Palepu in 1997, has influenced organisations' strategy on entering a new market, encouraging them to take a dynamic approach to compensate for the lack of materials, information, skills and capital posing a challenge to a positive outcome for the organisation, but by internalising some voids, such as human capital, organisations can become more sustainable (Doh et al., 2017). By identifying these voids before entering a new market, MNEs can adapt their business model to function in such an environment (Beamond et al., 2016; Khanna et al., 2005). This means that MNEs entering a new market must substitute for the lack of, or dysfunction, of such voids by adapting their business model to local conditions, and by internalising some of the missing structures, raising the cost of entry. However, if executed correctly, such a firm could leverage this innovative strategy to enhance their competitive position (Doh et al., 2017). However, the MNE will have to be aware that it is going to be competing for both customers and employees (Al Ariss & Sidani, 2016). This competition for talent could even mean that MNEs make use of lateral hiring, whereby they poach employees from other organisations, instead of internally developing what they have (Amankwah-Amoah, Nyuur, & Ifere, 2017).

Evidence has also been found that group-affiliated firms are more resilient towards institutional voids since they have the ability to make use of internal resources to fill voids in the market, including the use of capital and the ability to provide training and development as they move employees between affiliates, whereas standalone firms are relying on such institutions to provide for their needs, especially small and medium enterprises that do not yet have such sufficient resources (Castellacci, 2015). This leaves small and medium enterprises operating in an emerging market at a disadvantage when competing with such MNEs, since the MNEs are better equipped to operate in dysfunctional environments, especially considering their international workforce and talent (Castellacci, 2015).

2.2.1 Types of human capital voids

The human capital void poses a substantial threat to entering MNEs as this is considered a critical resource, especially high quality talent, such as leadership and professional labour (healthcare and information technology) (Vaiman, Scullion, & Collings, 2012), for sustaining the organisation and guaranteeing a competitive advantage (Wang & Cuervo-Cazurra, 2017). When considering the supply or regulation of labour (Stokes et al., 2016), an MNE might struggle to acquire the necessary skills to operate with (Castellacci, 2015). There is also evidence that unskilled labour not only negatively affects the organisations' competitive position, but such labour-force is also less innovative or able of absorbing new ideas, causing them to seek security and stability rather than taking risks, as opposed to educated employees who are more focused (Wang & Cuervo-Cazurra, 2017). Better educated employees are also more suited for research and development, moving the organisation forward. Researchers also found that Africa, due to factors such as legislation, culture, religion, beliefs and poor institutions, have severe human capital voids, and that MNEs will be better-off partnering with another organisation for research and development, rather than internalising the void to compensate for such skills (Wang & Cuervo-Cazurra, 2017).

It is widely believed that in Africa, and in emerging markets in general, there is a skills shortage, mainly due to economic growth that used the supply of these available skills, and poorly functioning tertiary institutions that failed to teach graduates the critical skills required by managers for today's business environment (Christensen et al., 2017), as well as changes in demography, such as ageing better-educated employees and the increase in mobility of younger employees (Thunnissen, Boselie, & Fruytier, 2013). The effect of outdated or limited education and training systems means that emerging markets are losing out on much needed foreign direct investment (Wang & Cuervo-Cazurra, 2017), mainly due to lacking skills that drive change or team work, as well as poor science, technology, engineering and mathematics education (Christensen et al., 2017). There is also evidence that developed markets' workforces are getting older with many employees leaving the workplace, while emerging markets are getting younger and growing (Tarique & Schuler, 2010).

TM has mostly been described as the recruitment, selection, development and retention of managerial level employees, labelling such talent as exclusive, but recently, MNEs moved more towards an inclusive practice, allowing all employees to be considered talent (Boudreau, 2013; Gallardo-Gallardo, Dries, & González-Cruz, 2013). This view also accepts that talent does not always only refer to the best performing employees, although they do play a strategic part, as not all positions necessarily require such

employees (Minbaeva & Collings, 2013; Thunnissen et al., 2013). Supporting the inclusive view are considerations of labour practice such as ethics, whereby lower-skilled employees could question the fairness of such policies (Iles, 2013; O'Connor & Crowley-Henry, 2017). Another study agrees that there is exclusive talent for which the war is ongoing, and the inclusive view where MNEs can use what talent they have, or develop the talent (Meyers & Van Woerkom, 2014). Although local context could influence an organisation's HRM and TM policies, it has also been found that some organisations have little interest in developing local talent and skills because such lower-skilled employees can be linked to cheap labour with low wages, especially considering their strategy for moving into the new country (Horwitz, 2015).

The upside of using local employees include their knowledge about the local customers, cultures, and political and institutional policies (Björkman, Ehrnrooth, Mäkelä, Smale, & Sumelius, 2013; Morris, Snell, & Björkman, 2016). Neither the customers nor local employees might know the new organisation brand, which could lead to a trust issue, but where the brand is known, employees will want to work for the new organisation because of remuneration structures and training that is provided (Meyer & Xin, 2018). Such strategy could be beneficial to an MNE entering a completely new country, since it takes longer for expatriates to go out and get to understand the local context, while the MNE simultaneously complies with local legislation (Morris et al., 2016).

A study on Chinese MNEs entering Africa found that such MNEs do not rely on or develop local talent, but instead import their entire workforce to the new operation (Cooke, Wood, & Horwitz, 2015). Countries such as Zambia and Mozambique have been reluctant to challenge this influx of workers, while in countries such as Ghana, there has been a crackdown on such operations due to xenophobic attacks. To counter this challenge, some MNEs resolved to employ basic unskilled labour, but without offering these employees any upskilling or training (Cooke et al., 2015).

2.2.2 Emerging vs. developed markets

While Khanna and Palepu (1997, 2005) attribute institutional voids mainly to emerging markets, there is a general belief that any country can have such voids, in varying degrees, thus implying that these voids are not unique or limited only to emerging markets, but seemingly they are worse in these markets (Gao et al., 2017; Khanna & Palepu, 1997; Khanna et al., 2005). However, this does not exclude developing countries in their entirety (Vaiman et al., 2012). Emerging markets are often plagued by poor labour talent, unemployment, insufficient infrastructure and low levels of innovation, negatively

affecting their competitiveness to attract foreign direct investment (Schuler, 2015). The human capital institutional void arose despite Africa's large and growing population and high levels of unemployment; and this requires MNEs to look at talent management as a strategy for filling such voids and potentially creating their own talent pool (Manikandan & Ramachandran, 2015). On the other hand, if such TM systems are not executed correctly, the created talent might leave to join other organisations, or even move to developed markets, where greater opportunities exist (Wang & Cuervo-Cazurra, 2017). In contrast, it is believed that some developed countries might develop major talent shortages over the next 15 years, while the demand for highly skilled talent will remain high in emerging markets (Vaiman et al., 2012).

Because of the talent gap, MNEs have a few choices to consider when recruiting for entering a new market; namely, using parent company nationals or expatriates, or making use of available talent of host country nationals. Another option not explored in this research includes third-country nationals, who are globally-mobile talent who are continuously sent to international destinations (Warnich et al., 2015). MNEs often use talent from the parent company, expatriates, and send them to the host country to train new employees (Tansley & Kirk, 2018), also giving the parent company nationals the necessary international exposure for future projects (Stokes et al., 2016). This is an attractive option for MNEs because emerging markets usually have poor labour offerings and vast institutional differences for the MNE to function properly (Stokes et al., 2016). However, Horwitz (2015) found that emerging markets are difficult to generalise because of their complexity, such as cultures, institutions, languages and their stage of development.

The war for talent in emerging markets is not unique to MNEs originating from developed markets, but also applies to MNEs from emerging markets expanding into developed and emerging markets (Meyer & Xin, 2018). The lack of skilled workers and professionals could be due to limited domestic opportunities, leaving such talent with the only option of moving to countries such as the Asia Pacific region or the Middle East, where there are better opportunities (Cooke et al., 2015). Emerging markets in Africa often make use of legislation to force MNEs entering their country to develop and train local employees instead of importing their own talent, which forces such MNEs to adapt their HR strategies (Horwitz, 2015). In another article, Horwitz explained that Africa uses legislation such as black economic empowerment and affirmative action to enforce the use of local talent, and since a country like South Africa, as with most countries in Africa, does not have a homogenous culture, diversity management must also be considered by MNEs (Horwitz, 2017).

The reverse also poses a challenge where a subsidiary from an emerging market moves into a developed country, where the local talent expect the same standard in HRM policies as the developed country is offering (Meyer & Xin, 2018).

Examining the last three years' World Economic Forum's Global Competitiveness Reports, they indicate, which factors organisations consider a challenge for doing business in that country, with "Inadequately Educated Workforce" and "Restrictive Labour Regulations" affecting the labour available to the MNE as shown in Appendix 1. Judging by the ratings of these countries, it is clear that emerging economies do not necessarily rank worst in these two categories. The UK, US and Germany score higher for restrictive labour regulations than Rwanda and Ethiopia, while countries like Kenya and Nigeria perform better on the factor of an inadequately educated workforce when compared to the UK, US and Germany (Schwab, 2015, 2016, 2017). These scores could indicate that emerging markets are not as far behind developed markets as some literature would suggest, especially regarding labour factors (World Economic Forum, 2017).

A study about Chinese firms entering the African continent found that labour migration is more prevalent intra-continental as opposed to repatriating to their parent company, with labourers moving to countries, where there are more opportunities within Africa, affording MNEs and other organisations the opportunity to employ such third-country nationals with lower wages, and in some instances, illegally, making them easier to control (Cooke et al., 2015). In the same study, the authors also found that there could be resistance from the local labour-force if a host-country national in a leadership position imposes the MNE's values and management practices.

2.3 Global Talent Management

TM, as an element of HR management (Schiemann, 2014), has been broadly defined by various researchers and encompasses succession planning over the long-term by considering staffing and developmental needs (Cascio & Boudreau, 2016), the filling of key positions to add to the organisation's competitive advantage (Tatoglu et al., 2016), and the attraction, development, retention and deployment of talented individuals who can add value to the organisation (Stokes et al., 2016; Tatoglu et al., 2016), and making the best use of their available talent (Cerdin, Diné, & Brewster, 2014). However, as the world becomes more globalised and the costs to develop and retain talent increases, organisations also have to face losing intellectual and social capital, along with corporate memory (Tatoglu et al., 2016). This means that MNEs should achieve a balance between

host-country nationals and parent-country nationals, aiming to be more heterogeneous, and thus more innovative (Morris et al., 2016). They argue that using only parent-company nationals could breach local legislation and make it difficult for the locals to accept the new entrant; on the other hand, if they only use locals, the organisation could become homogenous in the market and lose its competitiveness. In many instances, there is a shortage of suitable expatriates, forcing MNEs to find suitable local talent to lead the subsidiary and expecting the new leader to continue the organisational culture and policies, while facilitating the knowledge transfer back to the parent company (Meyer & Xin, 2018). However, the repatriation of employees is often not given the necessary attention when looking at international mobility (Shaffer, Kraimer, Chen, & Bolino, 2012).

Global talent management (GTM), as an element of international HR management (Schiemann, 2014), can also be defined by the above attributes; however, it has to further add that the individual's personality, competency and motivation be aligned with the company's strategy in order for the individual to function in a dynamic, competitive and global environment (Cerdin & Brewster, 2014; Khilji, Tarique, & Schuler, 2015). This refers not only to a single attribute of the individual or team, but rather a collection of knowledge, skills, abilities, experiences, behaviours, habits and values (Schiemann, 2014). With globalisation, GTM is required to keep track with individuals and organisations operating in different cultures and markets, thus requiring the GTM to keep pace with the fast and changing pace of business to remain competitive (Cascio & Boudreau, 2016). Talent that contains international human capital holds global knowledge on international best practices, industry standards, laws, and even knowledge of which skills are transferable, and knowledge acquired through interactions with experts and professionals from different countries (Morris et al., 2016). This leads to an overall understanding that GTM as the management of all human capital throughout the entire organisation has to be as effective and efficient as possible (Vaiman, Haslberger, & Vance, 2015).

A study conducted in France, found that reasons talented employees are willing to work internationally include cultural factors, international experience, family responsibilities, political factors at home, and insecurity at work (Cerdin et al., 2014). This places expatriates into two categories, those who chose to go, and those who were assigned to go, thus helping HR managers to manage the process of such employees' move to the new market (Cerdin et al., 2014). Another view states that educated employees will be motivated to expatriate according to the status of the new country, for reasons such as family orientation, career opportunities, and the ease of adapting in the new context (Vaiman et al., 2015).

2.3.1 Expatriation

There has been increasing evidence that using talented employees in key positions enhances the competitive advantage of the organisation (Collings & Mellahi, 2013). It is believed that such talented employees will add value to the organisation through the delivery of superior results (Tatoglu et al., 2016). If MNEs successfully balance their TM policy with the emerging market's context, it can give them a competitive advantage in that market due to increased performance (Beamond et al., 2016). Where certain skills are in short supply, MNEs will have to import the necessary skills, whether on a permanent or temporary basis, to transfer any knowledge and develop skills to fill such a need, mostly also to respond to local pressures of hiring locals (Sidani & Al Ariss, 2014). This can lead to a problem, whereby locals are treated in a different manner to the expatriates. When choosing, which talent to expatriate, managers must be conscious about who they select for the assignment, their competencies, and that they will return to the organisation once the assignment is finished, especially considering the investment that went into the development of the talented employee (Cerdin & Brewster, 2014).

Expatriates can be talented employees who choose to go on an assignment to another country, also known as self-initiated expatriation, or they can expatriate due to personal or family reasons, including their employment contract and cultural values, including assigned expatriation (Guo & Al Ariss, 2015; Vaiman et al., 2015). There is also the belief that the organisation should assist with the relocation and family adjustment during the initial phase. Some of the stated expatriate assignments include employees who want global experience, new graduates, English teachers, academic talent, volunteer workers, doctors and nurses, and business professionals (Vaiman et al., 2015). Self-initiated expatriates are usually younger, more flexible and mobile than assignment-initiated expatriates, who prefer to be more organisational career orientated (Vaiman et al., 2015). There is also the question of whether the talented employees are relocating permanently, temporarily, for experience or for professional qualifications, all of which can make the employee more valuable for the organisation, especially considering that self-initiated expatriates, usually in lower-ranking positions with less demanding duties, have proper education and possess human capital (Vaiman et al., 2015).

A study have found that whether an MNE imports their talent, or creates it locally, both methods have their distinct advantages (Meyer & Xin, 2018; Morris et al., 2016). By importing talent from the organisation, the individual can introduce their corporate culture and best practices through knowledge transfer, helping the MNE to become locally competitive in a faster manner; whereas if an MNE creates their talent, the new

incumbent possesses local knowledge and information about the environment in which the MNE is now operating, thus giving it a local advantage (Farndale, Pai, Sparrow, & Scullion, 2014). Morris et al. (2016) state that a mix between the two could add greater value to the MNE, if the organisational culture can support it through knowledge transfer systems or communication channels. They also found that expatriates sometimes struggle to continue with the organisational strategy and that such MNEs could be missing out on top talent in a global market. However, whether short term or long term, such talent needs to participate in global teams and have to receive cultural training for the country they are going to (Tarique & Schuler, 2010).

One of the challenges with expatriation is the cost involved to relocate the talented individual to the new country, meaning that MNEs would like a return on such an investment. However, if the GTM and organisational strategy is not aligned, such return could be very poor (Minbaeva & Collings, 2013; Schuler, 2015), and in some cases even mean the loss of such talent (Sparrow & Makram, 2015), especially since these employees know their value and employability in the international market (Vaiman et al., 2015). Another challenge is that the selected talent's performance locally might not be that same in a new market, again requiring organisational strategy and GTM to be aligned (Collings, 2014). The expatriate must also be trained on the culture of the new market to assist with the fit and adjustment to the new market, thus meaning that the organisation must take a pro-active role (Guo & Al Ariss, 2015). There is a demand for expatriates who can develop markets on a short-term basis and even commute between different countries (Vaiman et al., 2012). However, because self-initiated expatriates have global cultural knowledge, skills and abilities, they seem to be attracted more by the location than the organisation, posing a threat of losing such talent, if they are not managed properly (Vaiman et al., 2015).

Emerging market MNEs use expatriation to develop capabilities in talented employees whom they plan on using to establish a subsidiary in a new market, and since such MNEs might be small, they start with visits to suppliers, clients and employees from other countries (Meyer & Xin, 2018). This helps such MNEs retain strategic objectives and corporate culture when investing in a new market; however, this does not mean that because the MNE is from an emerging market that institutional factors from other markets affect them less (Meyer & Xin, 2018). Studies have shown that expatriates have yielded positive results for MNEs after they received cross-cultural training before entering an African country, but also found that some expatriates were reluctant to transfer any of their knowledge or skills to employees (Horwitz, 2015). Horwitz (2017) describes three South African MNEs that use expatriate staff in host countries; however,

this strategy seems to become less popular as MNEs are increasingly looking into employing locals and developing them, as well as looking at how these employees fit into the MNE. Even though this evidence shows that MNEs are using local talent, another factor to consider is the size of the subsidiary, since larger subsidiaries become more complex and need better qualified managers and leaders to keep the organisation competitive (Peng & Beamish, 2014). The study therefore attributes the need for expatriates to the size and complexity of the subsidiary, but states that a balance will need to be maintained to prevent the subsidiary becoming too dependent on the parent company (Peng & Beamish, 2014).

Once an assignment is finished, a returning employee could also face challenges reintegrating back into their parent company position, requiring human resources to consider such challenges in the TM policy (Morris et al., 2016). Part of this reintegration could be the effect of differing TM policies between subsidiaries, leading to inequity in rewards between the different contexts, meaning the MNE should consider a special remuneration package for expatriates to minimise the risk of losing them (Vaiman et al., 2015).

2.3.2 Talent mobility

Numerous studies have been conducted in relation to the mobility of talent with varying results; however, one study from a company that specialises in talent mobility gives an individual level overview of this question (Tansley & Kirk, 2018). From their interviews with employees, they constructed four possible actions that were taken. The first was acceptance, where employees accepted being moved to a subsidiary in another country, either out of their free-will, or because they were afraid they might lose their job. The second response addressed adaptions, where the employee's acceptance of the move was linked to certain conditions, such as which country they wanted to go to, the period being deployed there, and what suited their conditions. A third approach was avoidance, where a candidate gave a false impression of willingness, but kept on postponing the move, either temporarily or permanently. The fourth and last response comprised abdication, where a candidate was unwilling to relocate. In some instances, employees left the company due to being unwilling to work globally. Mobility, as with expatriation, could also be grouped into two types: self-initiated mobility, and assignment-driven mobility (Vaiman et al., 2015).

Some individuals are more mobile and willing to work globally because of their aspirations and drive for better experience and career advancement (Cooke et al., 2014;

Schuler, 2015), or if they are aware that they have been identified as talent, will go above and beyond their normal duties, associate with the company values and show better motivation (Björkman et al., 2013). Furthermore, some employees see global assignments and deployments as essential steps for their career advancement through the acquisition of competences and capabilities as managers (Meyer & Xin, 2018). However, if the individual has a different set of personal goals, such as family obligations, their mobility may be decreased substantially (Farndale et al., 2014). There is also evidence that in some instances, migrants could disrupt GTM practices and labour markets, but this would differ from country to country, depending on the availability of certain skills and talent (Al Ariss & Sidani, 2016). It is also worth noting that the new market into which the MNE is investing can have strict laws regarding working visas and emigration, and this could filter out certain individuals from relocating or moving; however, other countries are opening up the labour market to attract skills (Khilji et al., 2015).

There are also external factors that can motivate talent to leave their home country, such as war, political or economic instability, demographic changes and few career opportunities. However, these factors differ between men and women (Cerdin et al., 2014), such as women who reached the limits of their careers in their current country then looked for better career possibilities, or because of the treatment they received during the recruitment and selection process (Al Ariss & Sidani, 2016). They also differ in response to the risks employees are taking and the new local culture of the country they are moving into, if they can adapt and deal with such change (Ariss & Crowley-Henry, 2013). Another factor that forces mobility is negative discrimination of minority groups in their home countries or host countries (Turchick Hakak & Al Ariss, 2013), and as globalisation increases, factors such as climate change and international salaries will make talent more mobile (Khilji et al., 2015).

Another important factor is the ease of moving to a new country. In this case, countries such as Canada, USA, Australia, Germany, Singapore and the UK, mostly developed markets, are all adopting immigration-friendly policies selectively for knowledge-intensive talent, which is unfortunate for countries that experience a brain-drain and increased talent mobility (Khilji et al., 2015). This has forced some countries to try and regain their lost talent, especially professionals and highly skilled workers, not only for the talent itself, but also for the host of extra skills that they have gained while abroad (Vaiman et al., 2012). The authors also argue that newer generations will be willing to move earlier in their careers on short assignments, be willing to commute, and even work

in virtual teams. This concurs with findings that self-initiated mobility links with younger employees rather than talent being sent on assignment (Vaiman et al., 2015).

As with expatriation, when a family is involved, the organisation will have to consider the challenge that not only might the employee struggle with the move, the family may also struggle to adapt, affecting the talented employee, personally and professionally, or vice versa, with the challenging experiences rubbing off from the organisation to the family (Vaiman et al., 2015). This means that such MNE will have to commit to the family also, in order to keep such talented employees committed and performing. When attempting to transfer talent between offices, regions and countries, whether temporarily or permanently, their ongoing engagement with the management is crucial, because factors such as limited growth opportunities and insufficient communication can adversely affect their motivation and engagement in the new subsidiary, and they may not perform optimally (De Vos & Dries, 2013; Schiemann, 2014).

2.4 Talent Management Adaptation

It is believed that over time, TM practices will start to either converge, therefore become more westernised, or become more diverge, considering the context of each particular country, or cross-verge, where the best practice from both the developed and emerging countries merge (Brewster et al., 2015). They argue that convergence happens due to values such as Western capitalism, industrialisation and the use of technology, at least for developed countries. However, there is also the argument that people from different cultures and countries will have different TM strategies, thus MNEs cannot automatically apply their current strategies globally, leading TM strategies to diverse (Al Ariss & Sidani, 2016; Schuler, 2015). The adaptation of TM practices not only differs between emerging and developed markets, but also between emerging market MNEs and developed market MNEs (Beamond et al., 2016; Meyer & Xin, 2018).

When MNEs encounter a human capital void in a market, they have the opportunity of using TM to exploit such a void and create a competitive advantage internally, thus forcing a possible adaptation of the MNEs' TM strategy (Manikandan & Ramachandran, 2015). This implies that MNEs should have more than one TM strategy, indicating the need for a different strategy for different employees, different offices and different countries (Sonnenberg, van Zijderveld, & Brinks, 2014).

The need for TM strategies to adapt is increasingly becoming important, between markets, between branches, and also to accommodate newer generational differences

(Al Ariss et al., 2014; Tatoglu et al., 2016), and it believed that TM practices are most effective for the context in which they were designed (Thunnissen et al., 2013). This also means that MNEs need to be more sensitive toward institutions and cultures of the new market (Cooke et al., 2014), but since GTM is more complex, most MNEs start with their local policies and then move into the new market before adapting their policies (Schuler, 2015). For MNEs, especially ones from emerging markets with limited HR capabilities, this challenge is intensified because of a lack of international experience on the part of the MNE (Cooke et al., 2015). Although the GTM adapts for the new context, it is also worth noting that expatriates and other mobile talent from the parent country, parent company nationals, will also need support and assistance, in order for the organisation to retain such talent (Vaiman et al., 2015).

A study of four emerging market multinational enterprises from South Africa found that extreme cultural differences affect HRM strategies, where some converged (Sasol), and some cross-verged (Nando's) (Wöcke et al., 2007). A country's work culture, including their perception of the importance of work, orientation, ability to cope with uncertainty and work structure are also cultural factors that affect the MNE's TM strategy (Schuler, 2015).

2.4.1 Divergence

GTM has become a strategic tool used by organisations when expanding into emerging markets, since the employees in this new market will give the MNE its competitive advantage, but only once they are familiar with the context in which they operate (Beamond et al., 2016). However, when an MNE moves into a new market, they have to consider institutional variances, culture and skills levels before attempting to enforce their normal TM policy (Morris et al., 2016); therefore, these socio-cultural differences between the corporate organisation need to balance their investment in the subsidiary in an emerging market (Beamond et al., 2016). Because of these differences experienced across countries, not all TM policies and principles are transferable, and organisations therefore must develop a TM system that is dynamic and adaptable. This means they have to align their core principles to respond to local demands and requirements, while still maintaining a competitive advantage (Cascio & Boudreau, 2016). They also have to consider the younger generations in the virtual workforce, working from remote places (Al Ariss et al., 2014).

There is also the belief that local practices can be stronger than accepted best practices, meaning that MNEs have to accommodate these local forces and refrain from enforcing

their best practice beliefs (Sidani & Thornberry, 2013). It is also argued that these best practices can be overpowered by local institutional and cultural practices, leaving MNEs unable to import their current strategies, since these could lead to ethical and practical issues (Sidani & Al Ariss, 2014; Thunnissen et al., 2013). These issues include labour rights, and women and children in the workplace. This study also found that the reason for divergence could be caused by poor or insufficient TM policies. Sidani and Al Ariss (2014) conclude that MNEs therefore need to balance the institutional pressures, organisational pressures and HR practices against the desired outcome, which could lead to locals being hired in non-key roles, thus satisfying legal requirements as well as organisational competitiveness.

A study done in Turkey, an emerging market, found that local firms as well as MNEs face competition for available talent; however MNEs start off by attracting talent for strategic long-term purposes and then later use the talent to react to institutional variances, which is not present in the Western world (Tatoglu et al., 2016). Although their TM strategy started as supportive and developmental in nature, it converged into a more tactical and operational function in the new market. Therefore, a generic TM strategy might not work due to unique contexts. These unique contexts in emerging markets, such as the BRICS countries (Brazil, Russia, India, China, South Africa), cause variability in TM strategies (Tansley & Kirk, 2018).

There should also be organisational fit between the internal and external labour market, thus requiring development and coaching strategies, and although it sounds easy, the different contexts could make it challenging (Thunnissen, 2016).

2.4.2 Convergence

There are, however, similarities for TM across different nationalities, as cited by Al Ariss and Sidani (2016), namely labour union activism, job insecurities due to technology and efficiencies, shortages of skills and the demand and supply of these skills. They also name differences, including the stability of governments, the size of the informal sector, which does not provide protection for employees, and differences in cultural norms and traditions. Should an MNE not pay attention to these institutional factors, such as the human capital, it could negatively affect their TM efforts and strategy (Minbaeva & Collings, 2013; Sidani & Al Ariss, 2014). It was also found that organisational culture becomes important when formulating an acceptable model for the new market (Tatoglu et al., 2016). This means that MNEs that want to export their current strategy to the new

market, need to consider a balance between the local market and their host country to manage such complex relationships (Cascio & Boudreau, 2016).

Sasol, a South African MNE, had a strict and formal human resource policy, and when expanding into new countries, this strategy was tied to other subsidiaries in other countries, leaving little room for such a strategy to accommodate local influences, and thus converge (Wöcke et al., 2007). Yet, through the adoption of best global practice, there could be a cross-cultural convergence of HRM practices, while a diverging practice remains within local organisations (Horwitz, 2017). This means that the convergence of best practices is inevitable. However, the challenge remains that TM policies and strategies need to be aligned with each other and the organisation's strategy (Schuler, 2015). Some MNEs that review their HR management strategies find, depending on context, that local employees want more from the organisation, such as performance feedback and decision-making powers, and even the adoption of indigenous languages (Meyer & Xin, 2018).

2.4.3 Cross-vergence

The cross-vergence perspective is based on a hybrid model of convergence, meaning certain TM practices are becoming more global, while divergence means that local practices will affect the TM strategies of MNEs, after similarities and differences were found in TM practices (Sidani & Al Ariss, 2014). The authors also found that some similarities are region-bound or MNE-specific, each having their own best practices (Schuler, 2015). This points to contexts both inside the MNEs as well as the local context in which they operate. The cross-vergence phenomenon, also referred to as hybridisation, has been explored between Asia and Africa and looked into cross-cultural HR management practices between Chinese and African policies, but the little empirical work on the topic could not be generalised (Horwitz, 2015). This study found that African countries use legislation to force large organisations and MNEs to employ local people, develop and upskill them, thus requiring MNEs to adapt their strategies to the local requirements, while still using their organisational HR management systems. On the positive side, this provides the MNEs with the opportunity to implement some of the forced TM policy changes in their parent company (Meyer & Xin, 2018).

It is believed that MNEs are too slow when transforming their TM and GTM policies and strategies, causing them to lose out on possible new talent, and existing talent (Meyer & Xin, 2018). This could have been resolved by making their TM and GTM strategies more agile (Cappelli & Tavis, 2018). This study found that by employing innovative technology,

such as mobile phone applications and weekly video conferencing, MNEs could identify issues sooner and respond faster to avoid losing out on talent. These new communication methods mean that both the parent company and the subsidiary can exchange ideas and challenges in real time, allowing HR management to adapt their TM strategies sooner, instead of only at the annual review time (Cappelli & Tavis, 2018). Such a strategy will need buy-in from HR management with a strategically-minded team to rapidly allocate talent as needed, thus making HR management and the TM strategy more agile for enhanced competitiveness (Andrianova, Maor, & Schaninger, 2018). This study found that if talented employees have the support of human resources management, their experience in the organisation is positive and strategically aligned, in turn reducing staff turnover.

Another reason for cross-vergence is the management of expectations between the host-country nationals and the parent-company nationals employed by the MNE (Cooke et al., 2015). This would assist in eliminating stereotyping and accommodate legislation, while still fostering the organisation's culture in a new country. However, when an MNE uses expatriates who have global employment experience, these issues could be mitigated by the talented expatriate through the use of their cultural sensitivity and human resources management's ability to accommodate such variances (Khoreva, Vaiman, & Van Zalk, 2017).

2.5 Summary

By examining the different factors influencing TM strategies when an organisation enters a new market and context, it is evident that emerging markets need closer attention in terms of human capital voids and talent shortage challenges.

From the literature, the following gaps were identified:

1. Given that institutional voids are present in any market, emerging markets are singled out as having severe human capital voids, as described as one of the five institutional voids. Instead of seeing such voids as constraints, MNEs could take a more active approach to respond to these voids by internalising the void (Doh et al., 2017).
2. Since there are human capital voids in Africa, and talented employees are leaving for better opportunities, MNE can still source or provide the necessary talent through human resource strategies (Horwitz, 2015), and consider how talent mobility is used in their GTM strategy (Khilji et al., 2015).

3. Because there is very little knowledge of HR practices in Africa, how do MNEs use TM to fill human capital voids, and how is the TM strategy affected (Al Ariss & Sidani, 2016)?

From the extant theories and the suggested framework, evidence was gathered to assist MNEs entering new markets, such as emerging and African markets, to assess the presence and severity of human capital voids, which GTM strategy to follow to compensate for the lack of relevant human capital, and how to adapt TM strategies to retain such talent in a competitive environment. In the following section, the research questions are explained with regard to their purpose.

Chapter 3: Research Questions

From the literature and theory available, it became clear that emerging markets, especially Africa, is under-researched in the field of talent management and global talent management. This led to the research problem and questions as discussed below, to further the field of talent management (TM) in an African and emerging market context.

3.1 Research Question 1

To what extent do MNEs experience human capital voids when entering emerging markets?

This question will address the issue around institutional voids, with a specific focus on human capital available in the emerging market, how severe multinational enterprises (MNEs) experience such a void, and if it is a real problem for them (Doh et al., 2017; Gao et al., 2017). This research question will centre on the need for a dynamic approach upon entering a new market to adjust for the institutional voids present, with a focus on what human capital is available and what talent management strategies are followed, by solving this constraint internally in a competition for scarce talent or by looking at local availability of employees (Doh et al., 2017). The research will look into the difference between emerging and developed markets from a human capital perspective and the types of skills not present in the new market.

3.2 Research Question 2

What strategy do MNEs follow to ensure human capital is available?

This question seeks to explore where MNEs find the required talent, whether they import human capital or if they make use of available talent in the new market (Khilji et al., 2015). The factors explored in this area are talent mobility, expatriation, and acquiring and developing local talent to fill human capital voids. The use of expatriation has been used to fill positions, develop pipeline incumbents and organisational development; however, have MNEs followed a formal process of preparing the selected talent for such an expedition and what happens to the talent in the long term? (Collings, 2014).

3.3 Research Question 3

Does the MNE's talent management strategy remain the same universally, differ substantially among subsidiaries, or are best-practices universally used?

The purpose of this question is to ascertain, which contextual factors are having an impact on the MNE's TM strategy to diverse or converse (Al Ariss & Sidani, 2016). It would be beneficial for MNEs to understand the contextual issues that may arise and present themselves when they enter a new market and how to operate in such environments.

In the next section, an explanation of the methodology and design, as well as how the research was conducted are discussed, and why this approach was chosen, followed by the results gathered during the interview process.

Chapter 4: Research Methodology and Design

4.1 Research Design

This research was conducted through qualitative research on multinational enterprises' (MNEs') talent management (TM) practices when they enter a new country, whether it is an emerging market or a developed country. Due to the need for more TM research in Africa, the research is mostly explorative. Most of the previous South African studies were done using a quantitative approach (Barkhuizen, 2014; Barkhuizen, Mogwere, et al., 2014; Barkhuizen, Welby-Cooke, et al., 2014; Mtshali et al., 2018; Seopa, Wöcke, & Leeds, 2015; Wöcke & Sutherland, 2008), while other, non-African, international studies were done using mainly qualitative methods (Beamond et al., 2016; Cooke et al., 2014; Hartmann et al., 2010; Sidani & Al Ariss, 2014). Building on findings from the international studies, this qualitative study supplements current local quantitative findings and TM theories. The qualitative approach is arguably more flexible and adaptable to obtain a deeper insight into the participants' opinions (Mtshali et al., 2018), through the use of an in-depth interview structure.

An interpretivism philosophy was used, looking at in-depth investigations for this qualitative research to understand how employers see human capital voids and TM, and how they manage human capital voids upon entering new markets (Saunders, Lewis, & Thornhill, 2009). The interpretivism approach provided a better understanding of the everyday challenges and practices (Schurink, 2003), while the probing questions aided the study to understand the complexity of different experiences and contexts of each MNE (Cuervo-Cazurra, Mudambi, Pedersen, & Piscitello, 2017). The critical realism philosophy helped to connect the business world with the theoretical world (Fletcher, 2017).

A primarily deductive approach was followed by looking at current theories, collecting data, and analysing such data to gain a better understanding of said theories and test the stated research questions (Saunders & Lewis, 2012). From the current theories, research questions were formulated, and answers were sought through the data collection process to either confirm, expand, contradict or explain existing theories. This aided in achieving credibility of the study since congruence with current theories will be expected for triangulation.

Considering the limited literature on TM in MNEs in Africa, a mono-method qualitative study was conducted to better understand the field and its applications in the

international labour market in a qualitative manner, thus primary data were collected (Saunders et al., 2009). This also supplemented GTM and the effects of institutional voids on expanding MNEs. TM refers to subsidiaries and their interpretation thereof, whereas global talent management (GTM) is the strategy used by the head offices of the MNEs.

Considering the qualitative nature of the study, the purpose was exploratory in nature, such as to gain more insights into the effects of human capital voids and to advance the field of TM in different contexts, what is understood as TM, how it is applied in this context and if it is successful in an emerging market. Where new themes emerged, new directions for future research were formulated.

Considering time constraints, the study was cross-sectional, and not longitudinal, giving a snap-shot view of the current situation (Hartmann et al., 2010). This helped with strategy assessment and formulation for planned expansion of MNEs into new markets and for GTM and its effectiveness for the future.

Building on TM studies in other emerging and developed markets, a semi-structured interview strategy was used. This kind of strategy is usually used with exploratory research (Saunders & Lewis, 2012), in an effort to explore and explain the application of the theory in other markets. The semi-structured approach allowed for more probing questions when certain themes emerged during the interview. In-depth semi-structured interviews were most appropriate to gain as much insight as possible (Cooke et al., 2014), while also allowing for probing of the context such as human capital voids and their influence on TM strategies, as well as contextual factors influencing GTM practices (Cuervo-Cazurra et al., 2017).

4.2 Research Methodology

The selected methodology and design not only tested the research questions, but were also used to further the study of human capital voids, with a focus on the TM field, especially considering the African context (Mtshali et al., 2018).

4.2.1 Population

In line with the research problem, the chosen population were MNEs with operations in Africa that make use of TM practices to fill their human capital institutional void, whether they import the talent or make use of local available talent in the new market. This

effectively made the population all MNEs operating in Africa (Saunders & Lewis, 2012). Due to time and budget constraints, most MNEs were based in South Africa, either as a parent company, or as a regional office for Africa. The population were MNEs of various sizes and differing age, in a variety of different industries to get a holistic view of the TM practices (Hartmann et al., 2010).

4.2.2 Unit of analysis

The unit of analysis was guided by existing literature and themes that emerged from interviews (Saunders et al., 2009) to identify categories. Units included age of the MNE, size, headhunting or poaching and hiring practices, TM policies, as well as what each MNE considers to be talent, and their adaptation of TM strategy. The interview conversation probed how the MNEs adapt their strategies to ensure success (Cooke et al., 2014). The chosen participants were HR executives and HR development officers of the selected MNEs, from the regional African offices and the head office or parent company. This provided richer data and themes from the various MNEs. These data were compared to responses from other MNEs to test for data saturation. The participants had a clear understanding of their organisations with enough experience to be able to answer the questions. The participants were chosen since they were responsible for, and involved in, the TM practice and international HR management at their respective organisations.

4.2.3 Sampling method and size

Purposive, homogeneous, non-probability sampling was used to select the appropriate sample since these allowed for an in-depth and focused study. Self-selection was not used as some candidates might only participate in the study because of biases towards the topic (Saunders & Lewis, 2012). However, the selected sample was approached with the option of taking part in the study, thus ensuring that the sampled candidates were genuinely interested in the field, and answered honestly, and were willing to offer information as needed (Shenton, 2004). Snowball sampling was also attempted, and although some referrals were made, these did not amount to an interview. The sample was chosen from the population and included HR managers, marketing managers and a chief executive officer. This choice is not uncommon since there is still uncertainty as to whose responsibility TM and GTM is, especially in MNEs (Al Ariss et al., 2014).

Individuals from MNEs who met the research criteria were contacted telephonically to explore their position on TM and GTM practices and ascertain if they were willing to volunteer to be part of the research. Once acceptance was received, a follow-up email was sent to the participants, explaining the purpose and rationale of the study. In some instances, the research schedule was also sent to the participants to ascertain their ability to answer. Once the participant was satisfied with the content of the research, an appointment was scheduled. All participants were required to sign a consent form. See Appendix 2.

The sample size was small due to the time constraints, with 10 willing participants. However, this sample included nine different MNEs, which provided richer data. The sample size was, unfortunately, not influenced by data saturation. To ensure confidentiality, the names of the participants and their organisations, or any other identifiers, were withheld in the final research report. The sample was influenced by availability of participants and their willingness to participate. Some individuals cited their MNE's non-disclosure policy.

4.2.4 Measurement instrument

A semi-structured in-depth interview was conducted with relevant themes to give direction during a face-to-face interview. Where this was not possible, telephone and Skype alternatives were used. Depending on the participant's preference, the interview was held at their offices, in a quiet yet relaxed environment with minimal disturbances (Saunders & Lewis, 2012); alternatively, a syndicate room at Gordon Institute of Business Science was booked and used.

Most of the questions were probing, followed by interpretation of the answers to ensure the responses were clearly understood, being careful not to make or ask leading questions. Two pilot-interviews were conducted that tested if the themes and concepts (codes) are not leading, while time was calculated and the voice recorder's recoding quality was confirmed (Saunders & Lewis, 2012). See Appendix 3.

4.2.5 Data gathering process

Having determined the sample, appointments were set up with the participants at each organisation. An in-depth semi-structured questionnaire or guideline was then used to gather the required data. With the consent of the participants, all the interviews were recorded for transcription and referral. The same method had also been used in similar

studies conducted in other countries, as the researchers believe this method collects rich and useful data, due to the differing views on talent and TM (Beamond et al., 2016; Cooke et al., 2014; Hartmann et al., 2010). This aided in developing coding themes for analysis. Open-ended questions were used to facilitate the participants to voice their views and experiences. Interviews lasted between 15 to 30 minutes, depending on the length of answers supplied by each participant. To ensure comprehension of the answers, a summary was given by the researcher after each response. The researcher arrived on time, appropriately dressed, and behaved in a professional manner during the interview, showing appreciation towards the participants' cooperation.

4.2.6 Analysis approach

Recordings from the interviews were transcribed into electronic text format in a consistent manner, paying attention to themes arising from the text. Qualitative computer software, Atlas.ti, was used to aid with coding of the themes, categories and key words (codes), removing, to a certain extent, the human error element (Schurink, 2003). The themes and key words should also be evident from the literature to answer research questions and confirm theories (Saunders & Lewis, 2012). Text as well as recordings were used together, paying attention to tone of voice, which could have indicated emotion or emphasis during the interview.

4.2.7 Limitations

Due to the qualitative nature of the study, and since data saturation was not reached, the study results cannot be generalised. Possible limitations to the research include the possibility of bias from both the researcher and the participants, with the researcher's interpretation of the results and the participants' stance on the relevant topics and themes. A longitudinal study could provide a better understanding of possible successes and failures of some TM, GTM and labour strategies; therefore, this research could be enhanced by considering a long-term view of the themes. Another limitation was the use of MNEs operating out of South Africa, either as the parent company or as a regional office, with most of them using the South African context as a base for their experiences due to South Africa's level of development.

4.2.8 Reliability and validity

To ensure validity and reliability, the pilot-testing assessed the content-, and construct validity of the questions. The content validity ensured that the questions asked for the data required, while the construct validity ensured that the questions actually answered the research questions stated earlier, through the comparison of the theory behind the question and the actual answer given (Saunders & Lewis, 2012). Reliability was ensured through the use of similar methods used to relate the local context to studies done in other countries for consistency. To guarantee confidentiality and anonymity, the details of the organisations and participants were not displayed, which allowed the participants freedom to answer truthfully, and also assisting in credibility (Shenton, 2004). The use of triangulation between the theory and different MNEs supported credibility.

Interviews were conducted both face-to-face and via Skype (Saunders et al., 2009), which allowed for the rephrasing of questions in the event that certain answers contradicted each other. This technique also aided in triangulation, and to verify collected data, since the theory was applied across multiple MNEs. Therefore, common themes that emerged from the different MNEs were linked with existing theory, thus giving the research credibility through triangulation (Shenton, 2004). The responses of the different MNEs were compared to one another, giving both the required diversity, as well as providing similarities as suggested by research.

Ethical clearance was given without conditions before the collection of data commenced. See Appendix 4.

In the following chapter, the results from the research methodology and design are described and illustrated, dividing the chapter into the different categories.

Chapter 5: Results and Findings

Based on the research problem and literature review, three research questions were formulated to better understand the extent of human capital voids in emerging markets, and how talent management strategies are adapted and used to compensate for these voids. This chapter will explain the findings from the qualitative, semi-structured interviews that were conducted. The findings will be arranged according to each of the three research questions, along with the themes that presented themselves for each question.

A total of ten interviews were conducted with employees involved in their organisation's talent management (TM) and global talent management (GTM) policy. Nine different industries were chosen to provide a holistic view of their experiences in emerging and developed markets, where applicable, since not all of the multinational enterprises (MNEs) have subsidiaries in both markets. Developed markets are not a prerequisite for this study. However, they all have operations in Africa, the main focus of this study, which is considered to be emerging markets. The designation of the participants ranged from HR executive to marketing managers and chief executive officers, notably middle to top management structures, as illustrated in Table-1. Among the participants is an executive recruitment agency that provided clarity on the needs of MNEs that operate within, and from South Africa. The organisations are either the head office of the MNE, or a subsidiary responsible for their operations in the Europe, Middle East and Africa regions (EMEA).

Table-1: Details of Participants Interviewed

Participant Number	MNE Country of Origin	Designation	Industry	Date of Interview
Participant 1	South Africa	Human Resources Executive	Engineering	24-07-2018
Participant 2	South Africa	Human Resources Development	Engineering	24-07-2018
Participant 3	United States of America	HR & Marketing	Technology	31-07-2018
Participant 4	United Kingdom	Human Resources Development	Auditing	15-08-2018
Participant 5	South Africa	Human Resources Executive	Mining	16-08-2018
Participant 6	South Africa	Human Resources Executive	Financial Services	23-08-2018
Participant 7	South Africa	Human Resources	Banking	30-08-2018
Participant 8	United States of America	Principal	Executive Recruitment	30-08-2018
Participant 9	South Africa	Chief Executive Officer	Health & Beauty	11-09-2018
Participant 10	United States of America	Marketing Executive	Agriculture	21-09-2018

All interviews were recorded, with consent, and transcribed into Word format by a third party. The transcriptions were coded in Atlas.ti, and, with this research being mostly deductive, codes and categories were pre-programmed. One participant also provided written responses to the research questions. Some participants were interviewed with the use of Skype, mainly due to their geographical location, including participants from the Free State, Northwest, Western Cape and Northern Cape provinces.

5.1 Research Question 1

The first question: "To what extent do MNEs experience human capital voids when entering emerging markets?" looked at the type of skill shortages that MNEs experience when they enter a new market, and how this differed between emerging and developed markets. The participants delivered mixed results between human capital voids between emerging and developed markets, especially when it came to the types of skills that are lacking. The participants all have operations in Africa and, as such, operate from the South African context, and they say that South Africa is the most advanced country on the African continent, as noted by Participant 9:

> "Yes definitely. No definitely. Um, I would say South Africa is the most developed market, but then all the other markets are very undeveloped…"

They also admit that when they move into a new market, they do not consider the availability of human capital, but rather follow a strategic goal, as quoted by Participants 1 and 3, respectively:

> "So, your human capital is actually not your first priority. Your first priority is how can we make that client happy that doesn't have a solution for his problem? And that is where we actually struggle with human capital."

> "Generally, it is a business decision first, where they say that this is a particular country that we want to infiltrate. I think of something like Russia, we'll say well it's, you know, it's a market that we're not in or um… our competitors are there, and we need to create um… you know, build our competition there. So, it's generally a business decision first. They don't really look at the people first. That's a secondary consideration."

The reason why these NMEs move into a new market is also due to their industry, such as mining, given that Africa is mineral rich, the agricultural space, tourism, and then also to expand their footprint and achieve market growth. Participant 3 says that whatever the reason for the expansion into new countries, human resources should be part of such a move to plan for human capital:

> *"…it's very important for companies to see the value in bringing HR or bringing the talent acquisition team to the table as part of the strategy of going into a new market…"*

It is also interesting that some participants find human capital void differences already in the South African market, not only between rural and urban, but also between provinces. A few of the participants attribute the human capital void to their specialised industries, rather than the type of market they are operating in, as Participant 1 says:

> *"Because we are so unique in what we do, it's universal."*

5.1.1 Developed markets

Although most of the participants agree that talent in developed markets are more readily available, they also attribute that to the fact that those markets are bigger, therefore the skills are there; however, there is a strong competition for those skills and talent, creating voids and competition. Participant 1 notes that although developed markets are easier to do business in, it can be attributed to their unique systems and employee productivity:

> *"The strangest thing is … the Swedish company is a bit smaller, for instance. But we'll find that one person will do like three or four different people's jobs. And they have found a system, where they do it so efficiently, like the press of a button and this and this gets done, where South Africa has none of that. We still have three different people doing three different jobs. And so, as much as they learn from us, we learn from them. Um, there is… you look at South America, where they might have two or three different people doing one person's job versus South*

Africa. So, you also need to look at how people do things according to how advanced they are. Like Sweden has all these lovely systems in place, we're still putting our systems in place."

This response is in line with how complex it is to do business in different markets, and that each scenario must be considered on their own merits, including the size and experience of the MNE itself. Participant 5 also notes, as does Participant 1, that they exchange skills where possible since they do not necessarily need to import their existing talent into developed markets:

"...in Australia, also strong in mining mineral wise and that, but they have got their own skills, so obviously with their skills availability, it limits the number of expats that is needed on that side, and also again on what they will allow on that, so they would rather have us coming over there, sharing our knowledge with their skilled workforce and how to do things and then mobilise back…"

5.1.2 Emerging markets

In the emerging market context, many participants agree that South Africa has some of the best talent on the African continent, in industries such as mining, agriculture and therapists; however, talent remains in short supply, and therefore they rely on expatriates to assist in new markets. The general theme is that many MNEs set up a regional office in South Africa, and then move into Africa from there due to SA's level of development when compared to the rest of Africa; while some participants believe it is the next logical step to advance into Africa, considering the experience they gained from the South African context already. Participant 8 replies that although there are human capital differences between emerging and developed markets, emerging markets are catching-up:

"No, there are quite vast differences. It is not so much, I think they still have talent shortages and I suppose it is in proportion, because they're much bigger markets, so they do have a lot more talent for the size of their market. But I just think the abundance of talent there is a lot bigger. They do have a lot more choice then we do, you know. I think give us ten years, where we got an entire new generation coming

through and a much broader base to work of, but for the moment, especially at the executive and technical level, it is quite difficult to find talent… I think we have quite a unique situation and that we do have a skills shortage. We do have a talent pool that's very competitive, so people are fighting for talent all the time. So, I think when companies do come into South Africa, often they bring, I mean I am going ahead, but often they bring in talent from their Head Office or the companies overseas into SA. So, set the company up from the start, then slowly bring in South African talent to build up leadership."

All the participants note that they struggle to obtain the necessary skills and knowledge in African countries; however, some of them also note that it is either due to the uniqueness of their industry, or because there is not such a big demand in the market for their specific talent requirements, thus it is not readily supplied, as highlighted by Participant 9:

"However, we have opened a number of branches outside the South African borders, which have resulted in large human capital voids. African countries do not have the skills or training to work in our industry."

Participant 6 believes that Africa has got the necessary skills for their industry, being financial services, because it is an old and established market, but also says that such skills leave the continent for better remuneration packages and opportunities:

"But in Africa, in certain areas of Africa, you do find the skills, but they are not readily available… and most people well, most incumbents prefer if they are not marketable, to work in developed countries."

Even though all the participants agree that Africa has major human capital voids, the cost of labour still makes it a viable option to open a subsidiary here. Participant 3 says the following:

"I would say that it is more complex to find the talent in developing markets… Whereas in the developing markets, we're generally trying to put a critical mass, because it's cheaper, you know."

5.1.3 Types of human capital voids

The main theme that emerges in terms of which talent is mostly in short supply is technical skills, but overall any talent from basic skills to senior management is seen to be a challenge, including HR managers who better understand the local context and could do recruitment for them, according to Participant 3:

"We bring in a local HR person and we say ok, well this is what we need and go out and find it… But up until now, it's really just been finding a local HR person, and then sort of tell him what we need and let him go out and find it."

Participant 10 believes that the traditional view of a technical employee has changed over the years and that they require technicians to be able to work on machinery, computers, analyse data and provide training, all from just one employee. Participant 1 agrees:

"We're actually looking for multi-skilled personnel. Someone that can run your site but can also fix the machine sometimes."

The same sentiment is shared by other participants looking for multi-skilled talent. The theme of industry-specific human capital voids is raised again, with Participant 3 noting that it depends on the complexity of the organisation and its talent requirement, naming proper language skills, combined with technical skills, one of their challenges:

"…well, for the whole of EMEA, as well as the US, they need certain language skills. So, we have to recruit Polish people that can speak various languages, um… Polish people with a very specific technical

skill, to be able to talk people through a specific technical issue… We just want someone with technical skills that can speak their local language… Also, what we find for example like in Poland, is now a lot of companies are now picking up that Poland is a good place to put sort of shared services, to get people with good language skills, good technical understanding. And now it's sort of a war for talent in Poland. Because so many companies are setting up in Poland, that now employees can move very easily between companies for, you know, quite a jump in their salary. Prague, because again, they have good language skills, good technical skills that you can get in Prague."

Participant 9, a CEO, believes that their reputation and the training they provide creates a skills shortage for them due to retention problems:

"Our standard of education and reputation is very high in our industry; thus, we lose many staff to global opportunities. We cannot compete with the foreign exchange salaries paid to staff, but after a while the staff return to South Africa and are very employable due to the international experience gained. Also, the South African therapists are multi-skilled, which makes them very employable."

The issue of retention is raised by a few participants, who believe that their developed talent leaves for better salaries, get poached by the competition, abscond, or leave for developed markets, where they believe are better career opportunities. This makes the talent more expensive, especially considering all the training and development that was invested, therefore the MNE has to try to retain them, often with better benefits, as Participant 3 explains:

"…what it costs, not only to bring them on, but what it cost to keep them in the business…"

All the participants state that their organisations internalise the human capital void, by providing internal training and development, or by expatriating to the new subsidiary in the new country. Participants 1, 2, 9 and 10 have their own education and training facilities, where they train and upskill local and/or unskilled talent for their organisation. As Participant 10 says (translated from Afrikaans):

"We created a (organisation's name) university, you know, since vocational training basically came to a standstill in South Africa, we had to do it ourselves in-house. So, we had to look for organisations that do vocational training... we employed the person for three years and in those three years, they were trained both practically and theoretically… and in the end, they are (organisation's name) certified."

They also make use of e-learning platforms to ensure the quality of training is up to the organisation's standard, thus using computer programs that are standardised throughout the entire MNE, and often this platform is part of their performance reviews and career planning.

Apart from Participants 4 and 6, the other participants believe that everyone in the MNE is considered talent, mainly due to a shortage across the range, from unskilled to senior management. Participant 4 also says that because the auditing industry is so experienced and developed, they very seldom have difficulty finding qualified talent in Africa:

"In terms of the skills, I guess to a large extent, the CA profession is quite well developed in most places. So, I wouldn't say that there is much of a shortage, if anything… and they usually do have an SCCA or CA or whatever accounting backgrounds. So, that is definitely quite available."

A particularly interesting reply from Participant 6 is the shortage of talent in the sunrise and sunset skills base. These are emerging skills, and skills that become redundant:

"It is about sunrise skills, so, skills that are on the horizon such as robotics. Um, business architects, there are not a lot of those type of people in all roles available. Um, digital and data, specific skills in data analytics, behavioural analysis and those sorts of things, very specific. And those are all sunrisers, those are all clearly new type skills in the market. Um, and then we also have what you call sunset skills. It is the skills of, in our world legacy book, um, where we're going to close down certain products. So certain IT skills that support them, become less and less available in the market, because people have upskilled, or they have retired and they're no longer available. We're still maintaining those books. We need skills over a period of time."

Participant 4 also believes that such emerging skills are in demand and finding such talent is becoming highly competitive, to such an extent that they are now developing that talent internally.

The findings from this research question highlight the themes around the differences between emerging and developed markets, as well as the type of human capital voids that MNEs experience in new markets, especially emerging markets and Africa. All the participants respond that they internalise the constraint to overcome such human capital voids, because they believe they are operating in a unique industry and therefore need to be proactive in this regard.

5.2 Research Question 2

The second question: "What strategy do MNEs follow to ensure human capital is available?" focuses on how and where MNEs find the necessary talent when moving into a new market, with the main area being Africa. The main theme that emerges from the interviews is the fact that all participants, except for Participant 4, use expatriate staff to get the subsidiary up and running, while most of them thereafter start to recruit local employees and develop and train them before being repatriated.

5.2.1 Mobility and expatriation

The use of expatriation is a common theme among the participants, although they consider this part of their complex environment in which they operate. Participant 4 states

that they find local talent, which they do not struggle with, or they will send someone to the new office permanently; however, shorter projects are assignment driven. Participant 5, an HR Specialist in the mining industry, gives his perspective as:

> *"In terms of the expats, there is quite a big market within South Africa with willingness to do and work and do expat work, obviously because the remuneration is quite good for expat work."*

Most of the participants reveal that they use self-initiated expatriation, with five of them having been on such expatriation projects, and only in extreme cases will they send a person on an assignment-initiated expatriation, usually for a shorter period of time, as Participant 4 explains:

> *"It's very rare that we make people go places, usually if they have to go, it's for an assignment. So, you maybe have to serve, you have to go on a project. If you really don't want to travel, you can decide, ok, I don't want to be on this project anymore. But I think it's a compromise on each side, you can't always pick the projects that will cater to your travel preferences."*

Participant 7 describes their position on this issue as follows:

> *"We will never ever force people to go. There is … in 90% of the cases, the people volunteer. We have that clearing conversation with the individuals and obviously, um, we discuss the strategy in the new country, if I can put it that way. No, it is just volunteer most of the time. It is not a problem."*

Since expatriation is described as being very expensive, and considering the reason for such a move, most participants do preparation with the talent who are moving to the new country, even if it is self-initiated expatriation. Participant 6 states the following regarding costs and willingness:

"Yes, they do move willingly, but it comes at a price, obviously. When you put on your current profile, you indicate your mobility, we then check with you that these are some of the type functions that came up and we are looking for people and you meet the profile, which you would be interested in? We send them on an expat basis, so normally it's a common period for two years."

The periods of expatriation assignments differ quite a lot, ranging from 6 weeks to 5 years and more, depending on the purpose of the assignment. The shorter periods are usually for contract work, and run on a rotation basis, while the longer periods are for establishing a new subsidiary, as explained by Participant 5:

"Every case has its own merit, because we get a contract for a two- or three-year period. Typically, we'll have it for five years or longer, but going to new market, establishing yourself in an area like Saudi Arabia, you're not known there, so they will want to first see what you can do, as we sign them on for the duration of a contract. Typically, the idea is to have a timeline in place within the next two or three or four years to minimize the number of expats that is left behind, so those transferred skills should have taken place, but what we have found it remains difficult."

The participants all agree that their organisation is very supportive when sending talent to a new market, from the preparation to the support when they are in the host country. However, they also highlight that more could be done. Participant 10 states that it is important to take the employee's personal circumstance into account, so if the employee is going to Kenya, instead of the normal five-year term, they can opt for a three-year term and first see how it goes.

With regard to preparation, the following is reported by Participants 2, 3 and 7, respectively:

"We do a "Promote Living Questionnaire", it's a psychometric test done by Thomas International, which gives you a report on how well the person can adapt to being away from family for long periods of time. And, some people indicate… ja, it's fine, we can take a chance and then we've seen that working out quite well."

"We have a, what we call a global mobility team, which is sort of part of the HR team and they assist us with moving people around the world. Um … so, as part of the person's offer, they would have an opportunity to go and scout the country, to check it out to see where they'd like to live, um … you know, all that sort of relocation assistance."

"There is a huge change management process in place whereby we take all new employees and people that go to new organisations, you know, transfers, we do take them through the change management process."

Participant 5 believes that when you go to a neighbouring country in Southern Africa, the need for preparation is not as big, while Participants 4 and 6 have programmes in place to help prepare their talent, but believe the best is for the talent to learn as they go, with Participant 4 saying:

"I mean, it's kind of like reading a book to drive and then driving. You know, you just kind of have to drive to learn. So, we do have exchange programmes and a lot of programmes that encourage mobility."

Some of the larger MNEs that were interviewed also state that their organisation considers their families when expatriating them. They consider the personal life of the employee as very important since their happiness will have an impact on their work performance, as explained by Participant 10 (translated from Afrikaans):

> *"Our organisation believes it is important to consider people's personal circumstances. If Mr X is in your employ, you can't forget about Mrs X, because if the husband isn't happy, the wife won't be, meaning the family won't be. Your employees must be satisfied and happy, else they will not reach their full potential."*

Participants 2 and 6 state that they use a psychometric test to establish, whether an employee will be able to adapt in a different context without their family. Both Participants 2 and 3 believe that global experience gives the employee the ability to cope with and adapt in different contexts, but depending on the host country, they can still struggle from time to time. This is also confirmed by Participant 5, who says the following:

> *"You get people who adapt well in certain environments and you get some not, and vice versa and you try and move them where they are most suitable."*

As for adaptability in South Africa of expatriates from other countries, Participant 8 believes the following:

> *"I think it all depends on culture because, I think Europeans, Americans seem to adapt really well. They sort of come to South Africa and they just fit in. I think it's because we are quite similar in a lot of ways. I think we follow quite a lot of the American culture. The language is the same, you know English is spoken widely. But I know from my experience with Chinese companies, that when they do bring people from overseas, you know, from China and from other Asian markets, they often are not very mobile. They don't adapt, and I actually had a client the other day who said that all of the Chinese expatriates that come into the country, they don't do anything, they don't see the country, just spend most of their time either at work or in their provided house. They are too scared of the country and the violence to actually integrate properly. So, I just think it depends on culture, whether or not they are mobile and ready for South Africa."*

The main reason for sending expats on international assignments are for knowledge transfer in their new subsidiary. This not only includes compensating for the lack of available talent, but also to carry forward the organisational culture, policies and procedures, and to make sure the organisation abides by local legislation and visa regulations. This is explicitly stated by Participant 2, 5 and 9, respectively:

"We commit to recruiting assistants, labourers as such, to do manual labour. And then we promote from those guys. We were very successful. We now have up until operator-level, which we have promoted guys to. And then we also commit to having them developed over the next three years to bring our expats back with a few locals trained up."

"We can transfer the knowledge over to them… Typically, the idea is to have a timeline in place within the next two or three or four years to minimise the number of expats that is left behind, so those transferred skills should have taken place, but what we have found, it remains difficult. Places like Lesotho, we have been able to do it fairly successfully, but that was due to the pressures placed on legislation in terms of work permits."

"For continuity of the business, it is always better to upskill locals / employees in the area. We normally import South African staff to balance the standards and help with the upskilling process. We place a strong emphasis on induction, training and instilling our company culture, professionalism, ethics, vision and mission."

Once an assignment or project is completed, most talent are repatriated, with a few exceptions who prefer to remain in the host country for longer or even permanently. However, Participant 6 states that the reintegration into their home country could be a challenge, naming examples such as schooling for the children, support systems, and for the children there could be a culture shock. Another reason for repatriation are that the talent was unable to adapt. Participant 6 says the following:

"Location becomes an issue for people that we brought in. From grad programmes, we bring them from all around the country and we give them the support, we pay for their relocation, you know, we make it easier for their families to visit them and all of that. To give them a sense of wellbeing and you get them started. You set them up in their first month, you help them find accommodation … The biggest thing that they say to me is, how I have been disassociated from my family and friends and everybody else. From an emotional level, it can become very frustrating for them."

Participant 9 shares the same sentiment:

"The South African staff we bring into new markets do not adapt well and their expectations are normally not met. We communicate all expectations at the onset of employment. However, different markets, specifically non-developed markets, are very challenging in relation to human capital."

5.2.2 Employ local labour

The theme of making use of local talent, hiring local people and upskilling them is also quite evident. The participants also respond that this is due to local legislation in the host country that forces them to employ and upskill the local workforce. Participant 5 notes the following:

"Because of the legislation and the social labour plan and requirement to develop in-country skills is to just take them on the project, um they're not being seen as a workforce in the programme, but more as a training force, um, and with your expats and your skills and that you continue with the job to be done and then you just tag them along in training and develop and then see, where they go from there."

This practice is also supported by Participants 1, 4, and 6, respectively:

> *"Our lower levels, we will hire locally… we have to train them from scratch. We got experts in South Africa that can train the rest of the crew. So, let's send this contract manager in this format from South Africa and we hire operators and assistants locally."*

> *"So, we are hiring people brand new at the firm and then training them up to offer the solutions in our markets. And then that is globally."*

> *"We have developed talent internally. Say we look at who are talent … are … we look at what the skills and the future capability is, and we develop people for that future capability. Uhm, all things being equal, but we never developed enough at talent… because we still have to sustain our current business."*

Where more top-management talent is concerned, Participant 3 and 6 make use of recruitment agencies in the host country to assist with sourcing such talent. As Participant 6 explains:

> *"We also look externally, say we will go to a specific niche market recruiter and ask them to see what they got in their books and so forth."*

An interesting perspective with regard to sourcing talent comes from Participant 5. Their organisation employs local labour, but instead of training them in their own country, they bring them to South Africa for development and training, as stated:

> *"We can take those local skills and development and develop and upskill them… how qualified were the people operating there?... um, so to that extent, we've actually taken people from a Lesotho or a Botswana or a Mozambique and bring them into South Africa and give them training development here at the artisan training schools."*

The findings for research question 2 centres on where MNEs source their talent from, either importing them through expatriation practices, or by sourcing them locally. Expatriation, although common practice, has its challenges, such as the costs involved with preparing and supporting talent and retaining them. However, there are also challenges with using local labour, including training and development costs, and also retaining developed talent.

5.3 Research Question 3

The last research question is: Does the MNE's talent management strategy remain the same universally, differ substantially among subsidiaries, or are best practices universally used? It investigates, which factors influence an MNE's TM strategy in the new country, and what effects these factors have on their TM strategy. The possible effects can be diverse, including that the strategy changes significantly; convers that the strategy aligns more with the current strategy from the parent country; or cross-verse, indicating that some best-practices from both the head office and the subsidiary influence it.

The main theme that emerges is that a cross-verge adaptation takes place, where most participants are able to use some of their original policies, but that the context of the new country forces them to adapt certain elements. The biggest factors include country culture, legislation and human capital voids.

5.3.1 Factors influencing talent management

The factors that influence an MNE's TM strategy are contextual factors from the host country, and although most MNEs aim to preserve and enforce their tried and tested practices, they have to concede to pressures from the new host country. Most participants agree that such pressures could be accommodated in their current strategy but, depending on the MNE's experience in the international market, some of these factors do not affect them since they already make provision for certain of these forces.

Participant 10 describes their organisation as globally experienced, as they are operating around the globe in both developed and emerging markets. This means that some minor tweaks are necessary, but since their TM strategy is directed from head office, and integrated in their performance management systems and career planning, they do not really adapt their TM strategy, or at least 80% of their strategy remains static. Participant 10 also notes that South Africa's neighbouring countries operate in much the same

manner, and therefore such an adaption is not necessary. However, certain unique factors influence their strategy, such as the level of technology adoption and work ethics in the new market. Under work ethics, he includes hours of work and a sense of urgency when trying to get things done. Under technology adoption, he names knowledge and abilities regarding the technology they work with.

The main factors that all participants name are culture and cultural differences, including religion in that country and the labour force culture, irrespective of emerging or developed markets. Participant 4 responds with:

> *"It is a different culture, it is a different mind-set, it is different scales of work, um, so everything is very different, you know, and not to say that somebody from the mature market comes to the emerging market and is successful. To take them across and, on our bordering countries is it quite easy for them to adapt like Botswana and Zambia and those ones, but where we have gone operating in Saudi Arabia, there is quite a big culture difference. But they say that is how you are doing things in South Africa, but this is how we will do it in our country, and how can you align that with us."*

As Participant 8 was quoted earlier, where some cultures are more alike, employees adapt easier and therefore the TM strategy can remain similar with regard to culture, for example, when Europeans and Americans come to South Africa. However, with a slight contradiction, Participant 1 includes the following:

> *"Culture! So, we've actually seen that the South Africans have got a more hardy personality. And if you're going to Europe, they all … and South America, I've seen exactly … in South America … are more families orientated. So, you kind of need to sit back sometimes and actually trying to adjust how you approach something to get a better outcome. They are very family orientated, their work team are like a family to them. So, you have to take a kind of a softer approach to them. So, culture is a big thing. Our Head Office is in South Africa, you know, we can't always push a South African culture onto them. We sometimes need to adapt them. So, you don't get anything out, if you*

come across with a dominant personality. So, the culture fit is the biggest thing. Wherever we're going to need you, we see that the culture fix is the most difficult thing when it comes to going into a new area or hiring someone."

The culture theme is reiterated as one of the participant's main concerns, linking these issues also to the mobility of their talent. They also include religion as part of the culture issue, especially Participant 5 who also operates in Saudi Arabia, where a completely different religion is followed. As part of culture, Participant 1 says:

"You'll actually see, since he's in Sweden, he's actually taken over Swedish public holidays, not South African."

Corporate culture forms part of some of the participants' concerns, stating that the way they do it is the best or correct way and that it sets the standard, as stated by Participants 1 and 2. Participant 9 also believes that it forms part of their organisation's ethics, vision, mission and professionalism, with Participant 10 adding that organisational culture keeps their employees aligned with their strategy. Participant 1 also links this issue to the next main emerging factor, which is the laws and regulations of the host country. Participant 1 continues:

"Obviously, if we only expand people on contract like to Mali, and they are on a six-week, three-week rotation, it stays South African laws, South African stuff applies, South African strategy. So, we are sensitive to what happens overseas, but if the person is on a short term, South African stuff applies."

As described by the participants, legislation includes the country's employment laws, affirmative action, employment equity, leave policies, taxation laws, skills development, corporate laws and ownership, visa regulations such as how many expats are allowed and the length of their stay, followed by South African issues such as SA's Mining Charter

and Black Economic Empowerment. When discussing the skills shortage in Africa, Participant 8 has the following response:

> *"I think policies and regulations can be a real issue for them. I think there are a lot of policies and regulations that are inhibiting, and you have to abide by them, otherwise you can't do business and that can sometimes mean, and this is rare, but that sometimes it means that you abide by the policies and you don't necessarily get the best person for the job. I'm talking about the South African market or even industry policies. If you think about things like the Mining Charter and things like that, Um, I think that is some of the issues around talent. I think they can also find issues around some ownership structures and things like that."*

Participant 3 believes that you should do proper research on a country's laws and regulations before sending an expatriate or hiring local talent, agreeing with Participant 1. Participant 1 says that it also depends on the length that a talented employee is seconded in the new country:

> *"If you're going to second them for a longer period, like Sweden, we look at what's best practice in the country and we're trying to adapt to what's happening in that country. So, he's taken over the Swedish working hours, the maternity leave for her is Swedish maternity leave. So, we usually look at what the laws of the country are, and we adapt to what happens in that country. We actually look what the Swedish law does. So, in their contract, we've made sure that we comply with Swedish law. So, obviously we always tend to look into the country you're in and ensure that you comply with the working hours, with the laws, with the holidays."*

The same is true for Participants 2 and 5, with Participant 5 who states the following:

> *"Then that contract gets renewed, obviously we need to start aligning ourselves with legislative requirements, with social labour plans, the transfer of skills and all that that needs to happen, and then depending on the availability of work permits, they will then start mobilising back into South Africa. We had operations in Zambia, which didn't work out and then we moved those guys into other international, um, African operations like the DRC, where we can utilise them there, so a strong driver for the amount of time, amount of expats that we can put down there, is a legislative requirement of each country, which is different. Taking into the DRC, we could only take 14 people, going into Zambia, we were able to start off with 49 expats, so it all depends on legislative requirements and all that aligns to that."*

These experiences are mostly linked to going into Africa; however, South Africa is not excluded, as Participant 8 explains that depending on the strategy of the MNE for entering South Africa, and the industry in which an MNE plans to operate, their adherence and adoption of local laws and regulations can differ:

> *"I have a Chinese company that came in, bought a local company, you know, as part of their holdings. Um, because they don't supply South Africa, they just use South Africa as their basis to Africa, they don't have to comply with any legislations or policies or anything like that, because they're not actually operating in this market. It is just a holding company. So, then they don't really care, they don't do any research. They know nothing about this market."*

Participant 8, a principle at an international executive recruitment organisation, continues that South Africa's labour market is very complex, therefore affecting entering MNEs' TM strategies. Participant 8 continues:

> *"I think specifically of our legislation. I'm talking about the South African market or even industry policies. If you think about things like the Mining Charter and things like that. I think that is some of the issues*

around talent. I think they can also find issues around some ownership structures and things like that. They often don't understand the complexities around BEE and legislation that they need to actually adhere to. I think specific company legislation. So obviously, all of our workplace regulations and basic conditions of employment and things like that, they got to make sure that their policies and procedures from overseas tie into our legislation and are actually lawful in this country. I mean, I know in the States that annual leave is not mandated, but here it is. You know, you have to have 15 working days annually, per year, where in the States there is nothing. I mean, if you move into Dubai, let's say as a South African office, your working days may not be from Monday to Friday, it will be… what is weekend in Dubai? I think it is Sunday Monday is weekend you know, or Friday and Saturday are your weekend. You know your week day will be Sunday to Thursday. So, I think certain things like that you just have to change and adapt to according to the country you're in."

Two other interesting factors that form part of legislation are raised by Participants 3 and 10. Participant 10 notes that some fringe benefits that work in South Africa might not work in other African countries, using motor allowances as an example. Do employees own motor cars in the host country, can they buy cars and what are their interest rates and how are they taxed on such benefits? The participant also notes currency, considering exchange rates and maybe using a universal denomination, such as paying all employees in dollars, and not necessarily their local currency.

Participant 3 has an interesting view on employing talent in host countries, combined with mobility and labour regulations, and considers the following:

"But we're looking and saying, if you can hire someone in Prague, is there a possibility for them to go and work an extended period, say in Germany. Because it's so much easier to hire and fire, to discipline or whatever it may be, in Prague than it is in Germany. If you want to retrench them, if you need to take disciplinary action, is it possible?"

Most participants view English as a universal business language and that most people understand it but point to general skills such as reading and writing, and when certain industry-specific terminology is required, there could be a challenge. Participant 3 also points to the different language requirements of the regions that they are responsible for, and that they require people who can speak various languages. Given their industry, they will need someone who can speak Italian, Polish and English to help their clients and therefore struggle to find suitable talent.

Participant 2 gives the following summary on their engineering operations in Africa with regard to language challenges:

> *"Now, what's difficult is often the language barriers. I mean, having the documents look and sound the same in different languages is quite difficult. And I'm saying that because moving up and seconding people from here, we're seconding mostly Afrikaans guys, and we're sending them to non-Afrikaans places. And they say in certain African countries, they only speak French. So, that is difficult and that does require some adaption from our side. You know, when the guys really can't write or understand your test, you have to go and deviate from that. You have to adapt and have a verbal or non-verbal observation assessment, you know. Like a task observation. And then the guy … 'Listen, I know you don't understand the test … you've seen me do this … do it. Let me watch you.' 'No! Don't pick up that.' It's kind of a hands-on, more practical. Like you would teach a four-year-old something. Mozambicans that speak Fanagolo, Portuguese and now they can't read what the machine says. And I have the training instructor there telling them 'OK, this machine is turning… when this vibration happens, press this button kind of thing'. And then you observe them for twenty odd hours and how many times they have to do this, just to make sure it's imprinted. They maybe can't read, but these bunch of pictures or words seem to indicate this. This process should follow the sequence. So, that adaption has been needed to be done in the past. But, it's really the exception rather than the norm. Our current process is writing tests, going to site, being observed on site, being found capable, coming back, being reviewed by subject matter experts that's able to find you competent or send you back for further training."*

5.3.2 Talent management adaptation

These factors have an impact on the participants' TM strategy to adapt to the host country's context, as they indicate. They all agree that they have to make some adjustments, even though they try to use their current TM strategy. As with corporate culture, most participants say that they can use elements from head office when implementing their TM strategy in the subsidiary, since it is best-practice and it has been tried and tested, but that tweaks, and adjustments are necessary, as explained by Participant 3:

> *"I think what generally happens is that we have the model, and I think the US generally would like to have the standard model throughout, but we've had to make small regional adjustments, depending on the complexity, so that we will have to adapt the talent acquisition as well as talent development around that particular market. Whereas in the US, it's not the same thing. You know, they may have responsibility across different … what do you call those … like counties (states). But you know, it's the same language, generally the same legal requirements, that type of thing, where the complexity in EMEA is, you know, it's across countries. And probably you would find the same in Asia Pacific as well, because it's a varying number of countries."*

The adaptation of TM strategies, in the view of Participant 5, include adapting or adopting, thus either adapting one's current strategy, or adopting the host country's practices. Participant 6 and 7 both agree that TM is an ongoing process that continuously evolves, while Participant 5 states that South Africa already uses best-practices, and only slight alignment with the new context is necessary. Participant 3 also includes that the type of talent needed in the new context would also cause a need to adapt, while Participant 9 replies that an MNE's TM strategy will be adapted for each different market they operate in. Participant 6 also says that time should be considered:

> *"I don't think there is a one-size-fits-all answer to talent. I think it really depends on knowing your market, knowing what your business wants and align to what the business needs are, but taking into account that you don't only create talent for a point in time where you're at. We have*

an overarching talent strategy and that is run through the group and what you need to take cognisance of is, what is the country's in-house requirement? So, in our world, it would be our E and FSE targets. In addition to, what is it our strategy requires, what are the future capabilities that the strategy is calling on for the next 2-3 years and how those are going to evolve and how quickly can you make that happen? Because your strategy needs to be delivered basically within 2-3 years. Then you need to have a longer-term plan, from five to ten years, because you evolve in different types of skill sets going forward. So, it does evolve based on what the country needs are, but the actual methodology and approach is very similar, but the details sitting at how … it depends … must be country related."

Participant 6 also states that they learn as they go:

"It will adapt for the local market, so depending on what the local market needs are… if it's specific technology, yeah and then they also need to go for some type of culture training… to develop when they hit the market, to understand … So, how do things work within the Kenya context as supposed to a Nigerian context… as supposed to Zimbabwe… very different circumstances…"

Participant 3 admits that their adaptations have not been sufficient, since they use a one-size-fits-all approach, but are busy reforming it. The same is also said by Participants 2 and 10, where an MNE does not want to change their TM strategy, or at least try to keep it as similar as possible to Head Office. However, Participant 2 concedes that the current TM strategy provides a good guideline for any adaptations. Participant 4 indicates that they have a global TM strategy that operates in the same manner globally, since all their systems and policies remain the same throughout the MNE.

5.3.2.1 Convergence
Except for Participant 4, all other participants indicate that their TM strategy changes, in varying degrees, when they enter a new market, irrespective of whether it is an emerging

or developed market. Participant 4 responds that since their organisation has to subscribe to policies and principles set out by their Head Office, there is no real need for them to adapt. Some participants believe their TM strategy converses, in other words, is becoming more and more similar. Participant 2 responds that they follow best practices and that this forms the basis of their strategy; therefore, very little adaptations are necessary. Participant 3 says that although Head Office wants them to use the same model globally, they do make slight adaptations, but that they do face challenges:

> *"We haven't been great up until now. We've sort of, um … done a one-size-fits-all, which we are … going to a country. So, they have given us the model and initially, when we rolled out the model, they said this is the model and we can't adapt it… So, they are trying to adapt the model slightly. So, they want to have the same base model, but just with regional adaptations."*

Participant 8 agrees with the comments made by Participant 3, in the sense that their Head Office controls the TM strategy:

> *"I think initially, often they sort of run the talent management and the HR often from international. So, while they're setting up, they often sort of keep the responsibility and accountability by HR talent management overseas until they're set up in South Africa. Um, and then I think what they probably do is keep a lot of their structures and policies and procedures the same and just slightly tweak it according to the South African market."*

Participant 5 says that their TM strategy is working successfully, and that there is no real need to change it, but also that they have no room to change it, since they consider South African practices as best-practice. The converse perspective is raised by Participant 9 who says that their training schools set the standard and that it works throughout Africa.

5.3.2.2 Divergence

The diverge perspective is mainly attributed to contextual factors of the host country, and only receives comments from participants, if they had to make adjustments because of such factors. Participant 2 notes that if they have to deviate from their current TM strategy, then they will adapt it. The same is also true for Participant 3, who says that they are not good at adapting their TM strategy, especially when looking at talent acquisition and development. Participant 7 states their TM strategy can change by as much as 75% to adapt to the new context, but also that TM is an ongoing process.

Participant 10 comments that their global talent management system is sufficient, but that one has to make adjustments for the country that on is operating in (translated from Afrikaans):

> *"There are always little challenges that you have to adapt in your local environment. I always say that 80% of it works the same, and sometimes 20% of things that are not the same, which you have to realise locally, such as what the issues are, the unique characteristics, as well as the unique solutions to those problems."*

The responses to the third research questions mostly agree that a form of adaptation is necessary, but that they do not always follow their own advice. A few participants indicate that the parent organisation dictates to them how to operate in a new context, and that minor adaptations to their TM strategy take a while to be approved and implemented. They all agree that TM strategies need to be more dynamic in adapting to local pressures. The use of expatriate staff works but is costly and developing talent locally also has the issue of retention. Those who operate in both emerging and developed markets also respond that one has to adapt strategies due to contextual factors and the type of talent one requires.

In the next chapter, the findings and results will be compared with the literature review and how MNEs strategize to fill human capital voids with the necessary talent, followed by the suggestions for future research and business implications.

Chapter 6: Discussion

Emerging markets are growing at a much faster rate than developed economies, therefore creating expansion and investment opportunities for multinational enterprises (MNEs), and attracting foreign direct investments for their economies (Christensen et al., 2017; Gao et al., 2017). The result of this impressive growth over the past decade meant that many of these emerging markets were left with insufficient talent and skills to be employed by the entering MNEs, creating a human capital void and contextual challenge for the MNEs (Doh et al., 2017). MNEs internalise this void by using their talent management strategy to import or create the necessary skills, knowledge and abilities (Al Ariss & Sidani, 2016). The results and findings of this qualitative study concentrated mostly on the African context; however, some other emerging and developed countries were also included for comparison (Sidani & Al Ariss, 2014).

6.1 Human Capital Voids

Human capital voids form one of five institutional voids that an MNE can encounter when entering a new market (Khanna & Palepu, 1997). Therefore, MNEs have to investigate the educational institutions and labour quality in the host country before setting up their new subsidiary (Gao et al., 2017). However, this has not been the case for many MNEs entering Africa. Their main focus is on growth opportunities, expanding their global footprint and because a need exists in the country for their services or products. The availability of human capital is only a secondary consideration, although many executives agree that it should form part of the MNE's global or expansion strategy. These human capital voids are mostly filled using expatriate staff from a head office, especially for middle to senior management of the country, thus importing the necessary human capital and internalising the void (Doh et al., 2017; Minbaeva & Collings, 2013). This practice supports the literature, which states that MNEs adapt their strategy to become competitive and sustainable in the new country (Beamond et al., 2016).

MNEs experience a skills shortage when entering an emerging market, as many participants responded. This is consistent with the literature that there is a scarcity of talent in emerging markets (Meyers & Van Woerkom, 2014; Swailes, 2013a). However, there was also a clear indication that some of the talent required are also scarce in developed markets, and that some talent is unique to the specific industry, rather than an overall skills shortage. As indicated by the findings, specialised skills are in short

supply because there is very little demand for such skills (Meyer & Xin, 2018), and also that MNEs have challenges to retain such talent once developed since the talent leaves for better opportunities (Cooke et al., 2015).

The search for human capital and talent needs to be balanced with both the short- and long-term needs of the new subsidiary (Tarique & Schuler, 2010). This was confirmed in this study as some MNEs consider the time and type of talent required when entering the new market; however, some MNEs preferred to use talent from their head office for their immediate and short-term needs, while only looking at the development and upskilling of talent in the medium to long term. No evidence was found that MNEs poach talent from competing organisations, which neither supports nor contradicts current literature (Amankwah-Amoah et al., 2017). The option of partnering with a local organisation were also not mentioned, but since most of the companies interviewed had a head office elsewhere that is responsible for research and development, there does not seem to be a need for such a partnership (Wang & Cuervo-Cazurra, 2017).

6.1.1 Types of human capital voids

Various types of skills, knowledge and abilities were cited as lacking, especially specific technical skills for mining, engineering and technological industries, confirming the shortage of science, technology, engineering and mathematics (STEM) fields of study (Christensen et al., 2017; Palepu & Khanna, 2010).

The inclusive view of talent management was widely reported on, and that due to human capital voids in general, a subsidiary considers all employees talent. This was in support of literature that stated that all employees, strategic or operational, should be considered talent (Al Ariss et al., 2014; Palepu & Khanna, 2010). This also supported the view that it was more ethical and motivating to treat all employees as a valuable asset (O'Connor & Crowley-Henry, 2017), and extended the view of inclusivity due to labour regulation and legislation of the new environment. The evidence indicated that since, in some countries, legislation compels MNEs to appoint local labour, and to upskill and develop them, this indirectly forced the inclusive view. This was also reported on by larger MNEs that practice succession planning.

The literature indicated that China is one of Africa's main investors, and that they compensate for human capital voids by importing their workforce, instead of using local labour. The study found this to be true, but extended this to the Chinese MNEs' reluctance to adapt and integrate into the new market (Cooke et al., 2015).

An interesting view on human capital voids was raised that there was the need for sunrise and sunset skills. Sunrise skills are new skills that are emerging such as data analysis, robotics, artificial intelligence and big data scientists. This was reported as a global shortage. Sunset skills were reported as old or redundant skills that were still needed to service an organisation's legacy systems that are in some cases still operational. The need for such skills was increasing in demand as organisations adopted technology, while legacy systems also still needed maintaining. Another significant response was the need for multi-lingual skills, where organisations operate a centralised call centre to service different regions with different languages. To add to the language problem, the evidence shows that such talent needs to have a good command of the specific industry's words and terms.

6.1.2 Emerging vs developed markets

The theory on institutional voids introduced in 1997, states that different markets have different institutions and structures that have an impact on an MNE's ability to operate in that environment, with the lack or absence of such institutions more prevalent in emerging markets (Gao et al., 2017). The evidence from the study supports this theory, especially when looking at the labour market of a country, and although this was not considered to be unique to emerging markets, it is more severe. Where specialised skills are concerned, the evidence showed that developed markets are also lacking in the supply of such talent, although on the basis of a very limited sample.

The evidence indicated that MNEs still invest in Africa due to the availability of cheap unskilled labour, but that they upskill these employees to create their own talent pool (Manikandan & Ramachandran, 2015). The study also found that MNEs use a mix of parent company nationals and host country nationals to staff the subsidiary (Tansley & Kirk, 2018). This may sound like an easy solution to the problem, but as confirmed, the complexities of operating in Africa requires MNEs to investigate the host country on its own, and not to generalise, specifically regarding culture and legislation (Horwitz, 2015).

The general view was that South Africa is the most developed country in Africa; thus providing MNEs with a point of entry to Africa, and that South Africa's labour laws and diversity align with the uniqueness of the African context (Horwitz, 2017). This was confirmed because the MNEs that were included in the study are all the organisations' head offices for their operating regions, including Africa. It was also noted that South Africa is considered to have some of the best talent on the African continent.

In comparing emerging and developed markets, evidence showed that there is a difference between the productivity levels between emerging and developed markets, and also between different emerging markets; thus, in some contexts, more labour is needed to do the same job than in another context. The study also indicated that more established sectors do not experience severe talent shortages, such as accountants and auditors. This confirmed the unique complexities of both markets (Vaiman et al., 2012).

For Research Question 1, most of the findings confirmed the challenges that MNEs face when entering a new country, with specific reference to Africa and the types of skills shortages (Al Ariss & Sidani, 2016; Swailes, 2013b).

6.2 Global Talent Management

Global talent management forms part of an organisation's international human resource strategy, and focuses on their ability to align an individual's competencies, personality and motivation with the organisation's strategy to allow the talented individual to operate in a globally competitive and dynamic environment (Cerdin & Brewster, 2014; Khilji et al., 2015). This section of the study investigated, where MNEs get their required talent from, and found that most of them use expatriate staff in the short term. The results showed that MNEs use parent company nationals to set-up the subsidiary, fill talent shortages, recruit and develop suitable talent, and uphold the organisation's culture and values, confirming the views expressed in the literature (Morris et al., 2016; Tatoglu et al., 2016).

6.2.1 Expatriation and mobility

With special attention to Africa, many MNEs make use of expatriate staff to compensate for the lack of talent (Horwitz, 2017), especially when an industry operates in a niche market. All the MNEs make use of self-initiated expatriation or voluntary expatriation, believing that if the employee is willing to work in another country, their performance will not suffer. There were no reports of any performance issues, contradicting literature that such employees have issues adjusting to the new context, but the study confirmed the view that preparation and willingness for employees moving to another country are essential (Minbaeva & Collings, 2013). There was a strong emphasis on the mobility and willingness to move among South African employees, mainly due to better remuneration packages offered, with no other reasons given; however, since only employers were

interviewed and not the employees, personal reasons were not explored (Cooke et al., 2014; Guo & Al Ariss, 2015; Schuler, 2015; Vaiman et al., 2015).

The MNEs' responses to legal pressures to employ local talent confirmed the stated literature's view (Sidani & Al Ariss, 2014). MNEs make use of a balance between expatriate staff and local labour to balance their, and the host-country's, contextual requirements. Since most MNEs repatriate their talent after a few years, this helps them to create local talent in a shorter time. This also confirms that a mix helps a new subsidiary to adjust to the new environment faster (Farndale et al., 2014). In these instances, MNEs use local recruitment agencies, or employ an HR manager from the host country to use their talent to adapt to the new environment and balance the corporate culture with the local context (Morris et al., 2016).

The preparation and support of mobile talent is important when sending talent on a global assignment, as this will prepare them for cultural and other contextual shocks. MNEs responded that before they send an employee on a global assignment, they consider whether the employee indicated that they are willing to move, do a psychometric test, or put them through a change management programme, as this will assist them to adapt to their new environments. There were also reports that such programmes needed more attention, both with preparation, as well as repatriation. This extends the literature that ongoing support and development remain a concern for MNEs (Cascio & Boudreau, 2016). The study found that even though there is support and preparation, sometimes the best is for the employee to be in the new market and experience it before they consider their mobility. There were also reports that some talent just did not adapt, mostly because of cultural differences. In such instances, MNEs would rather repatriate the talent instead of losing them (Sparrow & Makram, 2015).

As part of mobility, the MNEs confirmed the literature's findings that the mobility of an employee is severely impacted by family obligations (Vaiman et al., 2015). The findings showed that MNEs do take such personal factors into consideration, but that mobility for such employees decreases, even though they do accommodate the family. MNEs indicated that they send the family with, or allow regular paid visits, but that it is very expensive. This confirmed the cost element of using mobile talent (Schuler, 2015). It was also reported that when an employee is not happy in their new environment, or their family is not happy, their performance can be affected, and that MNEs need to look after the family as well. Although performance issues were raised in the theory (Collings, 2014), the family's adaption and integration in the new country extends the challenges that MNEs could possibly face with mobile or expatriate employees.

The main reasons for using expatriate employees were reported as knowledge transfer and to compensate for the human capital void. This concurs with the literature that MNEs import talent to key positions (Sidani & Al Ariss, 2014), and for knowledge transfer. There was also evidence that more needs to be done when an expatriate returns to their home country (Morris et al., 2016) to allow them to adapt to the changed environment.

The evidence also shows that MNEs are following the rules of the host country by employing local labour, and upskilling and developing them, since there is an abundance of unskilled labour in African countries. Most MNEs develop and train this labour internally in their relevant departments, with some larger MNEs having their own training department. This was done in order to instil the corporate culture of the MNE, as well as setting the level of professionalism and standards of ethics, thus confirming the practice as illustrated in the literature (Meyer & Xin, 2018). The findings from this study also indicated that retention of the newly developed talent becomes a problem since younger talent are more willing to move to new organisations, using the MNE as a stepping-stone in their career aspirations. This means that whether they use expatriate staff or local talent, both approaches have their challenges and cost implications, confirming the need to balance the two practices (Morris et al., 2016). This balance is difficult for smaller MNEs to achieve that are just starting out with their global footprint because they have limited resources.

6.3 Talent Management Adaptations

TM strategies are often adapted from their original form and adopt the new market's characteristics. Apart from human capital voids discussed earlier, other contextual factors, not unique to emerging markets, also influence an MNE's TM strategy when expanding into new markets. This implies that a balance between the parent company's and the host country's strategies must be maintained, implying that the TM strategy could diverge, converge or cross-verge (Tatoglu et al., 2016). The findings from this part of the study had varying results, with MNEs indicating either a diverse perspective or a converse perspective; however, they indicated that the TM strategy will display change, however minor. The evidence gathered also indicates that MNEs internalise human capital voids and use TM strategies to compensate for this lack of skills, in accordance with the literature (Manikandan & Ramachandran, 2015).

The fact that TM strategies change between countries and branches was confirmed by the study, with responses indicating that in the South African market, there are even differences between different provinces. The MNEs indicated that they, in some cases,

have to accommodate regional differences as well, proving that depending on the industry, TM strategies should be unique to the context they operate in, even locally (Thunnissen et al., 2013). A similar challenge was also found for the mobility of talent between different regions, where MNEs needed to provide support and assistance when relocating talent between Johannesburg and Cape Town, and not just on the rest of the continent (Vaiman et al., 2015), thus confirming the importance of context and the operating environment (Sonnenberg et al., 2014). The findings also indicated that properly prepared and supported talent adapts well in their new environment, with very little need for their specific TM strategies.

Another reason provided for resistance to TM strategy adaptation was the influence of policies from their head offices. Experienced MNEs are reported to have refined their TM strategy and that it was integrated into their overall human resource management systems, such as performance management, career planning and training and development. These MNEs indicated that very minor adjustments were and will be made, if needed.

The biggest factor for an adaptation of the TM strategy was culture. This was also named as one of the biggest issues for the expatriates (Schuler, 2015). Where MNEs move to neighbouring countries, such cultural differences were not as severe as when they move into a completely new market or context; therefore, minor adaptations were considered. Where bigger adaptations needed to be made, it was reported that there are major cultural differences, including religion, work ethics and labour force. However, as stated previously, MNEs believe it all comes down to preparation, understanding the new culture, the similarities and differences. This is in agreement with Schuler (2015) that culture has a considerable impact on TM. TM is also used to instil corporate culture, the vision and mission of the organisation, and ethics and professionalism into locally recruited talent.

Legislation, laws and regulations of the new market were another big challenge reported on. These included limitations on expatriates and the amount of time they were allowed to work in the country, forcing MNEs to employ local labour. Although this affects the human resources department in terms of employment contracts and conditions of employment, the TM strategy was also influenced in terms of training and development. Where such legislation dictates ownership structures of subsidiaries, the TM had to focus on creating senior managers and leaders, as opposed to technical and operational skills. This again posed the retention challenge of developed talent for some MNEs. This is in agreement with literature that laws and regulations have an impact on TM strategies (Al

Ariss & Sidani, 2016), and also confirms that MNEs use TM to compensate for the lack of skilled labour.

6.3.1 Divergence

The divergence perspective proposes that TM strategies will diverge and adapt to the organisation's local environment (Collings & Mellahi, 2013). The interviewed MNEs all agreed that some sort of divergence is necessary in the different contexts, even if it is very minor. Factors such as legislation, culture, language and human capital shortages were the main reasons reported. This supports the literature, except that child labour was not identified as a significant variable by participants (Al Ariss & Sidani, 2016). Most of the MNEs indicated that their strategies vary greatly across the globe due to contextual factors. They mostly enter a new market with their current strategy and then follow a learning curve in adapting it to the local environment. This practice also helps them establish their corporate culture and values, before starting to change their human resources management policies (Cascio & Boudreau, 2016).

They also indicated that local pressures force them to make changes to their TM strategy. These included providing employment, training and development to the local workforce, which was in most instances planned for. There was an indication that such training and development was made more difficult due to language issues, especially with the unskilled workers. This meant that some of the adaptations of their TM strategy had to accommodate different languages, but also workers who could not read and write. Such practices, including literacy, enhances the literature of TM since it was not considered as a reason for such adaptation.

Whichever way MNEs adapt their TM strategy, they agreed with the literature that the newly adapted strategy should remain aligned with the overall corporate strategy (Cascio & Boudreau, 2016). The same was said for the expatriated talent since the new context could detract them from their purpose at the subsidiary.

6.3.2 Convergence

The convergence perspective theorises that Western practices would start to dominate GTM strategies (Al Ariss & Sidani, 2016). Emerging market MNEs reported that extreme cultural differences had an impact on their TM strategy, but that some TM strategies still converged (Wöcke et al., 2007). This literature was confirmed with some of the larger and older MNEs reporting that their TM strategy had been refined with experience, and

that only minimal adaptations were needed to adjust to the local environment. The MNEs also indicated that in Africa, South African TM strategies are considered best-practice, and that they contain best-practice elements that can be used in Africa, while other MNEs made use of technology to keep their TM strategies similar to those of their parent companies. The use of such human resources software integrates the employees' career plan, performance measures and developmental needs, thus allowing Head Office to monitor and control the subsidiary's TM strategy. This practice seems to be working well, extending the literature into TM and the virtual workforce (Brewster et al., 2015).

6.3.3 Cross-vergence

The cross-vergence perspective proposes that best-practices from both emerging and developed markets will merge to establish a new GTM concept (Al Ariss & Sidani, 2016). This perspective aligns with the findings that larger and experienced MNEs are able to use a global system, with only minor contextual adjustments, where the foundation for the TM strategy is established by the parent company, while some adjustments are made to accommodate the host country (Khoreva et al., 2017). When comparing the experiences of MNEs that operate in both emerging and developed markets, they all still indicated the same contextual factors that affect their TM strategy. This would imply that both types of markets have similar issues; however, just to varying degrees. This confirmed that TM and GTM have to be more agile and dynamic to adjust to different contexts, and not just for emerging markets (Andrianova et al., 2018; Cappelli & Tavis, 2018). The MNEs in this study also indicated that they use a large part of their current TM strategy, but that their subsidiaries are slow and reluctant to make the necessary changes to it.

To summarise TM adaptations, both the literature and the surveyed MNEs agree that there is no one-size-fits-all plan and that they work best for the context in and for which they were developed. This includes the broad spectrum of different industries, regions and countries, irrespective of whether they are emerging or developed markets. There are some general concepts that can be transferred to the new subsidiary, but they need still to be cognisant of the new context. MNEs need to take a more proactive approach to TM in the sense that it must be adaptable and dynamic to be used when strategizing to open a new branch or subsidiary in a new environment (Tatoglu et al., 2016).

Chapter 7: Conclusions and Recommendations

This research was aimed at determining the extent to which multinational enterprises (MNEs) experience human capital voids when entering an emerging market, with specific reference to the African continent, how they fill this void, and how their talent management (TM) strategy is adapted because of these human capital voids. This chapter will answer the research questions according to the results that were collected, the implications for managers, and provide directions for future research.

7.1 Research Question 1

To what extend do MNEs experience human capital voids when entering emerging markets?

This question was asked due to a general belief that emerging markets have major institutional voids, with the main focus being human capital voids posing a risk to MNEs that want to open a subsidiary in a new country (Doh et al., 2017; Gao et al., 2017). The theory and literature on human capital voids in emerging markets indicated that such markets have poor education systems (Christensen et al., 2017), leaving a gap in the supply of talented employees available to the market. While the overwhelming majority agreed with the literature, it also emerged that the same problem is experienced in developed markets, but to a lesser extent.

Human capital is referred to as any skills, knowledge or abilities that an individual or group have, and includes everything from basic technical skills, up to executive leadership abilities (Palepu & Khanna, 2010). This range of human capital was also referred to by the participants in the study, where they indicated that they experience any human capital voids across the board, and not just at certain levels, with technical skills being one of the more prominent themes. This void was internalised by all MNEs to overcome the constraint, and also to abide by local laws and legislations (Doh et al., 2017). This referred to the use of the local labour, including unskilled labour, and training and developing them to fit with the MNE's strategy and culture. Specialised skills were also an issue for many MNEs, not only in emerging markets, but also in developed markets. Because such skills operate in a niche market, the demand for such skills is generally low, therefore the supply is low. These specialised MNEs, operating in niche markets, make use of expatriation and internal development and training in these cases.

When comparing emerging and developed markets, the general response indicated that human capital voids are not unique to emerging, or even African, markets, but that MNEs experience a shortage in developed markets as well. The participants also indicated that they use the same online training, development and performance appraisal systems globally, therefore treating and considering emerging markets and developed markets as equal and enforcing the MNE's strategy and culture universally. The World Economic Forum's Global Competitiveness Report also indicates that MNEs have similar experiences in both types of markets, when looking at their educated workforce and restrictive labour regulations. For some, the developed countries pose a larger challenge than some emerging markets (Schwab, 2015, 2016, 2017). This confirms that human capital issues are not exclusive to emerging markets, but rather that each country is unique and should be treated as such.

7.2 Research Question 2

What strategy do MNEs follow to ensure human capital is available?

This question focused on how MNEs mitigate the shortage of talent and skills, whether they import them through expatriation assignments, or whether they source and employ local talent (Khilji et al., 2015). MNEs, in general, make use of expatriates to start and set up new subsidiaries in host countries, for a duration of up to five years, and it may be longer in some instances. However, many host countries limit the number of expatriates and the time they are allowed to work in their country through laws and regulations. This means that MNEs need to have an upfront strategy in place to have the subsidiary operating successfully within a set timeframe. This strategy must include how and where they will source local talent, train and develop them, and keep the subsidiary competitive. MNEs believe that a balance between imported and local talent should be maintained to ensure that the imported talent can transfer the necessary skills, corporate culture and strategic objectives, while at the same time learning from the local talent about the host country's economic and business environment.

MNEs should also pay closer attention to the preparation and repatriation of their mobile talent, and although many of them do have formal programmes in place, it was reportedly not sufficient (Collings, 2014). They raised issues such as retention of the expatriate, and that when they return, especially after a longer-termed assignment, they often struggle to reintegrate at the parent company. While the literature also pointed to performance issues of the expatriate while on assignment, none of the participants mentioned this as a problem. The retention of trained and developed local talent was

also an issue for many MNEs, since they were poached or left the MNE, once their employability had increased.

The cost of both sending an expatriate and sourcing local talent are high. This again means that MNEs should provide ongoing support for the expatriates and offer their developed talent incentives to stay with their organisation. Some MNEs have their own internal "universities" or technical training centres to develop their talent, which improves their employability, therefore retention of such talent should receive more attention.

7.3 Research Question 3

Does the MNE's talent management strategy remain the same universally, differ substantially among subsidiaries, or is best-practice universally used?

The aim of this question was to ascertain how TM strategies change between subsidiaries operating in different markets, in both developed and emerging economies, especially considering contextual influences (Al Ariss & Sidani, 2016). The three main possibilities were whether they diverge, converge, or cross-verge.

With the convergence perspective, MNEs agreed that there are certain elements of their TM strategies that can be transferred to new countries, such as performance measurement systems, career planning and continuous online training. Also, where there are similar cultures and customs as that of the parent company, TM strategies are easier to implement and transfer. Should an MNE operate within a niche market, their TM strategy is used universally, since there exist no other alternatives (Brewster et al., 2015).

The divergence perspective is brought about by differing cultures, laws and regulations, and even languages. These factors forced the MNEs to relook their TM strategy in the host country to compensate for these variables. Contextual legislation dictates to organisations what their employment strategies must adhere to, and who they can employ. Included in these factors are cultural norms and traditions, which have an impact on local labour of what they expect from their employer, such as the necessary training and development. In this instance, MNEs had to make major changes to their TM and global talent management (GTM) strategy to accommodate these variances to operate successfully and competitively in the new market (Sidani & Thornberry, 2013).

The cross-vergence perspective arguably emerged as the more preferred choice, both from literature and MNEs in the study (Sidani & Al Ariss, 2014). Cross-vergence allows

the MNE to use best-practice from the parent country, while allowing for host country variations. Considering the imbalance of skills supply and demand, a common occurrence in both developed and emerging markets, MNEs use globally accepted elements from their parent country's TM strategy, while allowing for host country context (Brewster et al., 2015). All the surveyed MNEs concurred that even though their TM strategy can remain up to 80% the same, there was always a need to accommodate the host country's context. The cross-vergence perspective thus allows for a "best fit" approach between the MNE's GTM and TM strategies. With the use of technology and online human resource management, the use of parent-country TM strategies is possible, while allowing host-country influence room to adapt. This concludes that all countries and subsidiaries operate in unique and complex environments, and that there is no one-size-fits-all approach to TM, not between countries and not between subsidiaries, and that each subsidiary and host country should be treated as unique, irrespective of whether they are emerging or developed economies. TM strategies should allow for variances and become more dynamic.

7.4 Implications for Management

Human capital voids are no longer just an emerging market issue, but a global challenge. Although the severity could be worse in emerging markets, the challenge for the MNE remains the same, and the solution will be the same. MNEs have demonstrated that they successfully internalise the constraints by adapting their TM strategies and creating their own talent in both markets. The evidence mostly confirms the literature in the sense that human capital voids exist in emerging markets; however, this is no longer unique or limited just to these markets. Depending on the industry in which the MNE operates and which talent they require, the war for talent has become a global one. This places Africa on a par with other developed and emerging markets in terms of labour, and although Africa has its own unique challenges, so does every other market (Doh et al., 2017). The theory of TM also needs to investigate sunrise and sunset skills, as it emerged that such talent is in short supply.

It has also been proven that the practice of expatriation for new ventures, with a balance between expatriates and host country employees, works favourably; however, certain legislation has a strong impact on this practice. While some countries are easier to move into and want to attract skilled labour, other countries are making it more difficult because of their strategies to promote the employment of the host country's workforce (Khilji et al., 2015). MNEs should also pay closer attention to the retention of their skilled labour,

both the expatriates and the local employees. The more employable an individual becomes, the more likely they are to leave for better opportunities (Vaiman et al., 2015). This includes both expatriates and locally developed and trained talent. Expatriates, although a practice by some MNEs, need more preparation and support before, during and after their assignment. Surveyed MNEs agreed that more needs to be done to support and retain these valued and talented individuals. The same applies to host-country nationals who become more employable once they are trained and developed. The investment made in these individuals needs to yield a return, and the risk of losing them reduces the sustainability of the subsidiary.

The practice of cross-vergence has emerged as the best way to approach GTM and TM in MNEs. The differences and commonalities of different markets prevent TM strategies to either converge or diverge (Brewster et al., 2015). Cross-vergence allows MNEs to use best-practice from the parent country, due to commonalities in markets, but also to consider congruence with the host country's differences. The theory of having a globalised TM strategy has been challenging for most MNEs, but with global experience, the best-practice aspects can be standardised, while leaving room for contextual factors. As this study indicated, a TM strategy works best in the context for which it was designed (Thunnissen et al., 2013). The MNEs agreed that a TM strategy should be dynamic and adaptable to allow for contextual influences, and that these influences are different for each country, whether in Africa, emerging or developed. The use of information technology in the standardisation of TM strategies has proven to work well to enforce some best-practice aspects from Head Office, while the use of host-country nationals enhances the TM strategy through their knowledge of the environment and context of the country.

This research contributes to TM practices in Africa and suggests that African countries are not unique when comparing human capital voids to other emerging and developed markets. The study also suggests a balance between expatriate staff and host country nationals to allow for contextual factors, but also the sustainability of the subsidiary in that country. And last, the use of the cross-vergence perspective has emerged as the best form of TM strategy in a new country, since it uses elements from both the host and parent country.

7.5 Limitation and Directions for Future Research

The sample used in this study was small, only ten participants, and therefore the generalisability of the results will be limited. A larger sample could enhance TM practices

in Africa more with a deeper insight into each individual African country and their contextual factors and the influence they will have on the TM strategy.

The MNEs used in this study were from both developed and emerging markets, to get and overview of what each considers a challenge, but better inferences can be made by only looking at emerging market MNEs **or** developed market MNEs, and how they experience TM in Africa. The distinction between the two different markets should also yield, which best-practice elements in their TM strategies emerge.

The use of technology in human resources has emerged as one of the ways, which MNEs use to standardise their TM strategies globally, but this needs deeper insight to ascertain the effectiveness and adoption of such systems. The lack of emerging and redundant, sunrise and sunset, skills were not explored, but should be studied further to provide MNEs with guidelines of how to develop such skills in their respective industries. A longitudinal research project could also review the effectiveness of these two practices, namely TM and IT.

An organisational view of TM was used for this study. An individual view from the expatriates could provide a deeper understanding of their lived experiences of working in African countries, as well as challenges they experience both in the host country and from the head offices.

Last, this study was conducted in South Africa, and thus contains experiences from MNEs that compare the new context to South Africa only. Similar studies could be done in other African countries to compare their experiences and perceptions with literature and other markets on a more macro level.

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Appendix 1: World Economic Forum Global Competitiveness Report Extract

Table-2: Adapted from the WEF GCR for 2016, 2017 and 2018

	F / E / D	OECD	WEFA GDP 18	BRICS	G20+EU	2016 IEW	2016 RLR	2017 IEW	2017 RLR	2018 IEW	2018 RLR
Argentina	F				X	1,8	5,6	2,6	5,8	1,7	7,9
Australia	D	X			X	3,5	22,5	3,9	20,2	4,4	20,3
Austria	D	X			X	4,6	20,8	6,5	23,6	5,8	23,2
Belgium	D	X			X	2,6	20,9	2,1	17,4	4,1	16,1
Botswana	F					9,3	11,9	10,8	8,6	8,7	10
Brazil	E			X	X	6,9	13,5	4,8	8,7	4	12,5
Bulgaria	F				X	9,9	6	10,9	5,6	8,2	4,3
Canada	D	X			X	5,7	6,7	5,1	4,9	4,5	5,8
Chile	E	X				15,8	18	11,6	15,8	7,8	17,5
China	E			X	X	4	3,7	4,8	4	5	4
Cote d'Ivoire	F		X			5,3	2	4,7	2,7		
Croatia	F				X	5,8	9,8	3,7	5,9	3,7	5
Cyprus					X	2,4	6,1	7,9	8,6	5,1	10,2
Czech Republic	E	X			X	7,1	7,6	7,3	7	7,3	8,3
Denmark	D	X			X	9	11,6	9,5	14,3	9,5	10,3
Estonia	F	X			X	19,7	4,4	17,3	8,5	17,9	5,6
Ethiopia			X			3,6	7,8	4,2	2	4,5	3
Finland	D	X			X	1,5	22,9	0,8	29,4	1,7	27,3
France	D	X			X	2,9	20	3,9	23,8	3,1	19,1
Germany	D	X			X	7,6	14,4	11,1	10,6	8,1	10,5
Greece	E	X			X	0,8	5,4	0,6	3,5	0,5	1,2
Hungary	E	X			X	7,6	1,9	8,8	1,5	15,2	3,2
Iceland		X				1,3	1,6	1,9	2,9	3,8	3,1
India	E			X	X	5,5	5,5	2,5	4,4	6,6	5,5
Indonesia	E				X	2,7	2	6,6	3,7	4,3	4
Ireland	D	X			X	4,8	5,2	2,3	4,2	3,6	7
Israel	D	X				7,7	5,4	8,1	7,1	10,1	8,6
Italy	D	X			X	2,1	10,5	2,4	11,5	3,4	11
Japan	D	X			X	2,8	19,2	1,4	19,3	3,3	21,1
Kenia	F					1,9	2,4	2,1	2,8	2,3	1,5
Latvia		X			X	9,2	4,4	6,6	2,4	7,5	4,4
Lithuania	F	X			X	9,3	13,5	9	14,3	9,7	13,2
Luxembourg		X			X	21	18,4	18,7	17,5	23,5	18,9

Country											
Malta					X	12,3	4,9	15,4	7,4	11,2	5
Mauritius	F					11,9	6	13,7	4,6	11,8	2,9
Mexico	E	X			X	3,6	4,5	5,1	4	4,8	3,1
Netherlands	D	X			X	6,8	18,9	9,1	21,1	11,3	18
New Zealand	D	X				11,9	10,3	14,2	7,1	11,1	8,4
Nigeria	F					4,4	0,6	3,1	0,7	3,8	0
Norway	D	X				3,5	15,7	3,3	14,9	1,6	14,2
Poland	E	X			X	5,1	14,7	6,2	14,1	7	12,5
Portugal	D	X			X	5	12,2	5,5	13,3	4,5	13,8
Romania	F				X	6,8	4,7	10,4	2,6	11,9	1,8
Russia	E			X	X	7,3	3,6	4,6	2,7	7,4	2,4
Rwanda			X			15	4,3	17,8	0,7	12,9	2,8
Saudi Arabia					X	15,8	24	15,5	24,9	11,1	20
Senegal	F		X			7	8,6	7,2	4,3	6,9	3,8
Slovakia		X			X	6,6	11,3	7,4	8,9	8,5	8,8
Slovenia	F	X			X	2,1	16,5	3	12,3	4,4	13,9
Spain	D	X			X	4	14,7	6,1	13,2	6,9	13,5
South Africa	E			X	X	10,9	18,3	12,9	17,5	6,1	6,3
South Korea	E				X	2,7	13,3	2,2	13	3,9	8,7
Sweden	D	X			X	6,8	23,2	11	20,1	9,3	14,8
Switzerland	D	X				10,1	14,4	12,5	14,4	13,7	18
Tanzania			X			4,6	2,5	3,7	2,4	3,4	1,3
Turkey	E	X			X	12	5,2	12,3	7,1	11,7	2,4
UK	D	X			X	12,7	7	10,8	7	10,3	6,3
USA	D	X			X	8,6	9,7	7,4	8	4,4	7,4

E / F / D: Emerging / Frontier / Developed Market

OECD: Organisation for Economic Co-operation and Development

WEFA GDP 18: World Economic Forum Africa's Fasted Growing Economies for 2018

BRICS: Brazil, Russia, India, China, South Africa

G20 + EU: G20 and European Union Member Countries

IEW: Inadequately Educated Workforce

RLR: Restrictive Labour Regulations

Appendix 2: Informed Consent

Informed Consent Letter

Title of the Research Project:

The Adaptation of Talent Management to Fill Human Capital Voids

Details of Researcher:

TJ Esterhuyse. MBA final year student at Gordon Institute of Business Science, University of Pretoria

I am conducting research on talent management practices in MNEs to compensate for human capital voids. The interview is expected to last about 45 minutes and will help us understand the scope of human capital voids in new markets and how talent management can assist to fill these voids. The interview will be recorded to facilitate data analysis. ***Your participation is voluntary, and you can withdraw at any time without penalty. All information and data will be treated as confidential. All data will be reported without identifiers.*** If you have any concerns, please contact my supervisor or me. Our details are provided below:

Researcher Name: T.J. Esterhuyse   Research Supervisor: Colin Rowley

Email: tjesterhuyse@gmail.com   Email: colinrowley@vodamail.co.za

Phone: 082 454 8038   Phone: 082 828 5413

Signature of Participant: Date:

Signature of Researcher: Date:

Appendix 3: Interview Schedule

Interview Schedule

Thank the person for their time

Describe the purpose of research

Confirm willingness to participate in study and ask to please sign informed consent letter

Confirm acceptance of the interview being recorded and offer confidentiality

If the participant withdraws, thank them for their time and end the interview

Switch on the recorder and introduce yourself, participant and organisation

Research Question 1: To what extent does (*organisation name*) experience human capital voids when entering an emerging market?

1. What skills shortage do (*organisation name*) experience upon arrival in a new market?

2. Why do (*organisation name*) expand into these markets particularly? *(emerging vs developed)*

Research Question 2: What strategy does (*organisation name*) follow to ensure human capital is available?

3. What strategies are put into place during the planning phase to ensure human capital is available? *(import or source local)*

4. How does this strategy change, considering new contexts / markets? *(adaptations)*

Research Question 3: Does (*organisation name*)'s talent management strategy remain the same universally (converge), differ substantially among subsidiaries (diverge), or are best-practices universally used (cross-verge)?

5. What "best-practice" aspects do (*organisation name*) retain when entering a new market? *(converge or cross-verge)*

6. What factors influence your (global) talent management strategy? *(diverge)*

Appendix 4: Ethical Clearance

Gordon Institute of Business Science
University of Pretoria

19 July 2018

Esterhuyse Thomas

Dear Thomas

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee