Talent Production in the Face of Retirement of Baby Boomers in Developed Countries

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Abstract

The recent trend of globalization has been characterized as the flow and exchange of goods, services, capital, and informative services and at high level qualified skilled labour. In developed countries it is forecasting that 80% of baby boomers workforce are working beyond 60 years of age. The retirement of baby boomers create huge gap between workforce demand and supply. The phenomena of transfer of human resources have been undergone extensive scrutiny in developing countries. Developed countries attract qualified skilled workers from developing countries in the form of incentives, scholarships from developing countries to fulfil the required talent gap. On the other side the surplus workforce in developing countries also create gap between jobs demand and supply. This paper will examine the phenomenon of talent demand in developed countries and production as well as supply from developing countries. For this purpose final year students of MBBS, BDS and Engineering studying in universities / DAI charted by government of Khyber Pakhtoonkhwa, Pakistan is considered population. 50% sample size was randomly selected and 980 self administrative questionnaires were distributed and response was received from 920 corrected / completed in all respect. Result show that huge demand in developed countries attract the talented individuals and unemployment in developing countries compelled the talented individuals to flight.

Keywords: Talent Management, Talent Supply and Demand, talent shortage in developed countries, talent production in developing countries and talent attraction attributes

The phenomenon talent management represents a paradigm shift from more traditional human resource related literature (Hambrick and Mason, 1984; Schuler, 1989; Wright and McMahon, 1992; Huselid et al., 1997; Miller, Burke and Glick, 1998). Talent management has been widely seen as a solution for the HR challenges in today's labour market (Lewis & Heckman, 2006; Ritz & Sinelli, 2010; Schuler, Jackson, & Tarique, 2010).

Talent Management requires a systemic view that calls for dynamic interaction between many functions and processes (Cunningham, 2007). It is an ongoing, proactive activity about attracting, identifying, recruiting, developing, motivating, promoting and retaining people that has a strong potential to succeed within an organisation (Laff, 2006; Uren, 2007; Berger and Berger, 2004; Schweyer, 2004). Failures in talent management may be more recognizable than the concept itself. Those failures mean mismatches between supply and demand; too many

employees leading to layoffs and restructurings; and not enough talent, leading to talent crunches are pointers to the organizations disdain.

The concept of Talent Management is going now importance in the developing world since the consequence of aging population were forecasted to be more acute in Europe and Japan (The Economist, 2006a). It is estimated that by 2025 the number of people aged 15-64 is projected to fall by seven percent in Germany, nine percent in Italy and 14% in Japan. It is also estimated that at least 500 biggest firms in America will lose large numbers of experienced workers (senior managers), due to the retirement of baby boomers (*Economist,* 2006a).

Research problem

In developed countries it is forecasting that 80% of baby boomer workers are working beyond 60 years of age. The retirement of baby boomers create huge gap between workforce demand and supply. Resultly developed countries attract talent individuals from developing countries to bring equilibrium between supply and demand. On the other side the surplus workforce in developing countries also create gap between jobs demand and supply. So, research efforts are required to articulate the required talent supply and demand gap of developed and talent production in developing countries. This paper will examine the phenomenon of talent demand in developed countries and production as well as supply from developing countries.

Literature Review

The importance of talent management as a source of capability development is seen to be even more important in the current context because of the global skills shortage which is a widely accepted phenomenon (Aiman-Smith, Bergey, Cantwell and Doran, 2006; Bernhart, 2006; Donaldson, 2006; Green, 2000; Holland, Sheehan, Donohue and Pyman, 2007; Thomson, 2007; Leape, 2006), and which makes the attraction and retention of employees increasingly challenging. The demographic makeup of most developing countries is leading to an aging work population (Strack, Baier and Fahlander 2008), and in some industries, the numbers due to retire over the next ten years are very high (APSC, 2007; Patrickson and Hartmann, 1995). Although some argue the focus upon demographic changes in the skills shortage debate is too strong (Barrett, 2007), there is evidence of a real mismatch between the jobs on offer and the recruitment pool available. This reduction in the workforce available to organisations has led to an increasing focus within human resource departments upon: training for current staff to develop their skills, strategies to retain staff for longer and re-considering the skills and capabilities really needed for a job in order to rethink the recruitment pool actually available (Holland, Sheehan and De Cieri, 2007). A range of different strategies for talent management to overcome the skills shortages are being developed

(Romans, Frost and Ford, 2006; Archer, 2007; Dewey, 2007; Baxter and MacDonald, 2007) but many demonstrate a current theme of trying to attract young talent and then holding on to it. The better standard of living and quality of life, higher salaries, access to advanced technology and more stable political conditions in developed countries often attract scientific talent from less developed areas.

In business world, the labor shortage is a highly contentious issue. Many human resource professionals pointed out a slowdown in labor supply growth coupled with increasing demand will cause disastrous labor shortages over the next three decades, which could seriously restrain the development of companies. Thousands of data indicate that there are not enough qualified workers in the labor pool today and that the talent pool is shrinking every day. Take the America for example, a predicted 10 million worker shortage in 2010, and up to 35 million shortages by 2035. (Lefkow, 2005). A report from Population Division described that the number of older people has tripled in the last fifty year, it will more than triple again in the next fifty years. Over the first half of the current century, the global population 60 or over is projected to expand by more than three times to reach nearly 2 billion in 2050 (Cohen, 2005). In the U.S. energy industry, more than a third of the workforce already is over 50 years old, and the aging group is expected to grow by more than 25% by 2020. The amount of workers over the age of 50 in the Japanese financial services sector is supposed to rise by 61% in following few years. Even in an emerging market like China, the number of manufacturing workers aged 50 or older will more than double in the next 15 years.

Manpower Group's 2012 Talent Shortage Survey, the seventh in the annual series, explores the extent to which employers in the world's leading economies are having difficulty filling talent; what jobs are most difficult to fill and why; concern over stakeholder impact; and what strategies employers are pursuing to overcome the talent shortage. The global supply of talent is short of its long-term demand, and the gap is a challenge for employers everywhere. The shortage between the demand and supply of talent is likely to continue to increase, notably for highly-skilled workers and for the next generation of middle and senior leaders. Most emerging nations with large populations, including Brazil, Russia, India, and China, may not be able to sustain a net surplus workforce with the right skills for much longer. Now, more than ever, organizations need to place greater emphasis on attracting human capital rather than financial capital. Because capital is broadly available from investors and lenders, and innovations can be duplicated relatively easily and quickly, effective human resource management is the best way to differentiate one company from another.

The opportunity has never been greater for multinationals to attract top talent from emerging countries, such as Brazil, Russia, India, and China, or to outsource work to these countries. Global population

growth differs greatly between developed and developing countries. In the developed countries, USA, EU, and Japan, the current annual rate of growth is less than 0.3 per cent, while in the rest of the world the population is increasing almost six times as fast. According to McKinsey Global Institute, there are approximately 33 million potential professionals in emerging markets and they are growing very quickly. The stock of suitable, young professional talent in emerging markets is growing at 5.5 per cent annually, while the number in developed countries is growing at just 1 per cent annually (McKinsey Global Institute, 2005 - II). The total number of university-educated workers in low-wage countries far exceeds the number for higher wage countries. Currently, India produces as many young engineers as the United States, and China produces more than twice as many. Russia produces 10 times as many finance and accounting professionals as Germany. According to the International Organization for Migration, there were an estimated 214 million international migrants in the world in 2010, and fifty-seven per cent of all migrants live in high-income countries (World Migration Report, 2010). The number of migrants is likely to grow exponentially in the coming years. Furthermore, the migration of workers and outsourcing of work would not be limited to unidirectional flow from emerging countries to developed countries.

The pool of talented individuals has been growing and is expected to continue to grow in the near future, mainly because of increased educational opportunities in emerging nations. In addition, the demand for such talent is likely to grow even faster in the same period. Based on data from 22 countries and 12 industries, a World Economic Forum study predicted that vast talent gaps between the supply and demand of highly skilled workers would appear by 2020 (World Economic Forum, 2011). The demand for talented people is growing not only from developed countries, but from the developing countries themselves as they pursue their own nation building. Human resource professionals at multinational companies in emerging markets such as China, Hungary, India, and Malaysia have reported in a recent survey that candidates for engineering and general-management positions exhibit wide variations in suitability (Guthridge, Komm, and Lawson, 2008). The transfer of human resources has undergone extensive scrutiny in developing countries but also in such industrial countries as Canada, the United Kingdom, and Germany, where an important fraction of talented natives is working abroad.

Research Methodology

University students of professional discipline in Pakistan was considered universe for this study. In order to keep the research more focused the working population was delimited to final year students of MBBS, BDS and Engineering studying in universities / DAI charted by government of Khyber Pakhtoonkhwa. Due to time and financial constraint multistage sample technique was adopted. In first first stage

50% sample size was randomly selected from universities list charted by government of Khyber Pakhtoon Khwa. In second stage 20 students from each department was randomly selected to represents the properties and characteristics of whole population.

A self-administrative questionnaire was distributed amongst final year students of MBBS, BDS and BS Engineering studying in universities / DAI's charted by government of Khyber Pakhtoon Khwa.

Total 980 questionnaires were distributed amongst the final year study of MBBS, BDS and BS Engineering. Out of 980 questionnaires total 943 questionnaires were received. The response ratio was 96%. However, out of 943 total 920 questionnaires were found complete and corrected in all respect. The complete and correct response digit (920) show the ratio i.e. 94.% very high. After acquiring the requisite data from the respondents the date was analyzed by using SPSS software. The statistical tools such as crosstab determine the chi-square value and multiple regression analysis was used to determined the relationship between variables, correlation (R value), ANOVA and co-efficient.

Data Analysis and Results

Table 1. *Unemployment in Pakistan compels you to work in developed countries * Talent Management in Pakistan*

		Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	
Unemployment in Pakistan compels you to work in developed countries	Strongly Agree	50	62	104	164	140	520
	Agree	16	44	58	72	46	236
	Neutral	6	16	28	14	16	80
	Disagree	2	16	4	10	2	34
	Strongly disagree	2	2	14	8	24	50
Total		76	140	208	268	228	920

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	74.508[a]	16	.000
N of Valid Cases	920		

a. 2 cells (8.0%) have expected count less than 5. The minimum expected count is 2.81.

In above table unemployment in Pakistan compels you to work in developed countries and talent management in Pakistan were cross tabulated. Result show that majority i.e. 520 respondents were found strongly agreed and 236 were found agreed with the given statement. The response of 80 were found neutral. However, the response of 34 respondents were disagreed and 50 respondents response were found strongly disagreed with the statement that unemployment in Pakistan compels you to work in developed countries. The Chi-square (P-value) is equal to 0.000 (less than 0.05, significant level) indicate that there is statistically significant relationship between unemployment in Pakistan

compels you to work in developed countries and talent management in Pakistan.

Table 2. *Demand in Developed Countries Attract you to Apply for Job * Talent Management in Pakistan*

		Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Total
Demand in developed countries attracts you to apply for the job	Strongly Agree	32	36	76	88	78	310
	Agree	32	54	64	116	78	344
	Neutral	8	30	46	46	34	164
	Disagree	4	18	12	12	24	70
	Strongly disagree	0	2	10	6	14	32
Total		76	140	208	268	228	920

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	41.223[a]	16	.001
N of Valid Cases	920		

a. 2 cells (8.0%) have expected count less than 5. The minimum expected count is 2.64.

In above table demand in developed countries attract you to apply for job and talent management in Pakistan were cross tabulated. Result show that 310 respondents were found strongly agreed and 344 were found agreed with the given statement. The response of 164 were found neutral. However, the response of 70 respondents were disagreed and only 32 respondents response were found strongly disagreed with the statement that demand in developed countries attract you to apply for job. The Chi-square (P-value) is equal to 0.001 (less than 0.05, significant level) indicate that there is statistically significant relationship between demand in developed countries attract you to apply for job and talent management in Pakistan.

Talent Demand & Supply and Talent Management

The multiple regression analysis was run between the following independent variables and dependent variable: -

a. Predictors: (Constant), Demand in developed countries attracts you to apply for the job, Pakistani organization workplace technology attracts you to apply for job, Unemployment in Pakistan compels you to work in developed countries

b. Dependent Variable: Talent Management in Pakistan

The results of regression analysis are summarized in the table below.

Table 2. *Summary*

R	R Square	F	Sig
.241	.580	18.869	.000

Table 4. Coefficients

	Unstandardized Coefficients			
	B	Std. Error	t	Sig.
(Constant)	2.664	.140	19.010	.000
Unemployment in Pakistan compels you to work in developed countries	-.046	.038	-1.198	.021
Demand in developed countries attracts you to apply for the job	.051	.040	1.274	.203
Pakistani organization workplace technology attracts you to apply for job	.260	.035	7.360	.000

The value of R is correlation coefficient is equal to.241 indicate that there is positive but weak relationship between independent variables and dependent variable. According to rule of thumb the value of correlation is greater the.20 and less than or equal to 0.40 is weak. The R^2 (coefficient of determination) indicate the proportion of variance in the dependent variable that can be explained by the independent variables. R^2 is equal to 0.58 (or 58%) indicates that the variation or change in the dependent variable is 58% explained by the independent variables.

Analysis of Variance (ANOVA) show the significant level and overall regression model fitness for the data. The sig value is 0.000 less than 0.05 show that there is statistically significant between independent variables and dependent variable. The F-test result is $F(3, 916)= 18.869$, $p<0.05$ show that the regression model is good to fit .

Coefficient, the value under B (unstandardized coefficient) show that how much dependent variable is varies with an independent variable when all other variables are constant. The sig value indicate that relationship between independent variables and dependent variable is statistical significance or otherwise. When the sig value is less than 0.05 the relationship is to be called statistical significant. In above table two variables having P values are: 0.000 and 0.021 are statistically significant and variable i.e. Demand in developed countries attracts you to apply for the job having P value is 0.203 is found statistical insignificant.

On the basis of above calculation and significant level the research hypothesis i.e. there is statistically significant relationship between talent supply and demand and talent management is accepted.

Research Findings

The recent trend of globalization has been characterized as the flow and exchange of goods, services, capital, and informative services and at high level qualified skilled labour. The phenomena of transfer of human resources have been undergone extensive scrutiny in developing countries. Developed countries attract qualified skilled workers from developing countries in the form of incentives, scholarships from developing countries. The issue of "talent management" is a matter of global concern today. The flight of human capital is causing the

developing countries a big human cost therefore these countries are lagging behind the developed countries. Pakistan is a developing country which is confronted with the great loss of highly skilled workers to green pastures and for compensating that government offers high incentives in order to retain a critical number of engineers, scientists, educationists and other professional in their countries. After reviewed of relevant literature and examining of respondent responses the specific findings of the research study are following:

- Research study found that from 2004 to 2014 total 4453589 individuals flight out from Pakistan which contained 85638 high qualified, 154882 high skilled, 1827826 skilled 425642 semi skilled and 1959601 unskilled individuals. Total 31372 doctors and 9737 engineers are the registered Pakistani working in abroad. Study also found that majority of Pakistani proceeded abroad belong to Punjab province followed by Khyber Pakthoon Khwa and very few from Baluchistan as well as Northern areas. Study found that the ratio of proceeding abroad are dramatically raised day by day. Figure show that in 2010 total 362904 flight out, in 2011 total 456893, in 2012 total 638587, in 2013 total 622714 and 2014 total 752466 individuals found registered with Bureau of emigration and overseas employment of Pakistan.
- Study found that majority of the due to shortage of talented workforce in developed countries, developed countries offered different attributes to attract the developing countries talent. Talented individuals of developing countries are much impressed from attributes offered by developed countries and huge number of Pakistan talent are ready to flight. Study also found that unemployment in Pakistan majority of talented individuals are already migrated to developed countries. Their relatives and colleagues working in Pakistan were found dissatisfied, because they observe their relatives working in developed countries and compare with himself which enhance the dissatisfaction level. Also observed that they have confidence that their relatives / colleagues will help them to settle in developed countries. It show that demand in developed and countries attribute offered by developed countries attract the talented individuals of Pakistan. On the other side unemployment in Pakistan compel them to flight, additional to this already migrated Pakistani individuals help them for job search, accommodations and other facilitation to dragged the Pakistan talent to developed countries.

Recommendations

The problem of emerging talent shortages in certain sectors can be resolved by shifting of workforce from one region to another. Second problem of talent management is skills mismatches (specific qualification or skill not more required) and under-skilling (low qualified

or little skill). This problem should be cater by replacing specific qualification not largely needed. Education play crucial role in country development and talent production. To provide easy and doorstep education, digital education can consider game changer. Digital education system is low price and easily available education. However, the supply and demand of talent resulting in over-supply of technical people in comparison with demand, and under-supply of multi-talented work force over demand. Developing country like Pakistan required to produce talent according to demand and required stop to produce unnecessary technical trades (have no demand). To bring equilibrium between supply and demand ratio it is suggested to utilize BCG matrix, replace the product and service with intellectual capital. In 1968 Boston Consulting Group present model for business / investors to determine the products line and decide regarding the investment. Boston Consulting Group categorized the product line in following four i.e. such as cash cows, stars, question marks and dogs: -

- **Cash cows –** Cash cows products are operated in low market growth rate but hold high market share. It seems to be stable products. Cash cows not required much investment but only to support them to maintain its existing position. Cash cow generate more than as compared to investment made on it.
- **Stars –** Similar to cash cows stars products hold high market share but it is operated in high market growth rate. Stars products need investment but it generate high return as compared to investment. Investments are required to made on stars products to maintain its position and generate return.
- **Question marks –** Question marks products hold low market share in fast growing industry. It required keen consideration because it consume large amount but not generate or low generate return. This is the product which become star if due consideration are given to it. Sometime large amount are invested on question mark products but it is not survive in the industry and become dog products.
- **Dogs –** Dogs products are operated in low growing market. It hold low market share as compared to competitors. Commonly, investments are not required to made on dog products because it generate low or some time negative return as compared to investment.

To bring equilibrium between supply and demand ratio, it is suggested to utilize BCG matrix, replace the product and service with intellectual capital as unit of analysis. In Boston Consulting Group intellectual capital is consider unit of analysis instead of product or business.

- **Cash cows –** This type intellectual capital are not required largely in number but are seems to be highly demanded.

Educational institutes required to not produce such qualification individuals large in number but produce to fulfill the existing market demand. Investment are not required to made on establishing of new departments / institutions for productions of cash cow qualifications / skills individuals but required to product such individuals from existing departments / institutions. To enhance the demand of cash cow qualifications for long period it is suggested to trained them according to advance technology or introduce new technology for such qualifications.

- **Stars –** This types of intellectual capital are highly demanded and required to produce large in number. Educational institutions required to made much investment on production of stars qualifications / skills individuals. Good examples of stars qualifications is medical, engineering, IT etc. Developing countries required to made investment on production of such qualification individuals to generate and strengthen economy. Majority of stars qualifications are expected to become cash cow qualification in future, however, due to innovation, technological advancement and rapidly industry change star may become dogs. It is suggested to keep it always stars or cash cow educational institutions required technological advance and up-to-date the students of stars qualifications and research orientated / innovated as well.
- **Question marks –** The demand of question marks qualifications / skill are very high in the marketplace but specific country or institute qualification are not given due weight-age. It is suggested that educational institutes required to go through their policy, syllabus, SOPs etc. and formulate / implement rules & regulation to produce extra ordinary talented individuals. It is not necessary to made huge investment on question marks qualifications because some time question marks qualification become failed and investment are wasted. It is only required close consideration.
- **Dogs –** This type of intellectual capital are not much required or no largely need. Educational institutes required to not produce in such qualification individuals in large number, because production of such types qualification / technical skill individuals only consume the investment and not generate return as compared to highly demand qualifications / skills. Moreover, it is also suggested that production of such may not be totally stop because some time dog qualification / skill may become profitable in specific situation / place or region and become synergies for other qualifications or skills. This type of qualifications may be supply to country or region where it is highly demanded.

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