

Talent (Im)Mobility: The Looming HR Challenge in Asia



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Executive Summary

A confluence of factors is culminating in a significant **talent mobility** challenge that will require concerted management attention and proactive strategies to address. Simply put, the future of global talent mobility is in question. For Asia in particular, three factors are quickly converging into a “perfect storm” for talent mobility:

1. COVID-19 travel barriers and their impact on global talent mobility.
2. Escalating geo-political tensions and their impact on cross-border talent flows and workplace morale.
3. Rising nationalism and protectionism and their impact on foreign talent acquisition.

Insights for What’s Ahead

For multinational companies in Asia (MNCs), the confluence of factors cited above is likely to have seriously adverse effects on traditional Total Talent Mobility¹ practices, and for a prolonged period. In anticipation of future challenges, organizations will need to redefine international talent mobility programs and design creative solutions to mitigate five future business risks:

1. New Constraints on Talent Acquisition

Growing unemployment rates across Asia have led to the tightening of visa and immigration controls by governments seeking to support job protection for local nationals. How restrictive these measures will become and how long they will last is impossible to know at this juncture. Already, MNCs in Asia are subject to greater regulatory scrutiny over hiring decisions resulting in much-reduced access to foreign talent for jobs requiring on-site presence. With more limited access to international talent pools for on-site staff, how will organizations fill key talent gaps, especially at senior levels?

2. The Loss of Overseas Experience for Leadership Development

Overseas assignments have long been viewed by multinationals as critical pathways – even essential components – in the career development programs for their high potentials. These assignments have enabled participants to develop a deeper appreciation of diverse cultures, cross-cultural sensibility, domain knowledge, and “must-have” leadership capabilities. What alternate leadership development strategies can be deployed in the absence of in-person overseas postings and rotations?

¹ According to The Conference Board, “Total Talent Mobility entails proactively moving employees into permanent or temporary new roles in an organization or across organizations or industries. Combining global mobility and internal mobility, it focuses on all employees, not just high potentials.” (Robin Erickson, Marion Devine, & Amy Ye, Total Talent Mobility: Strategic Purposes, Barriers, and Best Practice, Research Report 1695-19, The Conference Board, 2019)

3. Erosion of Employer Brand and Value Proposition

The allure of international career opportunities has been a powerful talent magnet for MNCs, and the ability to offer this benefit has served to significantly enhance employer brand and talent attraction capabilities. How can MNCs maintain the attractiveness of international career opportunities in a less mobile global operating environment?

4. Reduced Leadership Bench Strength

MNCs continuously strive to build a deep and broad bench of successors for senior leadership roles from their global talent pools. Prolonged mobility restrictions – whether due to COVID-19 concerns, nationalistic policies, or cost controls – will likely lead to a higher reliance on local, in-country talent to fill key leadership positions in many countries in Asia. How can local talent development best be accelerated?

5. Less Workplace Diversity

For many years, MNCs have strived to create judiciously blended workforces across their subsidiaries in Asia that integrate select talent from other countries in the region and from HQs with local workforces. This model has served to enhance globality and the preservation of core corporate values on the one hand whilst creating strong inclusion for local culture, perspectives, market intelligence, and ideas at the operating level. Facilitated by close and frequent in-person interaction, and the cross-border trust it entrains, this has long been a winning recipe for MNCs in Asia. How can traditional diversity and inclusion recipes be adapted to virtual environments?

Other Talent Immobility Predictions

1. Amidst a more restrictive placement environment for expats, local firms will face increasing talent competition from MNCs in their countries.
2. In-country poaching wars are likely to intensify between MNCs for top local talent, pushing HR costs up.
3. Asian countries and cities that previously relied on free external talent flows as a key factor in their national competitiveness, may find their positions challenged.

Our recent discussions with business and HR leaders reveal that most MNCs are still at the early stages of understanding the potential impacts of international talent immobility on their organizations and have yet to formulate comprehensive strategic responses. During the extended work-from-home period of the COVID crisis, virtual online management and work methods have largely sufficed to keep businesses running, and have surprisingly even bested legacy in-person practices in some ways. The premise of this piece is that, as some countries and cities tame COVID-19, in-person work will resume as a preference or advantage in local markets. At this juncture, an array of international talent mobility challenges caused by persistent travel, hiring and placement

restrictions and attitudes will arise. This piece seeks to frame the key challenges to be expected and initiate a conversation about an important predicament for HR leaders, that is likely to play out for many months to come. This story is still breaking.

Talent (Im)Mobility: A Perfect Storm Brewing in Asia?

COVID-19 has thrown businesses in Asia into an indefinite state of white-water. With no definitive outlook on when public health safety can be restored, we are challenged to work within the context of extreme ambiguity, uncertainty, and complexity, and to basically reimagine both work and social life. Among the many disruptions that organizations are dealing with, there is an emergent talent mobility challenge that will require concerted attention and proactive strategy to address. The future of global talent mobility is in question. For Asia in particular, three macro-contextual factors are quickly converging into a perfect storm.

COVID-19 Mobility Barriers

Extended lockdowns, stringent border controls, and sharp reductions in cross-border flights, coupled with generally heightened individual concerns about the safety associated with air travel, have virtually brought the movement of talent across borders to a grinding halt. Many new hires and/or employees who travelled to their home countries are now stuck there and are working remotely with their Asia teams. Some families are separated because of border restrictions. New employment visas are restricted in many countries, thus limiting employers' ability to recruit foreign talent.

It may be that an effective COVID-19 vaccine becomes a possibility in the next 12-18 months, and that this could eventually enable freer cross-border flows of talent than the situation today. Unfortunately, even under the most optimistic scenarios, this outcome will likely take considerable time to fully manifest. Inoculation will take time to scale up and is likely to vary significantly across both countries and locations within countries, especially in emerging markets. In the meantime, mobility issues related to travel will likely remain difficult. While some of the challenges outlined in this thought piece should be mitigated as and when COVID-19 is finally cured, the adverse effects on international talent mobility we describe herein are anticipated to persist for a prolonged period. Moreover, as we point out below, COVID-19 travel restrictions are only one of several pressures bearing down on conventional talent mobility practices.

Escalating Geo-Political Tensions

US-China relations appear to be on a precipitous downward spiral. While the "Phase 1 Trade Deal" seems to be holding, extended US sanctions against Chinese corporate giants including Huawei, TikTok, and Tencent, and the forced closures of the Chinese consulate in Houston (and reciprocally, the US consulate in Chengdu), are serious escalations. These developments could have long-term adverse impacts on business continuity and market access, especially for US companies and new US corporate ventures in China. Sino-foreign tensions are quickly propagating beyond the US – enveloping Europe, the UK, Australia, Japan, India, etc. – and are very likely to escalate.

Looking forward, the constrained mobility of foreign talent in and out of China should be expected.

In parallel, socio-political turmoil in Hong Kong continues. New twists and turns make the situation both volatile and highly uncertain. This turbulence further contributes to talent immobility, especially in the Greater China region and for Asia regional managers and specialists based in Hong Kong who heretofore frequently travelled the region.

Rising Nationalism and Protectionism

The second-order effects of the COVID-19 crisis include significant economic damage, rising unemployment levels, and the downsizing or restructuring of many businesses across Asia. These pressures have prompted political leaders of many nations including the US, UK, and India to dial up nationalistic rhetoric and drive economic agendas designed to protect local jobs and industries. The “Make in India” movement launched by Prime Minister Narendra Modi is an example. These nativist initiatives have, among other things, triggered tighter scrutiny of the employment of foreign nationals, including in countries such as Singapore that have in the past liberally welcomed global talent.

The Effects of Talent (Im)Mobility

The confluence of factors cited above is likely to have seriously adverse effects on Total Talent Mobility for a prolonged period. In anticipation of future challenges, organizations will need to redefine international Talent Mobility programs and design creative solutions to mitigate five future business risks.

1. New Constraints on Talent Acquisition

The growing unemployment rates in Asian countries have led to the tightening of visa and immigration controls on foreign workers as national governments scramble to protect their citizens from the impacts of deep economic downturn. MNCs in Asia are now subject to greater regulatory scrutiny over hiring decisions resulting in much-reduced access to onsite global talent.

Even when firms can justify foreign hires and secure necessary work visas, many new recruits are unable to relocate to their host countries due to COVID-19 travel restrictions. When this situation will ease is unknown. Revised local tax obligations and Permanent Establishment regulations also factor into location economics that impact both employers and employees. These details will need to be carefully considered and addressed.

Although technology has enabled unprecedented advances in remote working and distributed workforce in response to COVID threats, many challenges in “virtual HR” remain unresolved, especially in the areas of talent acquisition and onboarding. For the many individuals who are now working remotely, navigating time zone differences, being “always on”, and keeping late office hours is proving to be both tiresome and disruptive. Such arrangements could prove unsustainable in the long-term and even become dealbreakers for high potential talent.

“Some of my clients’ teams that had travelled back to their home countries are unable to return to Asia due to travel restrictions. However, this – for some – has provided new ways of looking at work. While executives can work with their teams remotely, this is a double-edge sword. On the one hand, they need not be concerned about relocating, but the downside is the pressure from working across time zones. One of my clients who enjoyed the global talent role that she ran out of Chicago, is now growing weary from time difference. Many executives are unable to join their new roles in Asia due to mobility restrictions. The biggest challenge I foresee, is the challenge of creating a sense of belonging and inclusion virtually, in the absence of in-person interactions.”—Jane Horan – D&I consultant and Program Director of The Conference Board Asia’s D&I Council.

Over the last 6 to 8 months, the exponential increase in remote working has created the right climate for a boom in “HR Tech”. In the absence of in-person recruitment and onboarding, some organizations have quickly pivoted to digital HR processes to fill key talent gaps and avoid disruptions from insufficient headcount. Bold experiments are being undertaken including virtual onboarding, virtual short-term assignments, and even virtual internship programs. Conversely, many organizations have hit pause on new talent acquisition, especially for senior-level positions, because of their apprehension about hiring candidates without meeting and assessing them in person.

While recruitment and talent onboarding can be done virtually, these activities will need to be judiciously managed to overcome the deficiencies compared to the finely tuned inperson processes of the pre-COVID era. It will be critical to build strong foundations for interpersonal relationships across borders via virtual engagement. It will be especially critical for new hires – especially senior executives – to find ways to observe cultural and contextual nuances and develop the appropriate operating and leadership styles for their new companies.

Key success factors for virtual onboarding include continuous and open communication flows, clear alignment on role expectations, early identification of potential landmines and challenges, frequent formal and informal meetings with team members and other key stakeholders, and building cultural familiarity.² Conveying and cultivating corporate culture through virtual means is the hardest “get-right”. Some organizations have invested in creating “culture buddy” systems in which new hires are paired with work colleagues to coach on culture-related issues.

² Eric Levanthal, Samantha Helen Copp, Cassandra Frangos and Edward M. Staddonik, “Managing Technology-Enabled Executive Onboarding and Transitions”, Spencer Stuart, June 2020.

“The jury is still out on the long-term impact of restrictions on global mobility. Companies have overcome their initial reactions of fear and shock and are now grappling with the ground reality that these may last much longer than anticipated. Our clients are embracing technology quickly – while technology can be a great enabler, it is unlikely to be a game-changer. The challenges of building a culture and team spirit in the absence of physical contact, are real and daunting.”—Elaine Yew, Senior Partner and Global Co-Head of Leadership Development, Egon Zehnder, a leading executive global search firm.

With the effectiveness of “virtual” senior management yet unproven, restrictions on expatriate talent acquisition for in person roles could seriously erode the overall quality of MNC talent pools in Asia, especially in cities such as Singapore and Hong Kong that have traditionally relied heavily on a diverse, high-caliber expat population to fill senior leadership and expert positions. In fact, creating a favorable working and living climate coupled with supportive immigration policies for expats, purposefully designed to attract the best global talent, have long been central to the economic development agendas in these places.

Hong Kong, in particular, has been deeply affected by the confluence of the macrocontextual factors described at the beginning of this article. Firstly, the protests that began in 2019 against the proposed National Security Law amendment wreaked havoc on day-to-day life and business, resulting in closures, layoffs, as well as deep feelings of insecurity for many expats. Many left the city in favor of perceived “safer” Asian destinations such as Singapore and Bangkok. Many others returned to their home countries.

Most recently, the deployment of the new National Security Law imposed by Beijing has, for many, dampened workplace morale and the talent environment in Hong Kong even further. The human rights debate has created workplace discomfort for many western multinationals in Hong Kong that are committed to core values of fair practices, nondiscrimination, and free expression. They fear that their stances could be politicized or even penalized in the current environment, or that disparate views in the workplace may cause divided loyalties and workforce tensions. Many executives report feelings of frustration and insecurity in having to curb open dialogue on sensitive social and political issues.

2. The Loss of Overseas Experience for Leadership Development

Overseas assignments have long been viewed by MNCs as critical levers – even essential components – in the career development programs for their high potentials. Many leading companies including Shell, Citibank, and P&G are well-known for investing heavily in expatriation as a purposeful strategy to provide targeted talent at all levels with global, cross-cultural exposure and professional growth opportunities.

Although expatriation comes at a high cost to multinationals, they, for the most part, ardently maintain that its benefits far exceed the costs over the long-term.

Global assignments have proven invaluable for providing a deeper appreciation of diverse cultures and in developing cross-cultural sensibility and local domain and market knowledge. They accelerate the development of critical, “must-have” leadership capabilities including adaptability, agility, navigating ambiguity and complexity, and developing a global mindset³. All these capabilities are considered to be key success factors for executives in global organizations.

For many MNCs, the traditional tour of duty⁴ for local high potentials is to undertake at least one rotational stint at HQs before being considered for top positions at the country or regional level. Travel restrictions and tighter work authorization restrictions in the US and EU especially – where many MNCs are headquartered – will mean severe constraints on reverse talent flows from Asia to HQs.

In recent times, we have observed an interesting trend of talent movement from MNC subsidiaries in emerging markets to western HQs. Home-grown talent from Asia was being specifically recruited by companies to fill key global positions at HQs. For example, Kellogg’s APAC President was selected to assume the global CFO role.

Another recent trend is that of MNCs shifting some of their critical global roles to growth regions in Asia to enable key leaders to be intricately connected with key markets and customers. Frequent interactions with the HQ teams were seamlessly facilitated through regular travel. For example, the global CEO of Dyson and the global Dean of INSEAD (the reputed global business school) both shifted bases a few years ago to Singapore from their UK and France HQs, respectively. Amidst tight travel restrictions and the persistent public health threat of COVID-19, the future of these mobility trends for top talent is now uncertain.

³ Global mindset refers to the ability to appreciate intercultural differences and develop sensitivities to diverse contexts and perspectives.

⁴ Tour of duty refers to conventional, unwritten norms and practices.

3. Erosion of Employer Brand and Value Proposition

The allure of international career opportunities has been a powerful talent magnet for MNCs. The ability to offer these benefits has served to enhance employer branding and has provided a differentiated employer value proposition. Millennials especially seem to be excited about global assignments, are willing to relocate, and are less apprehensive about potential disruptions in their personal lives.⁴

“My global career moves enabled me to hone my communication and networking skills and build deep relationships with people from cultures that were vastly different from my own. Each move was an eye-opener – over the years, I have developed a deep appreciation for the diversity of cultures, beliefs, and ways of leading and doing business. As a leader, this has made me much more adaptable, resilient to change and open-minded to differences. These qualities – particularly in my own sphere of work which is Innovation and Digital Transformation – are extremely essential.”—Anne Salomaa, SVP Digital & Customer Experience DBS, Singapore

Anne Salomaa is a senior manager at DBS, one of Asia’s largest and most reputed banks. She was born and raised in Finland and has relocated across three continents in the last ten years of her executive career, along with her husband who is also a senior executive with a well-known MNC. She chose to work with local companies to better understand and assimilate into the local context. She believes that her global and cross-cultural exposure has contributed greatly to her personal and professional development, as well as her unique leadership perspective.

With international career opportunities now side-tracked by COVID-19 travel disruptions, what will this mean for the employer brands of MNCs and their ability to attract diverse talent from a global pool?

⁴ Millennials in the Workforce – What Is Their Impact on Mobility Programs? Anne Rossier, Mercer, 2015.

4. Reduced Leadership Bench Strength

Most MNCs work continuously to build deep and broad bench strength for successors for senior leadership roles. They typically do this by tapping into their global talent pools for key positions around the world, wherever they may be. In the more restrictive mobility environment, we envisage that for the next several years, MNCs will necessarily need to rely more heavily on local, in-country talent to fill key leadership positions across Asia. Due to rapidly rising unemployment rates across the region, MNCs are also likely to face increasing pressure from local governments to generate employment for local nationals. In many Asian countries, including Singapore, governments have already instituted higher levels of scrutiny for foreign hires.

Against this backdrop, a rapid acceleration in the leadership development of local talent has become critical for many MNCs to ensure that successors are available when needed for key positions in-country. Disruptions in global talent supply chains, especially for mission-critical country-level roles, will need to be urgently addressed. Leadership roles that require close physical proximity to teams and customers, as well as a deep understanding of local cultural and business domains, will be challenging to perform virtually. This could create critical talent gaps for key positions that adversely impact business results.

The MNC HR leaders who we have spoken to recently continue to believe passionately that immersive, in-person experiences in global markets are key enablers in building local sensibilities, market knowledge, and overall leadership capabilities. They are hopeful that global relocations designed to “stretch” high potentials can be reinstated as soon as border controls are relaxed.

“Global role rotation and short-term assignments have contributed significantly to enhancing critical leadership capabilities such as adaptability, resilience, managing complexity and developing crosscultural sensitivity. It would be unfortunate if multinational companies were unable to provide these invaluable opportunities to our top talent. As a global company, we do hope to reinstate these career development opportunities once mobility restrictions ease up.” —
Gurpreet Grewal, Asia Regional Head of HR, Assicurazioni Generali SpA.

5. Less Workplace Diversity

Diversity matters: in fact, it matters greatly. It has been proven that diverse organizations deliver better business results than non-diverse organizations. Companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns

above their respective national industry medians.⁵ Diversity also correlates highly with creativity and innovation.

For years, MNCs have strived to create judiciously blended workforces across their subsidiaries in Asia that integrate select talent from other countries in the region and from HQs with local workforces. This longstanding model has preserved and promoted core corporate values globally whilst creating diverse workplaces with rich mosaics of cultures, thinking, knowledge, and perspectives at the local operating level. Nurturing diversity by facilitating close, in-person interaction between local, regional, global, and HQ colleagues at the country level has been fundamental to this winning recipe for MNCs.

Exposure to global talent has had positive multiplier effects on local talent pools overall. Continuous cross-fertilization of differing perspectives and cultures have contributed significantly – by osmosis and diffusion – to accelerating both personal and professional growth of local talent that otherwise would have had limited direct access to global, crosscultural experiences. Work and personal relationships, typically forged in diverse and inclusive workplaces, often extend well beyond the professional setting, and contribute to rich employee experiences and strong engagement.

Technology is being touted as the panacea for constraints on cross-border interactions. While technology has indeed been a great enabler, it will not in the foreseeable future be able to address all the challenges associated with the absence of frequent in-person interaction.

The biggest impediments from our observations are around appreciating cultural nuances, developing camaraderie and team spirit, and promoting inclusion. Tech-enabled platforms are by no means complete substitutes for real immersive experiences in local cultures and markets. Companies will need to find the means to address these important shortcomings in the virtual workplace.

Postscript – Selected Thoughts on Important Talent Immobility Impacts

On Asian Companies...

Asian companies have mostly relied on local talent except for top positions that are sometimes filled by expats. Many hire in-country talent, often driven by their desire to support national agendas calling for the creation of more jobs for locals. These companies

⁵ Vivian Hunt, Dennis Layton, and Sara Prince, "Why Diversity Matters", McKinsey & Company, January 2015.

are likely to be less affected therefore by the talent mobility restrictions that we have discussed.

On the flipside, they will now likely face increased competition for their top (local) talent pool from in-country multinational subsidiaries that typically offer higher compensation, better benefits, and more employer brand cache. They could, as a result, become fertile poaching grounds for talent and will need to ramp up their employee retention and engagement programs to effectively compete for talent.

It has been interesting to observe a flurry of activity related to internal talent moves in response to temporary or permanent spikes in specific business areas, mostly triggered by economic re-start dynamics after COVID shutdowns. A senior regional leader likened these volatile demand spikes to “volcanic hotspots” that heat up and cool off unpredictably over time. Companies must move swiftly to capture emergent business opportunities when they erupt, be agile enough to resource them with the required talent, and then be able to scale down and reallocate resources as the hotspots shift to other areas. The executive highlighted that a critical future capability for high potentials will be their ability and willingness to embrace new roles and challenges that may even be well outside their comfort zones. Internal talent mobility must, however, be coupled with accelerated development support.

On National Competitiveness...

The World Competitiveness Rankings, compiled each year by the World Economic Forum in partnership with IMD, are based on various dimensions including strength of the economy, public finance, innovation, ease of doing business, as well as global talent attraction.⁶ It is interesting to note that the top 10 countries – including Singapore, UAE, Switzerland, the US, and Canada – have supported policies for attracting high-caliber talent from across the world and relied on top global talent to drive national competitiveness and economic prosperity. Talent immobility in the “COVID-19 era” could have a strong adverse impact on the future competitiveness of these countries. Moreover, the longer that travel restrictions persist, the more likely it is that MNCs in those countries will resort to poaching local talent from one another, bidding up HR costs.

⁶ IMD's 2020 World Competitiveness Ranking Revealed, Showing Strength of Small Economies, IMD, June 2020



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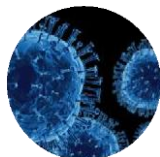
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