International Journal of
Business Strategies
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**GLOBAL CHALLENGES AND THEIR ROLE IN TALENT MANAGEMENT CRISIS
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Abstract

Purpose: The environment for the insurance industry today is global, complex, dynamic, highly competitive, and extremely volatile, and is likely to remain so for years to come. In addition to these external conditions, most insurance firms are also facing several global challenges including those related to: talent flow; the managing of two generations of employees, viz., older or mature workers and younger workers; and a shortage of needed competencies. The aim of this paper is to explore the global challenges and their role in talent management crisis facing insurance industry. The paper is based on case studies relating to insurance companies, focusing on global challenges and their role in talent management crisis facing insurance industry.

Methodology: A desktop literature review was used for this purpose. Relevant seminal references and journal articles for the study were identified using Google Scholar. The inclusion criteria entailed papers that were not over a decade old.

Findings: The study found out that the challenges facing insurance industry today are global, complex, dynamic, highly competitive, and extremely unstable, and are likely to remain so for years to come. The study identified challenges relating to talent management crisis facing insurance industry as talent shortage, locating and relocating talent, cultural diversity, aging populations, emerging risks such as COVID-19 pandemics, and compensation levels of talent. Another important finding was that many insurance companies face strong rivalry for the skills worldwide and face extensive challenges in attracting, engaging, promoting and retaining employees. According to this study, researchers have advocated for insurance companies to incorporate and deal with issues of key concern for their future employees they are more likely to succeed in attracting talent.

Recommendations: The study recommends that Due to the shifting demographics in terms of age, gender, and race, the HR department must device an inclusive approach to attract and retain skilful employees who are ready to remain updated with the current information and trends in the marketplace. Organizations can assess the success of its global talent programme by analyzing its historical aspects on hiring, retention, productivity, and competitiveness in the market. It was also recommended that HR managers are should design reward or compensation programmes for top performers to encourage development of talents. There is assurance of effective management and maintenance of core aspects of a global workforce in line with attributes of a country, thus aligning organizational goals and objectives with those of employees.

Keywords: *Global Challenges, Talent Management Crisis, Insurance Industry*

INTRODUCTION

Insurance is the backbone of a country's risk management system since risk is an inherent part of our lives. Insurance plays a significant role particularly in view of the large-scale production and distribution of goods in national and international market. It is an aid to both trading and industrial enterprises, which involve huge investments in properties and plants as well as inventories of raw materials, components and finished goods. The members of business community feel secured by means of insurance as they get assurance that by contributing a token amount they will be compensated against a loss that may take place in future. From the national economic point of view, insurance enables savings of individuals to accumulate with the insurance companies by way of premium received (Kontoghiorghes, 2016). Individuals who insure their lives to cover the risks of old age and death are induced to save a part of their current income, which is by itself of great importance. Insurance is also a source of employment for the people. The people get employed directly in its offices spread over the country and it also provides opportunities to the people to earn their livelihood by working as agent of the insurance companies. Despite insurance industry's key role in world economies, the insurance sector is facing a talent crisis. On the one hand, it has a serious industry' branding issue, perceived as staid, boring and lacking in innovation. On the other hand, the industry is confronting external challenges too (Hongal & Kinange, 2020) .

The environment for the insurance industry today is global, complex, dynamic, highly competitive, and extremely volatile, and is likely to remain so for years to come. In addition to these external conditions, most insurance firms are also facing several global challenges including those related to: talent flow; the managing of two generations of employees, viz., older or mature workers and younger workers; and a shortage of needed competencies. One major result of these challenges for such firms is that they have to be global and that they have to be systematic in managing their human capital if they wish to have any hope of gaining and sustaining a competitive advantage in the years ahead (Kim & McLean, 2018)..

Global talent management has emerged as a key strategic issue for multinational insurance companies. Managing global talent is the topmost priority of HR practitioners over the past decade. The present study therefore attempts to understand the concept of global talent management. The study examines global challenges and their role in talent management crisis facing insurance industry. Organizations today confront alarming talent challenges. The capability to maintain a continual supply of talent is a challenge faced by almost every organization. Talent management is of strategic importance for organizations. Talent is tacit, tough to assess as it usually deals with potential rather than definite performance (Mellahi & Collings, 2019).

Indeed, the insurance industry faces uncharted risks. Business climate change now seems more ominous and imminent than previously thought. Cyber risks continue to intensify. New liability risks are emerging across markets including the COVID-19 pandemic, which took many by surprise (Nkimar, 2020). New technologies are also rapidly gaining adoption. In particular, digital and analytics tools, and artificial intelligence's expansion, have implications for all core functions in insurance. Customers are also becoming savvier and more demanding in parallel: consumers' experiences with high-quality interfaces such as those from Amazon, Google, and

other leading apps are becoming their baseline expectation for all digital interactions. To manage these risks and trends and optimize the value of new technologies, the industry needs an infusion of technical skills, complemented by softer skills in areas such as customer engagement and empathy (Lawy, 2018). The industry will need a new approach to talent, and to its core business, to gain value from cultivating these new capabilities.

LITERATURE REVIEW

Global Challenges and Their Role in Talent Management Crisis Facing Insurance Industry

According to a systematic review by Liedholm (2018) on firm dynamics, the most pressing global challenges facing global firms today are directly associated with several significant global talent challenges. These global talent challenges arise due to the ever-changing drivers and shapers in the environment. In particular, among the major drivers and shapers are: enhanced globalization, evolving demographics, the need for more competencies and motivation, and the growing shortage/surplus of needed competencies and motivation. One challenge facing insurance industry is reputation risk. A study by Onoka, Hanson, and Hanefeld (2016) conducted an analysis of the insurance industry's attractiveness to new and existing employees in Nigeria. The public, including high school and college students, often poorly understands the industry's career opportunities. Majority of people born between 1982 and 1993 view jobs in the insurance industry as rigid and slow-paced, which may contradict their workplace values. Additionally, high-profile scandals in the industry reduce people's perception of its integrity, especially those who prioritize professional ethics and social responsibility over other business goals (Onoka et al., 2016). Additionally, the analysis by Onoka et al., (2016) indicated that no insurance companies are found in the lists of the Global Top 50 Companies, European Top 50 Companies and Asian Top 50 Companies. The findings by Onoka et al., (2016) indicate that the insurance industry, as well as most insurance companies, has not attained a high reputation or wide recognition in most of the countries.

Furthermore, Kim, Beckman, and Agogino (2018) suggest another challenge facing insurance industry is the aging workforce. Population ageing along with low fertility rates has become a major risk globally, and the assumption that the supply of young human capital will remain sufficient for an economy to sustain its growth may no longer hold in the future. The industry is facing a big wave of retirements over the last ten years as more baby boomers, who have been in the industry for most of their careers, start to leave. Kim et al., (2018) explained that the focus now is on trying to attract and retain the next wave of talent, and how to make the industry a destination of choice. But there's also the issue of dealing with a transient workforce that may only want to stay for five years or so and then move on to gain more experience. The talent issues faced by incumbent insurance providers, meanwhile, are more about how to become an employer of choice when expertise, particularly of a digital nature, is scarce across all industries. The talent issue is undoubtedly firmly on the senior executive agenda. However, specific skills or talent initiatives still tend to be limited in scope rather than enterprise-wide (Kim et al., 2018). Nonetheless, at a tactical level, the bigger players at least are now starting to recruit from outside the sector and on a global basis, particularly at the executive level. They are also setting up academies for school and college leavers to ensure a steady flow of skills and support a new-found focus on insurance-based qualifications to upskill both fresh hires and existing staff.

Additionally, study conducted by Kontoghiorghe (2016) identified cultural barriers as a challenge to global talent management in insurance industry. Multinational insurance companies struggle to manage global talents given that they attract employees from diverse cultural backgrounds. Cultural diversity in terms of race, ethnic group, language, and nationality cause incompatibility of perceptions of organizational performance. According to Hofstede's cultural dimensions theory, culture instils values in its members, which in-turn influences behaviour (Kontoghiorghe, 2016). A close check on the dimensions of Hofstede's model reveals the different barriers that exist in managing global talents, where employees come from countries with different practices and ideologies (McNulty & Hutchings, 2016). From this presumption, countries having different cultures will have employees of different behaviors in terms of language, political systems, geographical proximity, and religious beliefs, as organizational leaders have to forge a diverse approach in handling such a multicultural workforce. Hofstede's model analyses cultural values using power distance, uncertainty avoidance, individualism-collectivism, and femininity-masculinity. In a country like Argentina, where high power distance culture is practiced, employees merely take orders from the top management, while in Ireland, employees interact closely with the top management. Evidently, employees from the two countries will behave differently at the workplace. Societal behaviors are also seen from the individualism versus collectivism aspect. South American nations practice collectivism where they value group roles and value personal relationship more than the task, while in Canada, people operates on individual basis. Therefore, in influencing behavior of employees from these two nations requires different approaches. Integrating employees who believes in individualism in the management process of a firm requires. Uncertainty and avoidance, on the other hand, touches on the willingness to share and act on certain information (Gallardo-Gallardo, Nijs, Dries, & Gallo, 2016).

Another challenge related to cultural barriers to managing global talent is lack of culturally diversified HR department in insurance companies (Vance & Paik, 2016). Depending on the values of an organization, employee retention becomes a challenging aspect since most employees leave for other companies, especially to local organizations. Effective management of individuals of different races or nationalities requires a culturally diversified HR department in order to incorporate the practices of all employees in the strategic objectives of the organization, especially during the design of training and motivation programmes. According to Vance and Paik (2016), China is an example of a nation that has set up talent management that focuses on specific jobs. With the globalization aspect, insurance companies are competing for the same pool of talent and are trying to standardize the process of recruiting and developing new and existing talents. The move on standardization makes it easy for other companies to imitate given the availability of data from large organizations. However, the move to imitate talent management by other corporations complicates the issue of competitive advantage, as strategic HRM assumes that competitive advantage only exist when other firms cannot copy or imitate an idea that gives a specific firm the competitive edge (McNulty, 2016).

Lack of effective reward programme was cited by Hongal and Kinange (2020) as another global challenge in talent management crisis facing insurance industry. Lack of support from industry leaders and unwillingness from the senior management to buy into the global talent management

idea also hinder the success of the programme. Such moves create a workplace environment that does not support development of talents, thus making retention difficult. Lack of organizations' commitment towards inculcating talent management in their management process creates negative impacts to adoption of new ideas. However, a healthy, rewarding, and enjoyable working environment positively affects performance of insurance industry since employees feel motivated to learn new ideas, and apply them in their line of operations within the organization (van Zyl, Mathafena & Ras, 2017). An insurance company with a well-structured reward system for employees can enhance the success of implementing a global talent programme. Rewards coupled with an employee-talented organization create a culture that enhances the talent of employees and the senior management.

Babuna, et al., (2020) conducted a study to investigate the impact of COVID-19 on the insurance industry by studying the case of Ghana from March to June 2020. With a parallel comparison to previous pandemics such as SARS-CoV, H1N1 and MERS, they developed outlines for simulating the impact of the pandemic on the insurance industry. The study used qualitative and quantitative interviews to estimate the impact of the pandemic. Presently, the trend is an economic recession with decreasing profits but increasing claims. Due to the cancellation of travels, events and other economic losses, the Ghanaian insurance industry witnessed a loss estimated at GH ₵112 million. Our comparison and forecast predicts a normalization of economic indicators from January 2021. In the meantime, while the pandemic persists, insurers should adapt to working from remote locations, train and equip staff to work under social distancing regulations, enhance cybersecurity protocols and simplify claims/premium processing using e-payment channels. It will require the collaboration of the Ghana Ministry of Health, Banking Sector, Police Department, Customs Excise and Preventive Service, other relevant Ministries and the international community to bring the pandemic to a stop.

According to Mattera, Gonzalez, Ruiz-Morales, and Gava, (2021), insurance companies must define a new culture in a post-pandemic economy. As stated by the authors, COVID-19 adds a degree of difficulty. It's challenging enough to get whole workforces to buy into cultural changes and the need for rapid up skilling. These efforts become much harder when issues of public health and job precarity are at the front of people's minds. Harder, still, is finding traction among employees who are still in ad-hoc remote-work arrangements. It is certainly true that remote management is the hardest part of running a remote workforce as stated by Mattera (2021). That is why insurance companies need to pay as much attention to how they are supporting managers and team leaders as to how they are supporting the workforce at large. According to the authors, managing a team that is not physically present, ensuring that people feel motivated and supported, and helping them to perform at their creative best are major challenges brought by COVID-19. Additionally, looking after individuals' mental and emotional wellbeing in a strange and stressful time, setting goals and assessing performance are challenges manifested by COVID-19 pandemic.

Another study conducted by Desai et al., (2021) indicated the challenge of reintegrating remote team members after the pandemic. Very likely, as many insurance companies are now seeing, some employees prefer the work-from-home arrangement while others miss being in the office. Balancing the needs of both groups can be tricky. Organizations thrive through a sense of

belonging and shared purpose that can easily get lost when two cultures emerge. . When this happens, the in-person culture comes to dominate, disenfranchising those who are working remotely. Bridging that gap, and ensuring that gap doesn't open up a chasm in insurance companies' culture, will be the task of management and of HR leaders. It will involve tracking the relative levels of engagement among team members, making sure everyone, remote and on-site, feels heard when a decision is made, and creating psychological safe space for people to take risks and learn (Desai et al., 2021). The authors conclude that for insurance industry to navigate this challenge, they must have laid the groundwork for the digital transformations and succession planning necessary to guide the insurance industry toward future success.

Another global challenge faced by insurance industry is negative perceptions (Lovelock, & Patterson, 2016). Insurance needs a major rebrand to attract new talent. A multitude of factors have created a skills crisis across the insurance sector, as both incumbents and insurtechs face challenges to attract and retain the next wave of talented recruits. Lovelock et al., (2016) explained that at a more strategic level, much work still needs to be done. Not only does the industry have to become better at communicating the opportunities available to potential candidates, which include offering them a stable career helping people in need. The insurance industry must also rethink its employer value proposition and the overall employee experience. For instance, learning and development possibilities, which include everything from training and mentoring to job rotation, are consistently high on the wish-list of younger workers. However, insurance companies are just as consistently found to under-deliver in this area, creating an opportunity for competitive employers to differentiate themselves. While the situation has been attributed to growing levels of automation, it is also inevitably having an impact on the sector's attractiveness.

Another study conducted by Martin (2016) indicate that the supply of workers especially talent workers with a passion for risk management and insurance remains a critical issue for insurers of all sizes in all economies. The fact that, due to the general public's limited knowledge about insurance, the business is not the younger generation's preferred career choice. Those insurers who proactively transform themselves to have a better talent proposition and embrace technology effectively become and will win in the marketplace (Martin, 2016). By becoming more employee centric, insurers have been able to deploy solutions such as artificial intelligence (AI) and automated processes to deliver personalized yet fast, customer experiences. Digital insurance technologies also help insurers create unique products quickly with low-code tools, as well as use complex data sets to improve risk pricing and offer better, more personalized rates (Martin, 2016).

Further challenges in attracting and retaining workers by skills level exist the insurance industry. Survey findings by Watson (2017) showed that 65 per cent of employers express difficulty in attracting critical-skill employees as compared with 25 per cent for all employees. Within the critical-skill worker category, the difficulty is felt more greatly in fast developing economies, such as China/India (84 per cent) and Brazil (81 per cent), than in developed economies, such as Ireland/Spain (49 per cent) and the U.S. (52 per cent). Similar patterns in employers' difficulty in retaining talent workers are observed. The global retention average for talent workers is 49 per cent as compared with 21 per cent for all workers. Again, the problem is felt greater in rapidly

developing economies such as India/China (81 per cent) and Brazil (65 per cent), than in developed economies such as Ireland/Spain (29 per cent) and the U.S. (31 per cent).

Chaurasia (2016) finds that U.S. insurers face recruiting challenges for actuaries, executives, technology specialists and underwriters (particularly commercial non-life underwriters). Similarly, Krueger (2017) finds that the number of employees aged 55+ increased by 74 per cent (as compared with a 45 per cent increase in the aggregate of all employees) in the U.S. insurance industry during the 10-year study period ending in 2008. It also finds that 20 per cent of the insurance employees were near retirement age (as compared with 15 per cent in the entire financial services sector) and the proportion of near-retirement insurance workers would rise to 25 per cent by 2018. Reinsurers and brokers are at greater risk than personal or commercial line carriers (Chaurasia, 2016). In the aggregate of all business lines, U.S. insurers are exposed to greatest risk in securing underwriters.

The findings by Abraham and Kearney (2020) showed that Korea experiences some shortage of workforce in the insurance and reinsurance markets. The findings indicated that Korea had a total of 322,000 workers in 2020 working in insurance industry, thus needing 1,000 new workers per annum to support the current growth. The pension and annuity markets were expected to grow at a faster rate (5.5 per cent per annum) to a total of 19,000 employees in 2020. These findings indicated that the Korean industry is in critical need of specialists in product development, underwriting, pricing, and marketing and intermediary services.

Another challenge experienced in insurance industry is supply of new talent workers by academic institutions (Abomeh & Peace, 2016). The level of education globally continues to rise. Despite the improvement in education in general, different countries still face challenges in educating students in selected academic fields. Today's mainstream suppliers of new entrants to the insurance industry are colleges and universities, particularly those in a bachelor's or master's programme in RMI or actuarial science (Abomeh et al., 2016). The U.S., for example, is known to have around 70 academic institutions with an undergraduate insurance programme which represented about 10 per cent of the American Assembly of Collegiate School of Business (AACSB) at the time of survey conducted by Holzer (2016). The percentage of universities with an RMI programme in all Far Eastern countries, however, remains around 10 per cent or below of all four-year institutions in the region. In addition, a number of Asian countries with active insurance operations are known to have only a few institutions (e.g. Hong Kong, India, Malaysia and Singapore) or none (e.g. Bangladesh, Indonesia, Sri Lanka and Vietnam) (Holzer, 2016).

Conclusion

From the reviewed literature, ageing workforce is a serious risk to the insurance industry, and insurers are in critical need of attracting new human capital and retaining current workers. The search for talent workers remains a challenge. The weak reputation of the industry that, correctly or not, the public and students carry needs to be removed to make the industry more attractive to new talent workers. Maintenance and improvement of human resources management programmes is called for to retain existing workers, especially the older ones. Key for the successful continuation of insurance operations includes the human resources management infrastructure via which insurers generate current and future workers with the right skills, at the

right time, place and cost. Having such infrastructure is equally critical for local and overseas operations. Notably, organizations that do not inculcate talent management in their HR functions are only planning to lose their competitive advantage in the dynamic market. Managers who are knowledgeable in this field find it easy to identify outstanding candidates and facilitate more strategic recruitments, as well as designing training strategies basing the content on organizational goals and objectives.

Recommendations

Due to the shifting demographics in terms of age, gender, and race, the HR department in insurance firms must devise an inclusive approach to attract and retain skilful employees who are ready to remain updated with the current information and trends in the marketplace. Organizations can assess the success of its global talent programme by analyzing its historical aspects on hiring, retention, productivity, and competitiveness in the market. In a situation of hiring new employees, insurance firms can analyze the level at which applicants increase their interest to be part of the company. Since the talent management programmes develops employees' knowledge bases, more employees will prefer to work for organizations that enhances their personal development. If a programme is successful, an organization will receive more applicants for a vacant position than in the periods before the implementation of the programme. HR managers in insurance firms should design reward or compensation programmes for top performers to encourage development of talents. There is assurance of effective management and maintenance of core aspects of a global workforce in line with attributes of a country, thus aligning organizational goals and objectives with those of employees. Insurance firms have to make training of employees a culture so that new recruits learn to adapt to the system. The broad nature of talent management requires a collective approach of all departments in an organization for proper implementation. HR managers in insurance firms should help in developing the skills of employees under them.

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