

STRATEGIC INTERNATIONAL TALENT MANAGEMENT

Workforce Diagnosis and Effective Policies to Promote International Mobility



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Working Team

Academic Team

Pilar García Lombardía, Ph.D. researcher, IESE

Coordination

Ángela María Gallifa Irujo, research manager, IRCO-IESE

José Antonio de Ros, president, ERES Relocation Services

Elena Casares, director, ERES Relocation Services

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INTRODUCTION

Experts predict a 50% increase in international assignments worldwide by 2020.¹ This is only another example of the consolidation of globalization. Knowledge, technology, capital and the production of goods and services are now more interconnected than ever. In the face of the inevitability of the globalization process, company management needs a change of direction in human resources strategy as an essential lever to achieve competitiveness in this new scenario. The need to align human resources strategy with business strategy manifests itself specifically in the international mobility axis and the battle for talent. This battle is being fought precisely in global labor markets, where there is competition in terms of both supply and demand.

The challenge lies in “promoting international mobility with efficient policies, ensuring insofar as possible the success of assignments and generating a culture that values international experience.”²

This necessity requires an in-depth review of human resources policies and practices. The object of this study is to provide a guide for businesses that will enable them to establish, in the first place, a diagnosis of the situation of their workforce in terms of internationalization and, secondly, provide recommendations to improve any possible deficiencies by means of specific policies.

Those responsible for human resources policies and strategies must focus their attention on designing new ways to attract, retain and develop talent, which will be essential to face up to the new reality. Committed people, with great technical capacity and a range of skills associated with internationalization and mobility (called “cultural intelligence” or CQ) are the new profile most sought after by companies.

¹ PwC (2011), *Talent Mobility: 2020 and Beyond*.

² PwC (2013), *Annual Global Survey 2013*.

1. CONTEXT: THE BATTLE FOR TALENT

The battle for talent has become one of the greatest challenges for companies throughout the world. There are two fundamental reasons for this: globalization and demographic shifts. Globalization has increased the demand for highly qualified personnel at the same time that demographic shifts and migratory movements have produced a shortage of qualified talent in developing and emerging countries.

According to ManpowerGroup's *2012 Talent Shortage Survey: Research Results*, a third of senior managers cannot find the talent their businesses need.³ Some 12% of these managers have set out to seek this talent outside the boundaries of their global labor markets. An aging population, especially in more developed countries, has coincided with an active population that is much younger, although with few qualifications, in emerging countries. The new global competition scenario requires specialized technical knowledge and new professional skills that determine the talent shortage described above.

The fact that, in some of the countries mentioned, this situation coexists with high levels of unemployment, among young people in particular, leads one to think that there may be a mismatch between education and training policies and business needs. The talent supplied, so to speak, does not fully match the talent required in the labor markets.

Interest in talent management in businesses has its origin in the McKinsey study *The War for Talent*,⁴ in which the authors suggest that the drop in the birth rate and other factors will create a demand for talent that is far greater than the available supply. There is general agreement on this matter: the attraction, retention and promotion of talent have become key tools for human resources managers.

In practice, global talent management can be defined as “a subset of international management initiatives on human resources aimed at attracting, retaining and mobilizing individuals with a high current or future value for the company, in line with the multinational company's strategy aimed at meeting the needs of multiple stakeholders.”⁵

³ ManpowerGroup, *2012 Talent Shortage Survey*, available at <http://us.manpower.com/en/multimedia/2012-Talent-Shortage-Survey.pdf>

⁴ E. Michaels, H. Handfield-Jones and B. Axelrod (2001), *The War for Talent*, McKinsey, Boston, Harvard Business School Press.

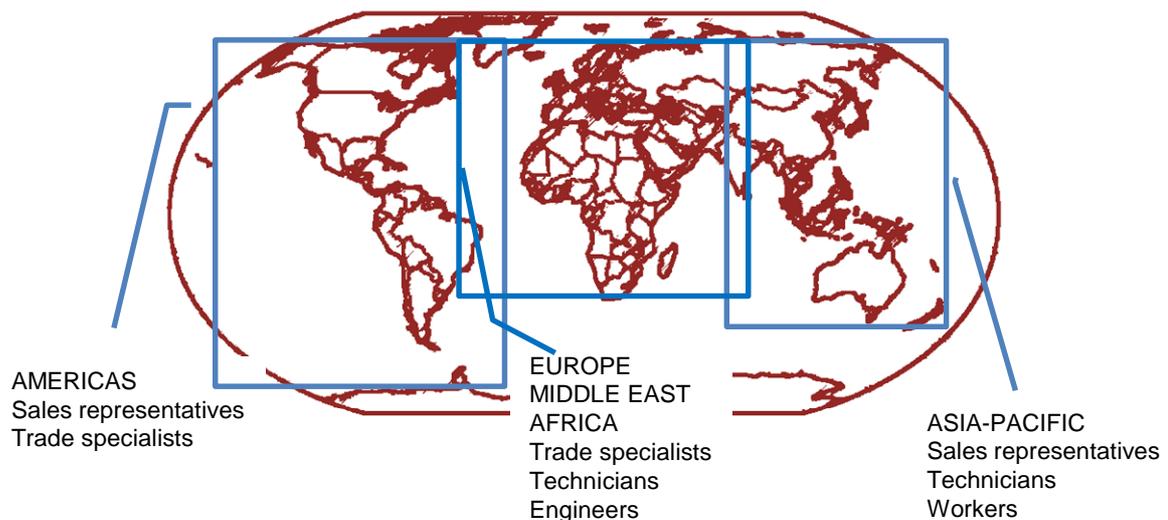
⁵ I. Tarique and R. Schuler (September 2012), *Global Talent Management Literature Review*, SHRM Foundation.

1.1. Talent Shortage

In the specialized literature, there is strong evidence of this situation (Jeff Schwartz 2011; Kavanagh 2010, among others). The studies by the World Economic Forum (2011) and ManpowerGroup (2011) indicate that this talent shortage is global. According to Manpower's report, for example, Brazil, Japan and India are the countries facing the greatest difficulties in recruiting talent. But difficulties are apparent in practically all regions:

Figure 1

Greatest demand for talent by region



The solution to this challenge is not simple. According to the study by the World Economic Forum, multinationals are putting in place the following initiatives:

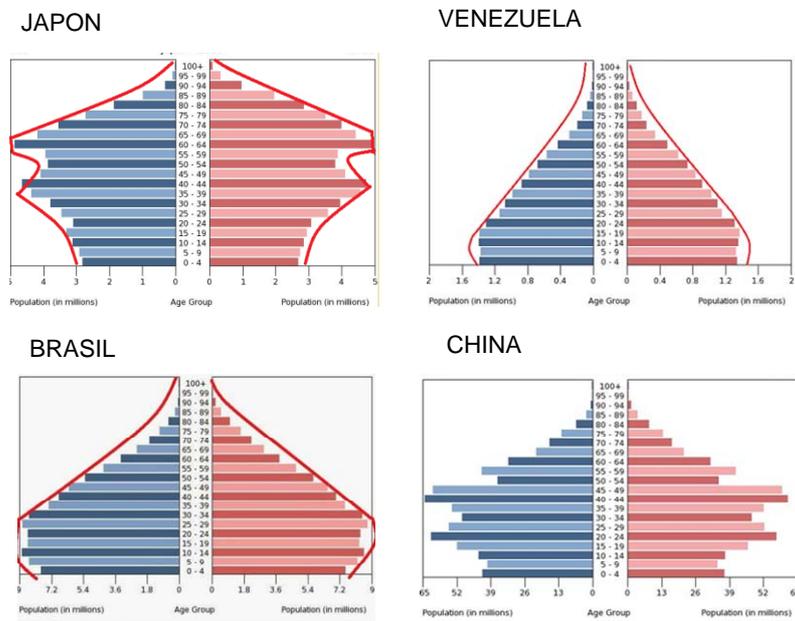
- Introducing strategic planning elements in decisions about the workforce.
- Increasing employability.
- Facilitating talent mobility.
- Increasing the target group to include, for example, women, older workers etc.

All these initiatives are founded on a basic assumption: globalization has arrived in labor markets and that means, among other things, attracting and selecting scarce talent from international workforce pools.

1.2. Demographic Variables

Figure 2

Population pyramids in different countries, 2013

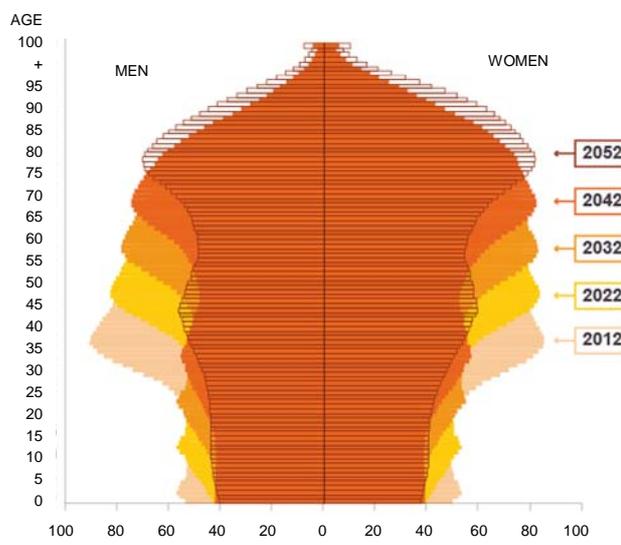


Source: <http://blogdegeografiadejuan.blogspot.com.es/>

Demographic shifts occurring worldwide are among the main causes of this talent shortage. While in developed countries there is a noticeable aging of the population, developing countries have an increasingly young population.

Figure 3

Spain's population pyramid, 2012-2052 (projection)



Source: INE (National Statistics Institute) adapted, <http://blogdegeografiadejuan.blogspot.com.es/>

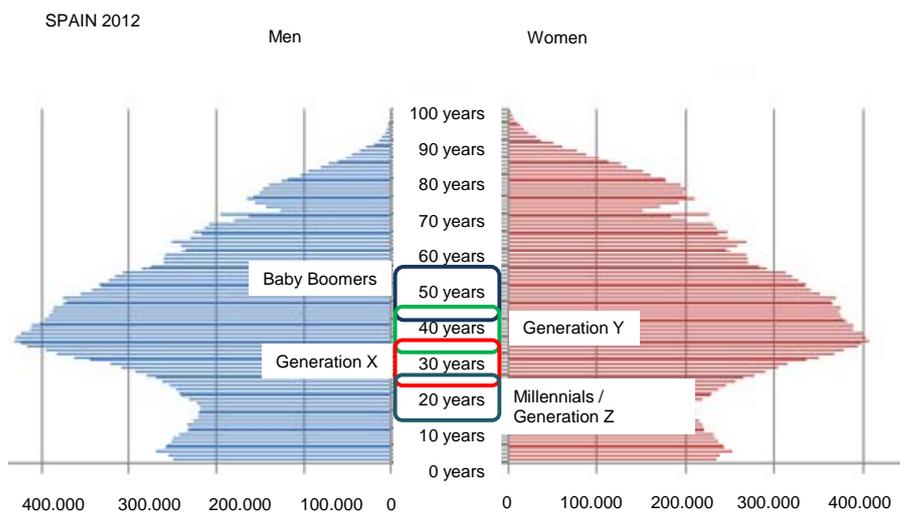
One of the first consequences of this situation is the coexistence of several generations of employees: baby boomers, generation X, generation Y and millennials all make up the workforce of the majority of companies nowadays, which requires designing and implementing more flexible policies for talent, staff and diversity management.⁶

It is also necessary to take into account that mature employees, the baby boomers, have increased their quality of life and tend to stay active for longer: they are what is called “generation U” (the unretired generation). The value that generation U can add to organizations is still being studied, but in the United States, where the phenomenon is already a relevant trend, initiatives are already being implemented that seek to benefit from the knowledge and experience provided by these employees, for example by means of mentoring processes.

From the point of view of talent, the reality is that companies cannot afford to disregard such an important part of the active population as the baby boomers. Demographic renewal comes mainly from developing countries but, unfortunately, this new group presents deficiencies in the knowledge and skills required.

Figure 4

Different generations in Spain’s population pyramid, 2012



At the opposite end of the pyramid are the millennials – i.e., those born between 1981 and 1995 approximately. Half of India’s population falls within this age group, as well as 25% of the active population in the United States.⁷ In 2020, 50% of the world’s workforce will be made up of millennials: understanding their motivation and attitudes to work is an unavoidable challenge. According to a PwC study (2011), the most important characteristics of this generation are the following:

- They have little loyalty and a low level of commitment to the organization.
- They have a tendency to change companies voluntarily to improve their financial situation.

⁶ I. Tarique and R. Shuler (2010), “Global Talent Management: Literature Review, Integrative Framework and Suggestions for Further Research,” *Journal of World Business*, 45 (2), pp. 122-133.

⁷ PwC (2011), *Talent Mobility: 2020 and Beyond*.

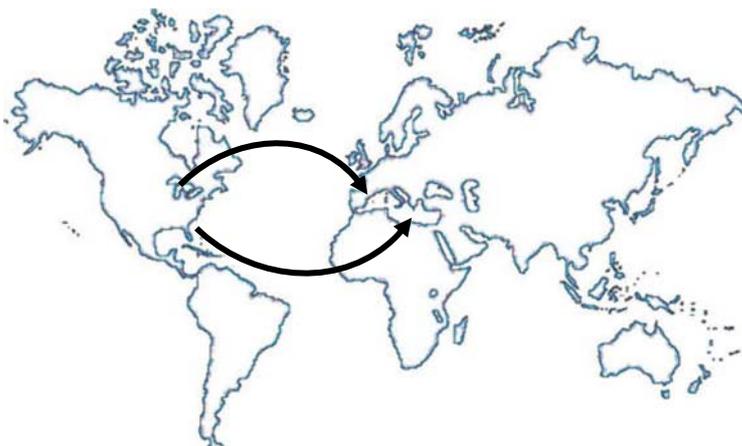
- They consider learning and development to be the best incentives a company can offer them.
- They aspire to achieve a balance between their personal and their professional lives.
- They prefer to communicate electronically instead of face to face.
- They value professional progression greatly.
- They value a company's corporate social responsibility strategy.
- They are very motivated to travel, even changing continents.
- They are comfortable working with older generations, particularly with baby boomers.

These characteristics reflect the profile of millennials in developed countries. In developing countries, precisely where they are more numerous,⁸ the members of this generation present some specific characteristics that affect the possible design of talent management policies. One of the main issues is the deficit in knowledge and skills required by businesses. There are several causes for this situation but basically it is due to political and educational matters relating to the low quality of education in these countries and the lack of equality of opportunity in accessing education. One of the great challenges of global talent management is, without a doubt, thinking of new ways to develop talent and knowledge in these population groups, which would otherwise be driven to an informal economy – thus reinforcing and deepening social inequalities in developing countries and, of course, exacerbating the global shortage of people with the right skills to do the work required by businesses nowadays.

2. FROM EXPATRIATION TO INTERNATIONAL ASSIGNMENT

Figure 5

First stages of expatriation

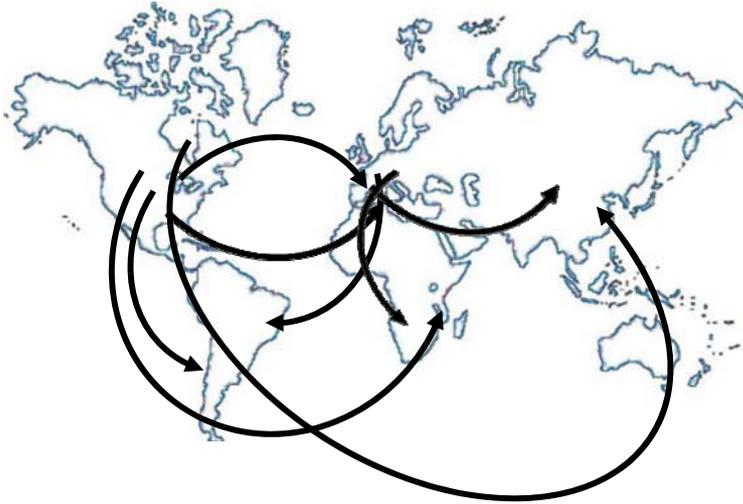


⁸ Compare, for example, the population structure broken down by generations in Figure 4 with the equivalent population pyramids for Brazil or Venezuela (Figure 2), where we can clearly see that they are the most numerous of the population groups, in contrast with what happens in developed countries.

Expatriation processes started to become common in the 1970s. It was mainly expatriations from the United States to Europe and, in the case of the gas and energy sector, toward the producing countries (the Middle East, for example). Expatriation had a long duration, of about five years, and one of the main incentives consisted of attractive expatriation packages. This model was a general trend for nearly 20 years, until the end of the 1980s.

Figure 6

Evolution of expatriation

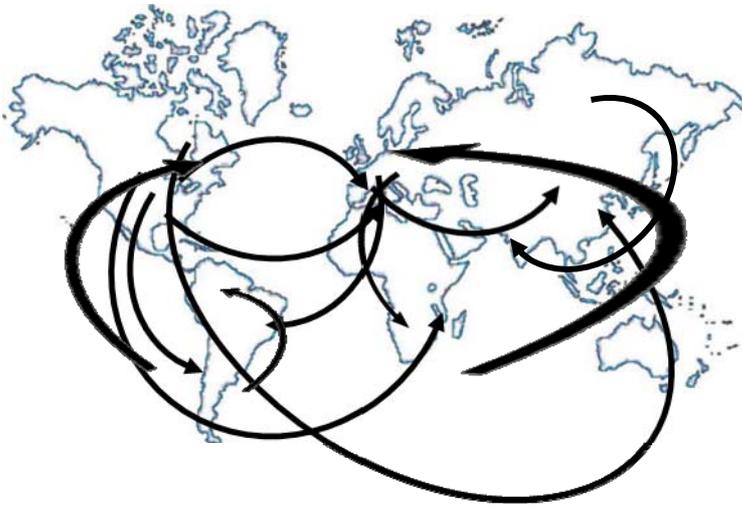


With the incipient appearance of globalization, between the end of the 1980s and the start of the 1990s, the situation started to change. The need for greater global mobility became apparent with the appearance of new markets in emerging countries, an opportunity not only for the sale of goods and services but also for production at lower costs. Expatriation movements no longer have their origin in the United States alone as European companies are beginning to take part in this trend. The flux of talent continues to move basically from Western industrial countries toward developing countries, although talent niches are starting to emerge in some countries, such as India.

The 21st century has brought new trends in international assignments, which will have consolidated by 2020. The globalization of the economy has promoted the international dimension of business and generated new markets. International assignments are no longer one-way – from the developed world to developing countries – but are now happening in all directions. So, for example, a Brazilian company may hire a mixed European-U.S. team to manage an investment in Africa.

Figure 7

Internationalization as a New Dimension of Mobility



Currently international assignments are characterized by great variety and flexibility. If, a decade ago, there were basically long or short-term expatriations, currently there are frequent travelers, employees working abroad, international staff, etc. All this implies having a reference framework within the company covering the different options depending on the interests and preferences of both employees and business.

One last factor to be taken into consideration is the growing trend, especially among the millennial generation, to consider international experience as an experience of great value for their own professional progression: they are not only willing to change their place of residence but will even request this. For companies, this option means the possibility of having international talent at a lower cost, given that the financial incentives and pay packages are lower.

Greater flexibility in the design of international assignments is essential in order to tailor the incentive policies and career plans to the expectations and interests of the different generations of staff, as well as to attract global talent.

3. ATTITUDES TO INTERNATIONALIZATION

In view of the above analysis, the need to analyze the talent available in the company's own workforce from the point of view of mobility becomes evident: the international nature of a profile, understood as their motivation and capacity to develop an international career, becomes key. The difficulties in sourcing the talent needed in certain regions forces companies to involve part of their staff in internationalization and expatriation processes, while monitoring costs and keeping them under control. This is why it is essential to know the motivations and interests, as well as the skills, of different groups of employees.

3.1. Profiles Classified by Business Drivers

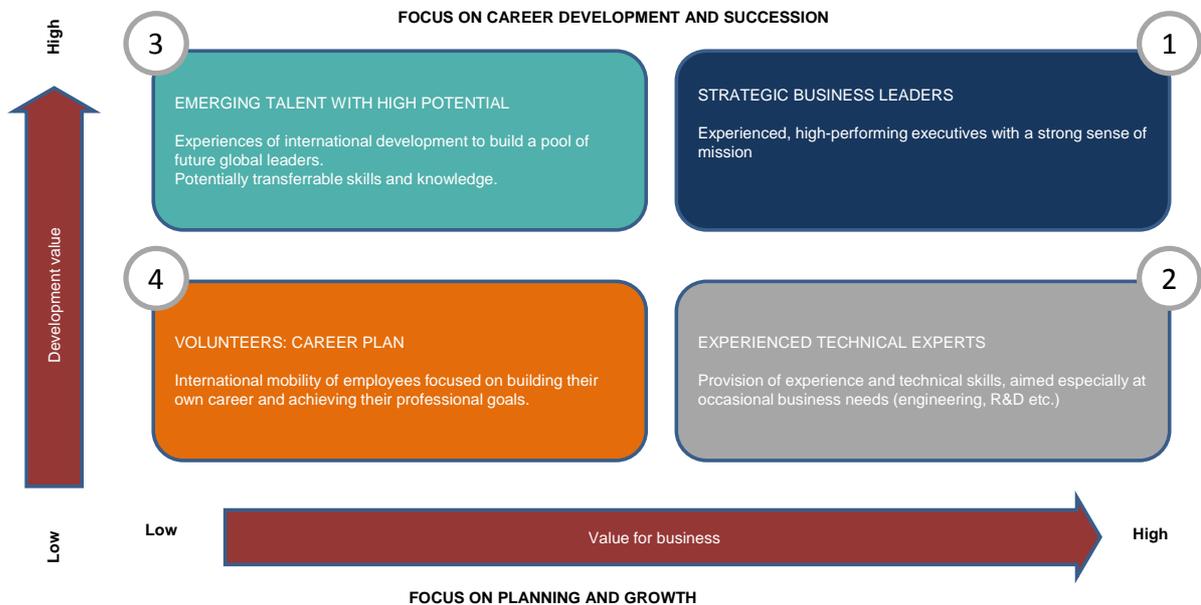
The first issue is to have an analysis tool that allows for classifying the workforce and establishing segments of employees who are eligible for expatriation according to different categories. Usually four strategies are defined in relation to the business drivers:

- Strategic needs of the business.
- Technical needs.
- Potential of emerging talent.
- Professional career design opportunities.

Following Picker,⁹ we can organize these categories of international profiles in order to establish a certain succession between different profiles:

Figure 8

Profiles eligible for expatriation broken down by business drivers



Source: Developed by the author based on M. Picker (2010).

Figure 8 indicates there are two profiles that are most valuable for business: **strategic business leaders** and **technical experts with experience**. The former are executives with experience, high performance and a strong sense of mission. Additionally, if their position is due to a careful international career development process and a succession plan, their value is very considerable for the company. Among the priorities of an efficient international mobility strategy must be having a sufficient number of executives in this segment, given that the disadvantages of having to hire them externally are evident – both in financial terms and in terms of efficiency and commitment.

⁹M. Picker (October 2010), "Managing Talent Across an Internationally Mobile Workforce," Mercer Insights.

Those in the second category are also of great value to the business, especially in the international dimension. It has already been mentioned in the first pages of this study that technical profiles are the hardest to source, in all countries: shortages in this kind of profiles are significant. The professionals who make up this group are able to solve problems and get projects done practically anywhere in the world, especially if their promotion has been internal and they are within the volunteer segment (Figure 8).

The segment of voluntary expatriates and emerging talent with high potential has a lower current value for the company than the previous groups but its potential for development is very high. The international talent management strategy should seek to implement human resources policies and initiatives that not only lead to the full development of this potential but also strengthen the sense of mission and the commitment to the company of these professionals.

The **high-potential emerging talent segment** comprises professionals with a strategic dimension, not purely technical, who are in the process of acquiring international experience: this is the company's talent pool that will nurture the strategic business leaders group. The mobility strategy must have two goals in this case: to strengthen commitment and develop its strategic potential.

Alongside the profiles outlined, there are increasingly more professionals who have a strong international vocation and seek above all to build a professional career full of new experiences. These internationalization **volunteers** largely match the new concept of global nomad. The term applies to people with an international and mobile lifestyle, belonging mostly to generation Y or the millennial generation. For those in charge of international human resources, this group makes it necessary to change the rules of the game: they have their own motivations, lifestyle and risks. From a sociological point of view, they are usually single people without family responsibilities. Their professional career is one of their greatest priorities and they think of it as a constant succession of international assignments. It is easy to imagine that one of the main risks with these profiles for a business is the lack of commitment – and high turnover – and that the retention strategy must use constant new challenges as its main tool.

Those in charge of international human resources must put in place a mobility strategy or, more specifically, a staff internationalization strategy, as part of a global business strategy aimed at maximizing the available talent to face the challenge of globalization. Each of the segments described requires a specific analysis of its characteristics, motivations, interests and expectations in order to be able to design tailored mobility policies. Flexibility in the assignment processes and incentives is essential.

3.2. Profiles Broken Down by Business Drivers and Generation Profiles

To know more about the characteristics of each segment, it is appropriate to refer to the description – albeit general and with exceptions – of the features of the different generations that currently coexist in the workplace and that are distributed in these segments. As an approximation, we can consider that these four generations are distributed as follows:

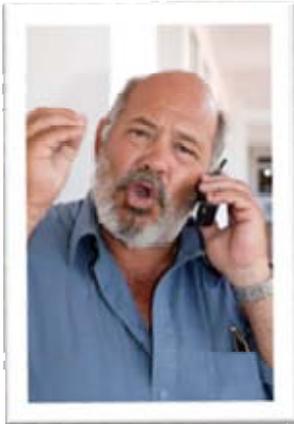
Figure 9

Segmentation by business drivers and generation



Source: Developed by the author.

Generational descriptions and classifications are always subject to a certain degree of ambiguity, particularly regarding the most recent generations (millennials, generation Z etc.) but this approximation enables an initial classification. We must not lose sight of the fact that these four generations comprise the current labor market and workforce for the majority of businesses, so it is fair to ask ourselves who is who and what their motivations are.



Baby boomers, born approximately between 1950 and 1965, are in the last stages of their professional career, although the new trend – very noticeable in the United States – to avoid retirement, staying active in self-employment, as advisors, mentors, consultants etc., leads to the belief they will remain as an important part of the labor market: they are the aforementioned **generation U**.

Baby boomers introduced a new management style in companies, moving from strict hierarchical relations to a search for consensus. Deeply committed to their profession, they are the last generation for whom the expression “a company for life” holds true. They hold authority, professional ethics are very important

in their decision making and they tend to have a strong sense of mission and of commitment to the organization.



Baby boomers reared and educated **generation X** (born between 1965 and 1975), also called “the lost generation.” The young people of generation X do not see success in the same way as their parents do. It is the most skeptical generation and harder to reach for traditional communication and marketing means. Members of this generation are characterized by their cynicism and disillusionment with their parents’ values. From a sociological point of view, this generation was marked by the appearance of AIDS in the early 1980s and by major global political changes. The impact of this sense of uncertainty and permanent transformation is visible in different artistic fields, such as the cinema or music.

The nickname of “lost generation” is due to the fact that members of this generation find themselves between a previous generation, the baby boomers (a “blocking generation”), who are not giving up their space in the labor market, and a recent arrival, generation Y, which has landed too soon and too hard, devastating and overcoming the expectations and dreams of generation X.

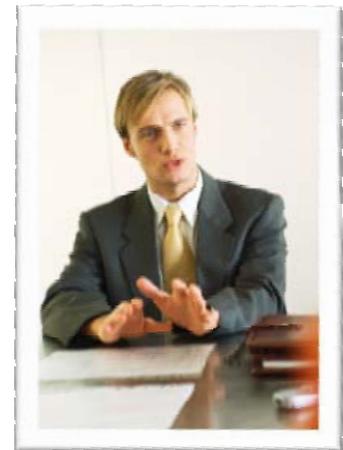
From an employment point of view, generation X, one of the most highly trained generations in Spain, found itself in a situation with an excess of university graduates, ending up occupying a significant proportion of low-quality jobs. The concept of “a company for life,” which they learned from their parents, was no longer valid but neither businesses nor the labor market were ready for the change of culture.



Those who were born between the late 1980s and the late 1990s comprise **generation Y**, a generation that has grown up combining TV with a Nintendo console. These kids have grown accustomed to a constant bombardment of images, immediate and visual information, and 3D reality. They are not going to cultivate patience and painstaking skill; instead, they have developed “already” and “now.” It is a results generation, not a processes generation. And with a short-term outlook: they know from experience that things, information, novelties, etc. disappear in a short time. It is important to know what is happening now and to react with speed. Who knows what might happen in a few days? Even the world order, which seemed so unmovable, is fragmenting. How many generations can claim to have seen the emergence of 16 new countries within a year?¹⁰

The use of technology from an early age has a greater impact on people’s behavior than might be thought. More and more authors note the fact that these new generations have a more developed right hemisphere of the brain due to their exposure to the stimuli of the internet and television, while the left hemisphere is developed with activities such as reading.

But the real rupture for this generation is due precisely to it being the globalization generation: they are the first to live internationalization fully. Learning languages, studying abroad and leisure have led them to perceive a world without frontiers and to have a network of friends spread all over the world. Professional relationships have priority over other matters when it comes to making friends; they have a good level of education and, very often, have experience working in multinationals.



But generation Y has suffered something similar to the effect it had on generation X: the **millennials**, the upcoming generation, are breaking in too soon and are standing out from their predecessors. The youngest people in the labor market extend their individualism to their family relations: they tend to remain single to maintain a free lifestyle so they can develop a professional career anywhere in the world. Their sense of commitment is very low and they will stay where they might find development and promotion opportunities and, above all, where they might find constant new challenges.

This general description of the characteristics of each of the generations is valid, with qualifications, for developed countries. In developing countries, where generation Y and the millennials are much more numerous (see Figure 2), there may be certain specific characteristics related mainly to deficiencies in education and skills.

¹⁰ We are referring to 1991: Lithuania, Latvia, Belarus, Azerbaijan, Georgia, Slovenia, Croatia, Estonia, Ukraine, Moldova, Kyrgyzstan, Tajikistan, Armenia, Turkmenistan, Kazakhstan, Macedonia and Uzbekistan.

4. INTERNATIONAL TALENT MANAGEMENT STRATEGY AND POLICIES

This classification according to business drivers and generations is the basic framework on which to design the different policies for talent attraction, retention and mobility in the organization. The strategy should be defined with the ultimate goal of ensuring the availability of a sufficient number of strategic business leaders who are able to ensure the company's global competitiveness. With this goal, the management drivers are the following:

Diagnosis of Available International Talent and Planning

As a preliminary stage to the design of the strategy, those in charge of international human resources could use the classification outlined to make a first diagnosis of the company's workforce, determining the percentages in each group. To know, even approximately, the percentage of employees in each group will determine, for example, the external hiring needs and internal promotion possibilities.

In addition to this demographic analysis and using it as a basis, it is necessary to establish a diagnosis of the competencies diagnosis (knowledge, skills and dispositions) of the candidates who will be part of the company's international talent pool. Finally, those in charge of international human resources, in their most strategic role, must establish a talent plan that will be necessary in the near future to support and enable the company's globalization strategy.

Diagnosis and planning provide an appropriate basis on which to make decisions regarding recruitment and external hiring vs. internal development, taking into account the direction of the flow of international talent between the different groups (see Figure 10).

Figure 10

Talent flow driven by the international talent management strategy



Source: Developed by the author.

In effect, the main risk regarding the group comprising millennials or global nomads is turnover. The goal of the talent management policy in this case should be to promote their professional development in the direction of the group of experienced technical experts or, for those who do not have a purely technical profile, toward the emerging talent group, improving their strategic training. In both cases, reinforcing commitment is essential.

Developing Talent

Among the most important and characteristic results of international talent development policies is strengthening intercultural competencies. Specialized literature¹¹ provides sufficient documentation of the importance of said competencies acquired by means of international experience, such as managing change, flexibility, stress management or diversity management. Strengthening profiles with the potential to become international requires training and practice in this kind of competencies and skills.

In developing a company's talent, policies aimed at ensuring and promoting the transmission of knowledge and of the company's mission also play an essential role. In this regard, techniques such as coaching or mentoring have been proven to be very useful in developing competencies related to both strategic knowledge and international experience.

Retaining Talent

In a context of shortages and a struggle for talent, retention is a challenge that is as difficult as it is relevant. A policy based only on retention by means of financial incentives is not efficient and surely not feasible. The main retention driver should be the generation of commitment although, in this sense, the differences depending on the generation and group to which the employee belongs are of great importance (see Figure 11).

Based on these considerations, the international talent management strategy takes the form of different policies for the attraction, retention and promotion of this type of talent. Taking into account the shortage of available talent, a second goal should be to make the best use of all the possibilities and potential of internal talent, while resorting to external hiring in the case of so-called "volunteers." The key elements of these policies by category are the following:

¹¹ See, for example, J. P. Johnson, T. Lenartowicz and S. Apud (2006), "Cross-Cultural Competence in International Business: Toward a Definition and a Model," *Journal of International Business Studies*, 37(4), pp. 525-543; and M. Shaffer et al (2006). "You Can Take It With You: Individual Differences and Expatriate Effectiveness," *Journal of Applied Psychology*, 9(1), pp. 109-125.

Figure 11

Key elements for designing policies for the attraction, retention and promotion of international talent

		Attraction	Retention	Promotion
	Volunteers: Career Planning	Life experience Challenges	Attractive career planning International mentoring	Upward
	High-Potential Emerging Talent	Development opportunities Professional challenges	Professional career opportunities Training Strategic mentoring	Upward Sideways
	Experienced Technical Experts	Professional challenges Remuneration Possibilities of promotion	Development of skills Commitment Strategic training	Sideways Upward
	Strategic Business Leaders	Corporate reputation Brand image	Recognition Remuneration Visibility Commitment	Horizontal

5. CONCLUSIONS

Strategic Dimension of International Talent Management

Globalization and the international battle for talent are the great challenge of the future for the area of human resources: this is a great opportunity to step up and fulfill successfully the strategic function of this area, which has been in such demand for decades. It is possible to affirm, without fear of exaggeration, that the efficiency and appropriateness of the global talent management strategy are a *conditio sine qua non* to achieve global competitiveness and this in turn is essential to ensure medium and long-term sustainability.

Starting with a diagnosis of the workforce based on the criterion of its international nature, those in charge of human resources must analyze the company's strategic lines over at least five years to establish the future needs for talent. This means that the needs of each of the four groups described will be planned in detail. The next step should be to design, in a flexible and tailored way, the different policies for talent attraction, retention and promotion, to ensure that the talent available in the organization can support the company's internationalization strategy. This is even more important in the context of a talent shortage: "express" hiring, so to speak, may be unfeasible due to a shortage of numbers or the extremely high cost of hiring those available. In this sense, internal talent development policies are undoubtedly gaining ground.

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Barcelona

Av. Pearson, 21
08034 Barcelona, Spain
(+ 34) 93 253 42 00

Madrid

Camino del Cerro
del Águila, 3
28023 Madrid, Spain
(+34) 91 211 30 00

Nueva York

165 W. 57th Street
Nueva York
NY 10019-2201 USA
(+1) 646 346 8850

Munich

Maria-Theresia-Straße 15
81675 München, Germany
(+49) 89 24 20 97 90

Sao Paulo

Rua Martiniano de
Carvalho, 573 Bela Vista
01321001 Sao Paulo, Brazil
(+55) 11 3177 8221