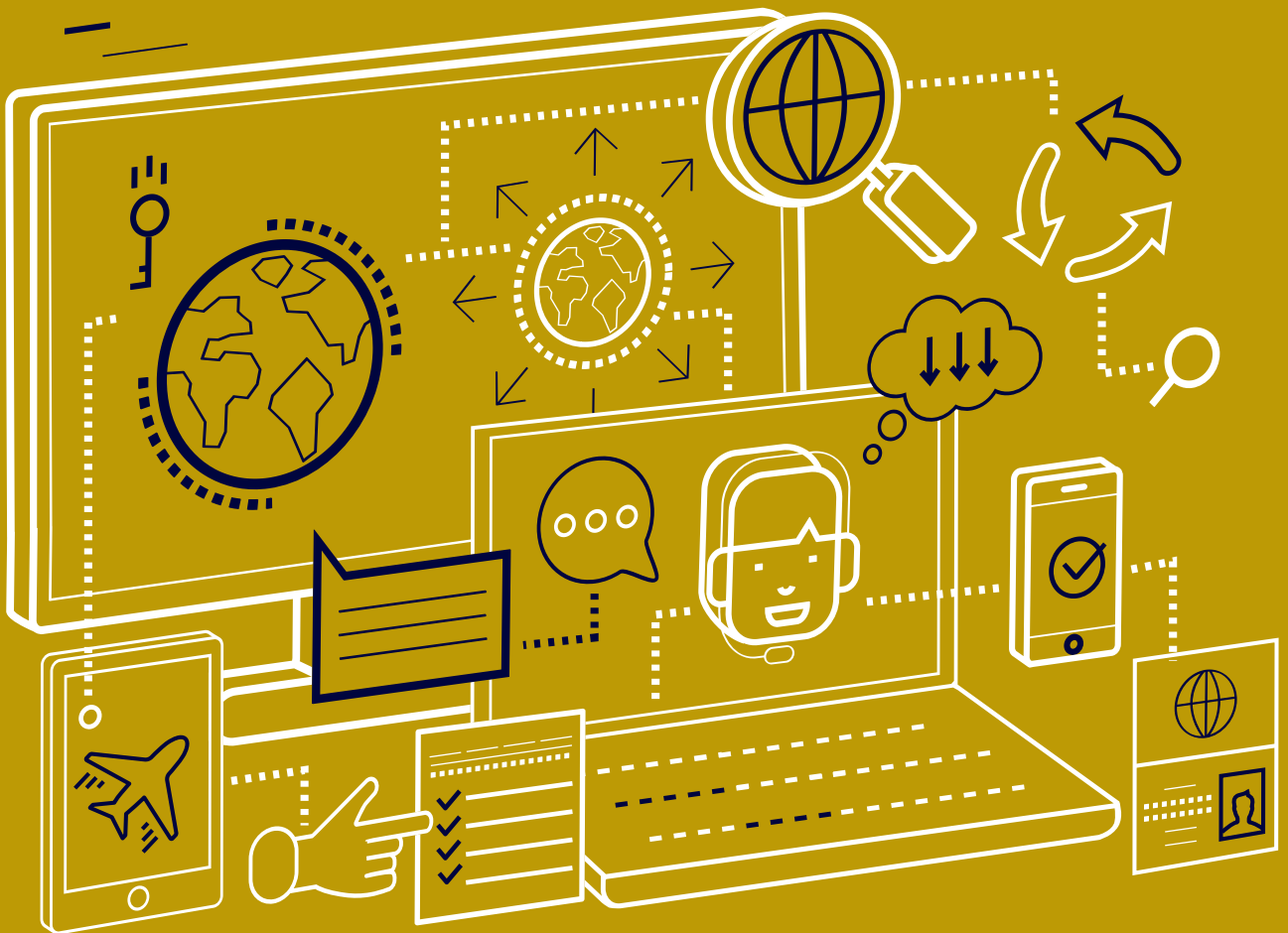


TALENT ON THE MOVE:

TIME FOR A RETHINK?



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TALENT ON THE MOVE: TIME FOR A RETHINK?

Geoffrey Matthews

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COMMENTARY



Developing a strategic approach to identifying, accessing and retaining global talent has become an increasingly important focus for businesses. From the high-flying executive to a group of skilled workers, companies face numerous challenges with attracting and maintaining access to talent in light of globalisation, technological advancement and regional skills shortages. We find that some challenges can arise from traditional corporate working practices or unforeseen compliance issues, which can have a significant impact on the progress needed to meet the unique needs of a globally mobile workforce.

This report makes an important distinction between '*key contributors*' and '*key skills*' to deepen our understanding of how global talent issues can be addressed by HR leadership and other stakeholders. The traditional focus on *key contributors* (i.e. high performers who are mainly senior executives) and their long-term international assignments is no longer the norm.

With the rise of technology and globalisation of business, tapping into the *key skills* of mobile workforces is becoming a key for business growth. We observe this trend in the market for global talent first-hand, particularly when assisting our corporate clients on cross-border mobility projects.

As this report suggests, using data analytics to look closely at your talent pool would be beneficial in analysing any talent gaps and identifying opportunities. Employers will also need to address the lack of gender diversity in expat populations and deal with the unwillingness of *key contributors* to go on long-term secondment by offering bespoke, short-term assignment to source the skills globally.

HR executives are poised to play a central role in unleashing the organisation's competitive advantage by defining talent, identifying those with *key skills* and managing the expectations of key stakeholders through a robust global talent management programme. While this can be a huge undertaking, this essential report helps employers focus on the critical issues which need to be discussed, including:

- Addressing retention to ensure talent and skills are kept within the business,
- Pinning down business strategies including promoting organisational culture and global mobility,
- Effective communications with employees about the opportunities and support packages available, including a focus on dependents.

The concept of 'dynamic risk management' referenced in the recommendations of this report is also indispensable in maintaining an effective global talent management programme. Compliance issues stemming from breach of immigration laws, for example, can often have a material impact on the organisation's ability to maintain continued access to *key skills*. A holistic approach to global talent management would be invaluable for all employers.

We highly welcome CRF's timely research into these complex issues of sourcing *key skills* and talent globally. We look forward to exchanging ideas with CRF members on how to help implement, improve and strengthen global talent management programmes in a rapidly changing global workplace.

Ian Hunter, Partner and Co-Head of the International Employment Group, Bird & Bird

AUTHOR



Geoffrey Matthews is a researcher, consultant and coach with an extensive background in Rewards, OD and strategic HR. He has held senior HR management positions in several leading companies including HP, Merck, Nestlé and Roche, has led rewards, expatriation and talent management and has considerable experience in driving transformational change. A frequent writer, speaker and lecturer, Geoff is co-author of *Engaged: Unleashing Your Organization's Potential Through Employee Engagement* (2012) which was shortlisted for the CMI Management Book of the Year Award.

ACKNOWLEDGEMENTS

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CRF would like to thank Bird & Bird and SD Worx for sponsoring this research.

ABOUT CRF

Our purpose is to increase the effectiveness of the HR function, in order to drive sustained organisational performance, through developing the capability of HR professionals. With a network of over 200 leading organisations, we continue to grow as the respected focal point and knowledge source for improving corporate and individual performance.

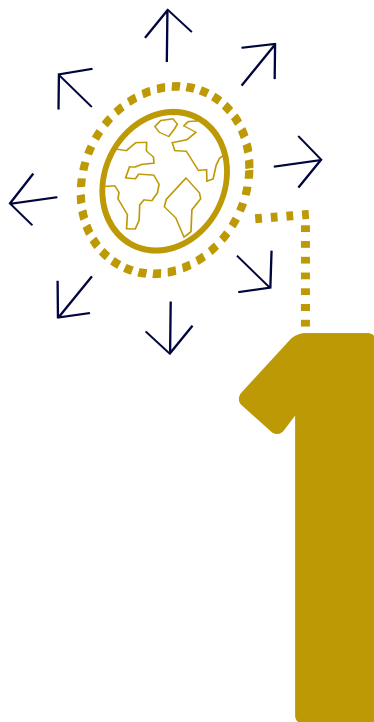
We inform, discuss and guide our members on how to enhance their personal capability, those of their colleagues and, in turn, the effectiveness of the function.

We explore topics through an **evidence-based lens**. This leads us to critique existing practices with an ambition and desire to progress the influence and impact the function delivers to the business. Our approach is professionally and informally rooted in the principle that **adults learn through doing, discussion, reflection and interaction with others**.

WHAT CRF STANDS FOR

- We are alert to the political, economic, technological and social environment in which businesses operate, the continuous uncertainty and potential for game-changing events.
- We understand organisations, the imperatives of robust strategy, agility in implementation and persistence in seeking operational excellence.
- We are acutely aware of the role of people in organisations, the relationship between them, and the systems and processes which bind them together.

For more details on how your organisation can benefit from CRF membership please contact Richard Hargreaves, Commercial Director, on +44 (0) 20 3457 2640 or at richard@crforum.co.uk. Alternatively, please visit our website at www.crforum.co.uk.



TWIN CHALLENGES: TALENT AND CAPACITY

Businesses have always faced the twin challenges of talent and capacity – do they have the right people and do they have enough of them in the right places.

Economic globalisation has created a wealth of new business opportunities but also a more global labour market and with it, more competition for talented people. Over the next decade, demographic change is likely to mean the proportion of the population of working age is shrinking in many of the world’s economies. This will mean even greater competition for what could be a shrinking pool of talent. The purpose of this report is to develop our understanding of the environment in which businesses will be in operation over the next ten-years and to look at the strategies HR professionals might adopt to find, develop and retain scarce talent.

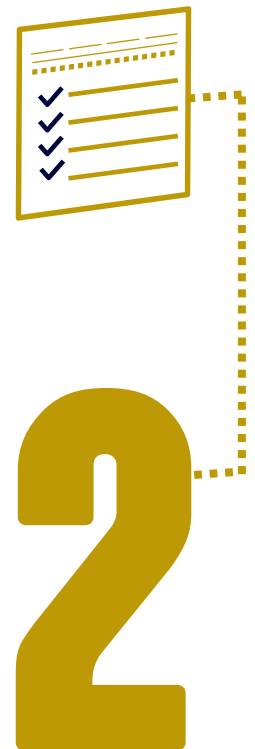
EXECUTIVE SUMMARY

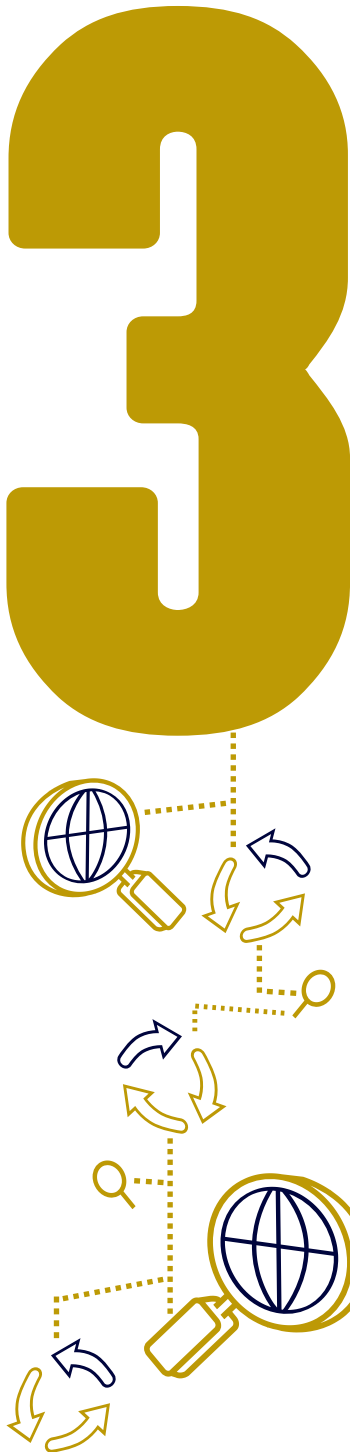
DEFINING THE KEY THEMES

WHAT DO WE MEAN BY TALENT?

In Section 1 we look at what we mean by talent and its importance to global companies. As you might expect, we find rising concern among senior executives about the availability of talent and its critical role in the success of the business.

Surprisingly, though, we find that Global Talent Management hasn’t significantly changed what companies actually do, probably because it has been inadequately defined in many businesses. Simply giving current HR practices a sophisticated-sounding name, then carrying on as before isn’t going to address the challenges businesses will face in the next decade. To do so, companies will have to think a lot more strategically about how they attract, develop and deploy talent. In a world with a shrinking talent pool, just trying to attract the best may not be good enough. A strategic approach to what happens afterwards, in promotions, development and career paths will be every bit as important.





THE CHALLENGES

Section 2 looks in more detail at the challenges businesses are likely to face. The globalisation of business is affecting companies even when they themselves are not global. International supply chains mean that more businesses have cross-border and cross-continental dependencies. At the same time, technology has made the concept of the workplace ever more fluid. It is possible for people thousands of miles apart, to work on the same tasks and at the same time. Meaning leaders must operate with an international outlook, and be culturally and psychologically agile enough to manage this complexity.

Immigration is now a feature of most developed economies. In Australia and Switzerland, for example, a quarter of the population is foreign-born. Cross-border commuting is regarded as 'normal', especially within the European Union. But there is a demographic headwind on the way. Falling birth rates and rising life expectancy mean rising median ages and, in some countries, falling working-age populations. This is not just a feature of the advanced economies. Many emerging economies are aging at a much faster rate. Korn Ferry predicts that labour markets will face a shortfall of 85 million people by 2030. Against this background, trying to outspend each other to attract talent is only ever going to be a short-term option. There is a challenge here for developed economies which have long assumed there will be a steady supply of immigrant workers. If the rest of the world is aging too, that assumption may no longer hold true. Some fresh thinking will clearly be required.

So far, though, the signs are that many companies seem to take an ad-hoc approach to talent management and the deployment of expatriates. Only a few businesses have medium-term forecasts, let alone strategic workforce plans. There is a clear gap between what business leaders say they need, and what HR professionals are actually doing. According to The Brookfields talent mobility survey, only 23% of companies had a formal career planning process and one-third could not say how many of their employees were working abroad.

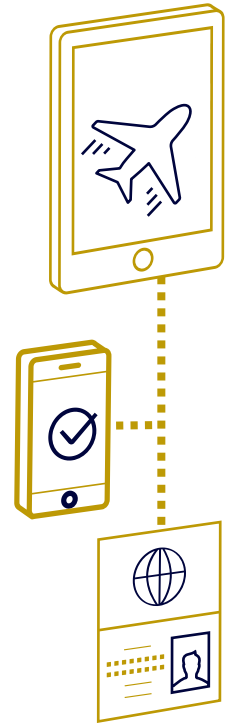
Even companies that get the operational basics right, often fail to measure the effectiveness of their international deployments, either in terms of financial ROI or the impact on career development and the building of the talent pool. Companies therefore seem to be spending a lot of money on moving people around without much clarity on what the benefits of doing so are.

4

TALENT MANAGEMENT IN THE FUTURE

In Section 3 we turn to the likely shape of talent management in the future.

While, traditionally, companies have moved talent to where the work is, technology is making it increasingly possible to move work to where the people are. Many skills cluster in specific areas, such as technology in Silicon Valley and financial services in London. Some people may therefore be reluctant to move out of such locations for fear of entering a career dead-end and/or being unable to return to such clusters later. A 'moving work to talent' approach may therefore be more beneficial. Instead of first determining a location where work should be done and then expecting talent to move there, it may be more effective instead to take the work to where the talent is found. There are, of course, risks to moving work just as there are risks to moving people but, in a world of scarce talent, an assumption that in-demand workers will happily and uncomplainingly move wherever the company tells them to may be outdated. None of this is to say that large numbers of people will no longer move around the world. It is simply a question of looking at the problem from both ends.

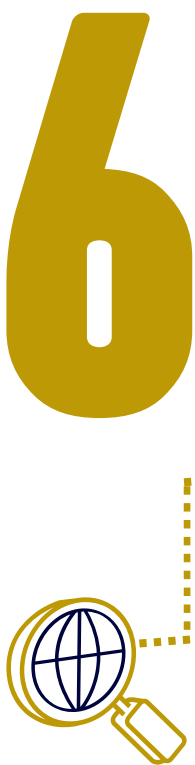


MORE EFFECTIVE TALENT MANAGEMENT

Section 4 focuses on what organisations can do to make the whole process of talent management more effective.

In many companies, the initial instinct is to focus on attracting people. But as we pointed out in the earlier chapters, this approach is likely to yield diminishing returns. Improving the retention and development of key talent might be a better place to start. This is likely to mean more targeted HR practices, such as individually designed packages, better career planning, ongoing development and mentoring. It may also mean sourcing from hitherto untapped parts of the labour market, for example, retaining older workers, increasing the number of women in traditionally male occupations and actively encouraging the recruitment of under-represented cultural minorities.

With talent in short supply it will become vital for organisations to be clear about the link between their talent deployment activities and their business strategy. Technology, better use of data and workforce analytics can help, but this too requires clear thinking about business goals and mission-critical skills. In what is likely to be a more volatile world, risk management becomes a key factor too. Companies therefore need to create longer-term workforce planning strategies while retaining the ability to anticipate, adapt and react to sudden changes.



CHANGE WON'T BE OPTIONAL

Our overall conclusion is that the combination of globalisation and demographic shifts is likely to present significant challenges for organisations over the next decade.

The impending shortage of talent is a strategic question that will require a strategic answer. The ad-hoc and operational approaches that have sufficed in many companies until now will no longer be adequate. Organisations will need to take a far broader and creative perspective in future, embracing not only the different means available of moving talent to work, but also looking at leveraging technology instead to help bring work to talent. The demographic clock is ticking. The scale of the challenge means that change won't be optional.



With more globalisation and the effect of demographic shifts, organisations will face increasing challenges to attract and retain the talent they need to be successful, and HR teams will have to free themselves of transactional work to become more effective partners to the business.

Geoffrey Matthews,
Report Author



COMMENTARY



It is time for organisations to back up their rhetoric with action when it comes to their people. In today's market, strategic thinking is often dominated by how technology can help organisations move faster and more effectively. Yet any technology will be useless if people are not comfortable with it and clear on how it can help them in their work and their lives. This is just one example of many, where prioritising human beings will be critical to long-term business success.

To turn this talk into reality, the relationship between employers and employees has to change. Contrary to the traditional view, organisations now have to sell themselves to prospective employees. People are no longer looking for a job that they can hold for the majority of their career. They are looking for opportunities to develop and to gain valuable experiences that will help them in their career and their lives. To take one section of the workforce as an example, a recent Deloitte report found that 43% of millennials envisage leaving their jobs within two-years. This has to dictate a complete rethinking of the ways organisations not only approach employee retention, but also how they operate.

A NEW DAWN

In this market, employee retention rates are no longer a key indicator of success for a business. Instead, the focus has to shift to how employers can get the most out of their people for the time they are with them. This equation works both ways. Businesses have to invest in their employees if they are to be rewarded with good work. In fact, organisations have to go further than just rethinking how they approach employee retention – the whole nature of how they work has to change.

Businesses have to set themselves up in a way that gets the best out of the talents their people possess. It is not a case of finding someone to fit the exact needs of the business for which they work. Organisations have to reflect the best attributes of their people. This means that everything from how employees are rewarded to how and where they can work, has to be flexible. Employees are increasingly aware of the importance of wellbeing and they no longer just hope their working life can accommodate their personal life, they demand and expect that balance. This is one of several reasons why we have seen the workforce increasingly made up of freelancers. SD Worx's own research found that 39% of European freelancers plan to remain so in the long term. People expect to work in a way that suits them and they are now taking matters into their own hands.

Attitudes to work have always changed throughout history, yet never have employees had so many options and so much influence over their own careers. People will move quickly and they expect their organisations to do the same. The question businesses now have to ask, is whether they can keep pace.

Hilde Haems, CHRO, SD Worx Group

01

INTRODUCTION – WHAT DO WE MEAN BY TALENT AND WHY DOES IT MATTER?

TOPICS COVERED

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1.1 INTRODUCTION

While globalisation of business has accelerated since the fall of the Berlin Wall in 1989, approaches to managing talent around the world have been slower to change. Organisations still rely heavily on expatriate assignments as a primary means to grow talent internationally, even though they may not have a clear idea as to what is meant by ‘talent’, where such pools of capabilities exist around the world, or how they can identify and deploy them in the most effective way to meet their critical business challenges. The rationale for employee moves may not always be clear, and experiences gained abroad insufficiently leveraged upon repatriation. Alternative programmes to develop local talent instead may be absent or inadequate, and digital technology insufficiently used to foster collaboration on a virtual basis rather than doing everything face-to-face. At the same time, employees may not always want to work internationally, and those who do may prefer to take their careers in their own hands rather than wait for organisations to do so.

In a climate of pressure to reduce costs, improve compliance, and enhance the employee experience, HR teams have often heavily focused on the smooth running of talent and expatriation programmes, rather than standing back and questioning these strategic people investments, and reconsidering to what extent they still support effective talent agendas. As E.E. Lawler (2017) comments, “The globalization of business makes talent a global resource”, giving rise in the last decade to a whole separate discipline of Global Talent Management (GTM). Yet evidence suggests that HR is lagging in responding to this new reality. This report therefore examines what can be done to leverage talent internationally and deliver greater value for tomorrow’s business.

1.2 WHAT DO WE MEAN BY TALENT AND WHY DOES IT MATTER?

For such an overused word, it is remarkable how unclear ‘talent’ is as a term. Definitions abound, ranging from some who see it as synonymous with the workforce as a whole (Lawler, 2017), to others being more circumscribed in the population covered and, as a result, companies’ practices vary considerably (Hills, 2012). Most tend to limit it to high performers and high potentials (King, 2015). For this report, ‘talent’ is seen as falling into the following two categories:

- 1. Key contributors** – These may be (a) *high performers* who are moved to new positions as they are expected to make a significant difference to organisational

47%

of business leaders see having an internationally mobile workforce as 'critical' to meeting strategic objectives

95%

rate it as 'important'

Santa Fe Relocation, 2018

results and/or (b) *high potentials* who are expected to gain experience across the organisation and geographies as part of their progression to top management positions. They are usually placed in strategically important jobs which may include opening operations in a new country, or growing an existing business and the associated local talent. Given their value for current and future organisational results, "expatriate talent is a specific and elite talent pool." (King, 2015)

2. Key skills – These are people that are critical for the organisation's effectiveness, typically where it is difficult to train replacements quickly and the potential pool of skills globally is insufficient to meet demand (e.g. oil rig workers). Unlike the first category, which relates to key *individuals*, here it is having the right numbers of people in these critical *groups*, who matter because the organisation is highly dependent on their skills or expertise. Although their performance still matters, it is primarily their skills that determine whether they are part of this category or not. As substitutes may not easily be available, an inability to source such talent may therefore present a key business risk for important projects or customers, or for increasing innovation locally. With greater business and technology sophistication, knowledge workers like these are likely to become more and more vital, as evidenced by the competition for specialist IT workers such as experts in AI or cyber security.

Key contributors are typically the focus of talent management processes, a point borne out in CRF's own membership data that showed 71% of members placed identifying and developing future leaders as their top talent priority, followed by 62% focusing on planning for succession of critical roles, with 49% making high potential future leaders the primary focus of talent management (Conger and Pillans, 2016). Such *key contributors* may be seen as part of a global cadre of leaders who run organisations and are also instrumental to fostering a common corporate culture internationally. Only 37% saw retaining or engaging key talent as a key priority, though research suggests that companies are increasingly growing their attention towards these *key skills* (Hirsch, 2017), a trend "driven both by fragile labour markets for experienced professionals right across the world and the extent to which such people are central to delivery of products and services in fast-changing markets".

These two segments – *key contributors* and *key skills* – are reflected in most companies' experience, with the top three reasons for international assignments being to fill managerial skills gaps (30%), to fill technical skills gaps (24%) and to provide international management development (15%), with 10% or less being linked to employee career development or involvement in projects or new business opportunities (BGRS, 2016). In fact 47% of business leaders see having an internationally mobile workforce as 'critical' to meeting strategic objectives, with 95% rating it as 'important' (Santa Fe Relocation, 2018).

Having the right talent in place is therefore critical for business success; the Conference Board's survey of CEOs in late 2017 reported failure to attract and retain talent as the top concern (Hagan, 2018), while PwC recently reported that 34% of CEOs were "extremely concerned" about availability of *key skills*, with 51% responding this way in Central and Eastern Europe and 45% in Africa (PwC, 2019). Among the consequences of this for CEOs were the inability to innovate effectively (55%) and constraints on growing or pursuing market opportunities as planned (44%). Likewise, Manpower report 45% of employers being unable to source the skills they need, a 12-year high (ManpowerGroup, 2018). Some sectors are especially challenged by this; for example, commercial airline passengers are expected to double in the next two decades, but with half of all pilots retiring in the meantime, this creates a major shortfall, already leading to a 'bidding war' with higher pay and allowances being offered by Middle Eastern and Asian airlines to attract pilots (Garcia, 2018). Other instances of such skill shortages include cooks, welders and truck drivers across much of the EU (CEDEFOP, 2016), mining engineers in Australia (Burton, 2018), software and IT experts in the US (Violino, 2018), and doctors and nurses in the UK (Campbell, 2018).

30%

of international moves
are to fill **managerial
skill gaps**

24%

to fill **technical
skills gaps**

Santa Fe Relocation, 2018

1.3

THE ROLE OF GLOBAL TALENT MANAGEMENT (GTM)

The relatively recent emergence of Global Talent Management (GTM) reflects a growing interest in how organisations can be more effective in leveraging the talent they have internationally. A 2014 study from PwC estimated that 1.6% of companies' employees are on international assignments and over 12% work abroad each year. This reflects the entry of multinational companies (MNCs) or enterprises (MNEs) into new markets, needing talent to support diversification into different business or technology areas, or having more leaders who can operate effectively across geographic boundaries.

Yet so far GTM has not significantly changed what organisations do, possibly because it – like 'talent' – is ill-defined (Minbaeva and Collings, 2013). Collings *et al.* (2018) however, see GTM as:

1. The systematic identification of pivotal positions that differentially contribute to an organisation's sustainable competitive advantage on a global scale.
2. The development of a talent pool of high-potential and high-performing incumbents who reflect the global scope of the MNE to fill these roles.
3. The development of a differentiated HR architecture to fill these roles with the best available incumbents to ensure their continued commitment to the MNE.

This means it is critical for organisations to define what portion of the workforce is covered by GTM (such as 'star' performers, or more widely), and how HR processes and tools can be tailored to ensure effective, targeted management of this group (such as how recruitment, leadership development, succession management or expatriation are run). Another question is how early GTM applies to careers – for some organisations, it is focused on more senior level roles, whereas others begin early on, starting with newly-graduated hires (see "Developing Young Talents" opposite). Perhaps not surprisingly, Collings and colleagues contend that, given each organisation's context is unique (competitive situation, business strategy, etc.), "we advocate a contingency approach to talent management and caution against the adoption of a single best means of managing talent on a global basis."

A further challenge is that GTM requires a holistic and systemic approach to be taken towards managing human capital. Minbaeva and Collings (2013) warn that "organisations that place too much emphasis on attracting the 'best' may fail to think strategically about how that talent can best be deployed". As a result, HR teams may be effective in influencing and driving hiring and selection, but have far less impact when it comes to downstream decisions about promotions, repatriations, etc., where they may not be included in the relevant business conversations, especially if these involve multiple locations or organisations. HR functions may be more focused on counting numbers or tracking cost and less capable of seeing GTM as a source of competitive advantage. In particular, they may lack a systemic view of how GTM is working (King, 2015), even though this is essential to drive it effectively. Finally, HR's perspective of talent management may still be narrowly focused on executive succession planning, so overlooking the broader issues at hand regarding expatriates and talent more generally across the globe.

40%
of global mobility professionals added new destinations for expats in 2018

Santa Fe Relocation, 2018

DEVELOPING YOUNG TALENTS

Europe’s leading brewer, Heineken, produces beverages in over 70 countries worldwide and employs over 80,000 people. To grow key talents for the future, they operate an International Graduate Programme (IGP) that lasts three-years, comprising successive annual assignments that provide varied and challenging global exposure. Aimed at graduates (preferably Masters level) with up to two-years’ experience, the IGP has been running for over 10-years now and offers specific functional development paths (e.g. for Marketing and Sales or Procurement), reinforced by specific training at the HQ and mentoring by senior managers.

In contrast, major Swiss healthcare company Roche targets slightly more experienced talents. Through discrete “Perspectives” programmes for Business, Finance and HR roles they deliver accelerated development for young talents, typically through 3-4 international assignments during a two-year period. Applicants are expected to have postgraduate qualifications and 3-5 years’ experience and – like at Heineken – benefit from ongoing senior level mentoring.

02

CURRENT CHALLENGES

TOPICS COVERED

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2.3	HOW EFFECTIVE ARE ORGANISATIONS IN MANAGING GLOBAL TALENT?	22

2.1 MAJOR CHANGES AFFECTING GLOBAL TALENT MANAGEMENT

1. The globalisation of business

The past three decades have seen a major globalisation of businesses. Enabled by free trade agreements within the EU, the Pacific Rim and North America, and fuelled by the rapid expansion of emerging markets, organisations are operating more internationally than ever, with 40% of global mobility professionals reporting new destinations being added for their expats in the last year (Santa Fe Relocation, 2018). Business processes (such as supply chains) straddle borders, increasing the need for international collaboration, coordination and knowledge transfer. Moves of talent within organisations are therefore no longer limited to transfers between the headquarters and satellite locations, but increasingly are made up of moves across marketplaces depending on where the business need is greatest. Recent data suggests only 37% of companies have reduced their expat population, with 35% staying the same and 28% increasing (BGRS, 2016). Reiche (2017) notes that businesses have become more complex too, with more networked operating models, and the orchestration of this is increasingly being delegated from the headquarters to subsidiaries. As a result, leaders need to be more physically mobile but also more culturally and psychologically agile in managing this growing global complexity. This presents a challenge in that, while air travel and technology make global mobility and communication easier than ever, the demands of staying in touch and being 'always on' are reflected in frequent business travellers and expatriates increasingly suffering from mental ill health, family maladjustment, burnout and exhaustion, which may ultimately prove detrimental to attracting and retaining key global talent.

WELLNESS AND GLOBALLY MOBILE EMPLOYEES

Compared to regular employees, business travellers and expatriates can be subject to much greater job demands, underlining the need to pay special attention to their well-being. Dr. Lucy Rattrie is a psychologist and consultant focused on this area and highlights three areas of concern for globally mobile employees, namely:

- Thoughts – they may be more at risk of stress, exhaustion, inability to focus and prone to negative mind-sets
- Feelings – they can have a greater sense of isolation, be more prone to self-criticism and feel more chaotic emotionally
- Behaviours – they may be prone to a less healthy diet (e.g. poor nutrition, more salt and alcohol), have less time for exercise or simply moving the body, have disturbed or poor sleep, which can also lead to hormonal imbalances. A major change in habits and routines can also be more taxing, particularly if they do not acquire appropriate recovery and relaxation before, during and after the trip.

While recognising that travel is still needed to get business done, her advice is that employers need to pay attention to the distinctive well-being needs that apply to such employees. Small steps to increase awareness and education can help, but it's also important for employers to consider the combined impact of intensity, duration, quality and frequency of travel, as well as the pressure or workload resulting from the travel, and whether more flexibility in travel and other arrangements can help the employee to operate in a calm, focused, and energised way.

2. The shifting workplace

While organisations may have strived for stability and continuity, globalisation has meant that traditional assumptions about the workplace have changed. With the free movement of capital and the rapid growth of emerging economies, businesses have frequently moved offices and factories across the world – whether to be closer to customers, overcome trade barriers, or to benefit from tax or cost advantages in doing so. Countries like China and Mexico have become major centres for manufacturing, while organisations have ‘offshored’ back office work to lower-cost locations such as India or Eastern Europe. M&A, restructuring and political developments (e.g. Brexit) have only added to this trend of moving workplaces.

Improved technology, especially high-speed internet access, has also led to more and more people working from home or ‘telecommuting’. Nearly 3% of the US workforce do so at least half of the time (Flexjobs, 2017), and globally around 70% of professionals are estimated to telecommute at least once a week (Browne, 2018). Add to this the number of providers of workspaces that can be rented for brief periods (e.g. WeWork, Regus) and the definition of what constitutes a workplace has become increasingly fluid.

Looking ahead, Baldwin (2018) argues that, just as labour cost arbitrage gains have led to the delocalisation of manufacturing, advances in technology will create a similar wave of change for services. Based on what he calls ‘telemigration’, his prediction is that professional work will be increasingly moved abroad and also more and more subcontracted to freelancers connected through websites like Upwork.com.

3. Greater workforce mobility

Current political debates and newspaper headlines underline the visibility of increased labour mobility internationally. Such trends include:

- Economic migration from developing to developed economies – e.g. from Central America to the US or Sub-Saharan Africa to Southern Europe
- Refugee displacement – e.g. from Syria or the Balkans to Western Europe
- Open labour market policies – e.g. free movement within the EU
- Recruitment of selected foreign talent – e.g. US Green Card holders or the points-based system used by Australia
- More cross-border commuting – e.g. between the Irish Republic and Northern Ireland, or between Sweden and Denmark.

For some countries, the result is that foreign-born people may represent a major part of the population. For example, the foreign-born population is 28% in Australia (Babones, 2018) and 25% in Switzerland (Nguyen, 2017). Such trends have led to growing public debate about immigration controls and have fuelled populist sentiment in some countries. While employers have frequently benefited from the availability of foreign labour to meet their needs, this may be more in question in future, immigration complications being rated the number one future concern of global mobility professionals, mentioned by 50% of those covered in a major recent survey (Santa Fe Relocation, 2018). Political pressure, combined with broader socio-political volatility, may therefore run counter to business demands for foreign workers, as reflected, for example, in the tightening up on availability of H1-B visa for skilled employees admitted to the US. More immediately, increased scrutiny of migration, and improved technology, means that failure to meet local tax and immigration laws is more likely to be uncovered. This increases the pressure for employers to ensure their mobile staff are compliant, especially in more grey areas given that over half of multinational companies do not track their frequent business travellers (RES Forum, 2018).

4. Cost of movement

Deregulation and the advent of budget airlines have driven down the cost of air travel significantly since the 1980s, encouraging far more international labour movement, either as expatriates or as cross-border commuters. Whereas expatriate packages in the past needed to be generous to entice employees to take on the risk of moving abroad, improved living standards globally and pressure to reduce business costs means that increasingly 'local plus' packages may be offered instead, without traditional add-ons such as hardship allowances, mobility premia and perquisites.

At the same time, as foreign staff are increasingly required outside of Europe and North America, they may still face cost challenges. For example, according to Mercer, four of the five most expensive cities for expats are to be found in Asia (Mercer, 2018). Even where expats are sent to countries with very low labour costs, the challenge instead may be how to balance offering an attractive package for the expat while dealing with the discrepancy between what they receive versus local employees.

5. Demographic pressures

Yet in the face of growing global demand for talent, Korn Ferry (2018a) forecast that, by 2030, labour markets will face a shortfall of 85 million people, brought about by the effect of demographic change. This will affect countries with low birth rates especially hard, such as Italy or Japan, as well as China due to its 'one child' policy taking effect. But talent shortages are also predicted to affect much of Europe, the US, Brazil and Indonesia. One consequence of this, Korn Ferry (2018b) predict, is a growing divide in rewards between highly skilled workers, who could see rapid pay growth, and low-skilled workers, whose incomes may be undermined by the effects of new technology. Yet if employers simply compete to outspend each other, this risks quickly becoming a zero-sum game, so fresh thinking will be needed to retain the best.

2.2 WHY DO PEOPLE MOVE?

Although expatriation is commonplace, employers' reasons to move people internationally can vary considerably, as can be seen from this table.

WHY DO ORGANISATIONS USE EXPATRIATES?

1. Provide skills that are otherwise unavailable locally
2. Develop management capabilities in the host location
3. Start up new activities abroad
4. Foster technology transfer
5. Exercise oversight of local operations
6. Embed the organisation's culture internationally
7. Established custom and practice to expatriate staff
8. Meet the demand for key staff on projects
9. Leverage labour cost arbitrage by bringing in cheaper workers from abroad
10. Meet employee aspirations to move internationally in their career.

Source: McNulty and De Cieri (2016)

While this has traditionally been in the form of long-term expatriate moves, as can be seen below, this is just one of many types of moves, and the degree to which it is the employer or the employee that drives them can vary a good deal too. Employees' reasons may also diverge; for some, the move is purely for economic reasons (e.g. better earnings elsewhere), but other motivations can be professional (e.g. for a promotion or new experiences to advance a career) or personal (e.g. to move somewhere with a better quality of life).

FIGURE 1

Types of international moves undertaken

NAME	DESCRIPTION	DURATION	DRIVER
Long-term assignments	The traditional expat move, usually 3-5 years in length, and with a return path guaranteed to the home location.	Temporary	Employer
Short-term assignments	Similar to the above but for far shorter duration. Often employee only is moved, without dependents. May be used for 'in-patriation' (i.e. rotational moves to HQ).	Temporary	Employer
Group relocations	Move of operations from one country to another, typically for fiscal or cost reasons.	Permanent	Employer
Global careerists	Pursue a series of international moves (without necessarily a return path) in one or more organisations in order to enhance their career possibilities.	Permanent	Employee
Third country nationals	Foreigners employed on local terms as executives or experts, either recruited from abroad or localised from prior expat assignments.	Permanent	Employee
Expatriatepreneurs	Have moved from another country to set up a new business in their host location.	Permanent	Employee
Cross-border workers	Commute (daily or weekly) internationally, with domicile in one country and workplace in another (e.g. Northern Ireland-Republic of Ireland).	Permanent	Employee

Source: Author and McNulty and De Cieri (2016)

Traditionally, *key contributors* undertook expatriate moves with the expectation it would significantly benefit their career. A spell at the headquarters was often seen as a prime way of developing local talent, while experience in key marketplaces could be seen as essential for ambitious executives aiming for the top. Yet today there appears to be a reduced commitment to corporate careers and to moving when the organisation says so. Whereas a job in a multinational used to attract young talents by the exotic promise of an international career, today cheap travel, higher living standards globally and the proliferation of technology, means that such expat moves have far less appeal (see Garelli, 2018) with a recent BCG survey reporting a clear drop generally in willingness to emigrate (Strack *et al.*, 2018).

For those within organisations, cutbacks in the value of expatriation packages may reduce the incentive to move, or to stay with an employer while on assignment. Minbaeva and Collings (2013) criticise MNCs for being unrealistic here: "organisations often operate under the assumptions that talent is portable and that re-locating top talent within MNCs will result in immediate improvements in performance. However, individuals are often reluctant to relocate internationally, as such relocations disrupt family and personal lives, and many individuals harbour some scepticism regarding the potential career benefits of a sojourn abroad."

“Today we are operating in a candidate-driven market where talent and opportunity are visible and connected to one another. So unless organisations can align, integrate and target their practices, they will fail to develop the pipelines they require to address their real strategic talent needs.”

Ben Clark, Head of Global Talent Acquisition, Heineken

Perhaps not surprisingly, then, the 2018 RES Forum survey found roughly one-third of multinationals had fewer than 60% of the expats they needed (Sharp, 2018b).

Although there still remain many who would like to move abroad, organisations may not always be attuned to their motivations. The same 2018 RES Forum survey found that the main motivator for taking up an expat assignment is for career and development reasons, but repeated research (McNulty and De Cieri (2016)) underlines this may be one of the most poorly managed parts of a move. The risk for many expats is that their careers get little attention from the organisation, especially if home and/or host managers change during the assignment, so leaving the expats very much to fend for themselves. The traditional focus of expatriate programmes on *key contributors* may also lead to an excessive emphasis on vertical career moves, even though lateral moves are arguably as important for expats, especially for those with *key skills*.

Likewise, the latest RES Forum survey found the main reason expats left their employer upon repatriation was that they had become more marketable to competitor organisations, which suggests a failure to capitalise on the new capabilities the expat acquired abroad. McNulty and De Cieri (2016) stress that “For MNCs, mitigating poor psychological contract fulfilment can be a critical step in retaining existing expatriates and facilitating development of their global career internally through GTM programmes, or attracting external ‘talent’ already on the international labour market that are looking to develop their career with an MNC.”

Increasingly, expatriate moves are also challenging traditional talent management nostrums; rather than employers driving this activity, McNulty and De Cieri (2016) point to the growing number of self-initiated expatriates (SIEs) who, they say, “are characterised as taking control of their career outside of the confines of the organisation thereby abandoning corporate intervention and its relative security in favour of autonomy and flexibility.” These are likely to include not only *key contributors* but also *key skills*, and unless employers are attuned to such needs, these people are much more likely to leave given their higher risk tolerance in managing their careers, and to try their luck with other employers locally or elsewhere.

Even where employees move at the company’s request, such moves may well be less straightforward. Whereas in the past, expats typically were the sole earner in a household, today dual incomes are far more the norm, and so individuals will question why they should sacrifice their career and income for the sake of their partner’s expat move. Career and life stage are therefore important factors in the attractiveness of such moves, with the two main reasons for assignments turned down being family concerns (38%) and spouse/partner career/income (18%) (BGRS, 2016).

Finally, traditional means of working may be too rigid, especially for Gen Y employees. As one VP of Technology put it recently, “Technology is making cross-border opportunities easier. So millennials are asking: ‘if it doesn’t matter if I work in London or Scotland then why is it different if I say I want to work in Brazil?’ This is coming up more and more as something younger employees expect.” (Comment by Oliver Trundle, VP Technology, Equus Software, [Sharp 2018a]). The 2018 Annual Report for RES Forum – surveying over 750 multinationals – underlined a growing demand from millennials for more customisation of how they are treated (see Baska, 2018), but HR teams may be more focused on governance and standardisation than offering flexibility and greater choice.

CASE STUDY: NESTLÉ

Founded in 1866, Swiss multinational Nestlé is the world’s largest food and beverage company, and global talent management has been fundamental to its sustained growth. With over 20 commercial branches already in place across the globe before the First World War, it depended on resourceful and entrepreneurial managers sent out to grow business locally. Even today, around 400 expats can be considered as ‘global nomads’, ready to relocate to take on new challenges in different countries. They occupy many of the key positions in the company, and have provided the career path for several of the company’s Executive Board.

They, though, are a small part of Nestlé’s globally mobile workforce as there are over 2,000 other expats in the company, of which more than 16% are short-term moves, with this proportion growing each year.

At the same time, Nestlé is redefining its view of talent for the 21st century. Rather than focusing on just a select few, the company has pushed talent reviews deep into the organisation to identify who has potential for the future, so that discussions cover not just some 200 top critical positions but others too, so representing almost one-tenth of its global workforce. As part of this, attention is paid not only to who could be future general managers of local and global businesses, but also key expert roles whose knowledge is vital for growth and innovation. Another key consideration is fostering diversity not only in types of employees but also in their outlook and thinking. To grow this exposure to different cultures and businesses, expats still make up around 0.8% of the workforce, though increasingly expatriation is more selective in nature and the focus is on briefer assignments and business travel, including ‘leadership expeditions’ to grow understanding of new marketplace trends. International contact is also fostered by Nestlé’s global executive training centre “Rive Reine”, near Vevey, which attracts over 2,000 managers a year. Additionally, recognising that key people may be less willing to move internationally than in the past, Nestlé also does much more to move work to talent (such as remote working), and is currently rolling out Workplace by Facebook to foster more effective global collaboration, communication and information sharing.

As a result of this, Nestlé continues to operate a strong employer brand that attracts talent and, by primarily growing from within, fills 90% of senior openings through well-defined succession plans resulting from its extensive talent management process.

2.3 HOW EFFECTIVE ARE ORGANISATIONS IN MANAGING GLOBAL TALENT?

Although talent concerns are – as already discussed – a major preoccupation for CEOs, the main responsibility for addressing these issues rests with HR. This requires a strategic response, yet US research suggests HR staff generally still spend over half their time on administrative work (Lawler, 2017), while Mercer reported just 4% of HR professionals felt that HR operated as a strategic business partner (Mercer, 2016). Only 24% of CRF members reported having a strategic workforce plan to drive talent management activities (Conger and Pillans, 2016) while Korn Ferry (2018a) found few companies have manpower forecasts extending to 2030 or beyond, with most HR people too focused on day-to-day issues to carry out robust strategic planning.

When it comes to GTM, lack of clarity about this concept is reflected in organisations, with many facing difficulty in getting consensus between the different stakeholders involved (HR, senior leaders, etc.) and therefore problems in determining who GTM is meant to address in the organisation (Thunnissen, 2012). Categorisations as to what are critical roles may also be inadequate; Beames (2016) contends that some

“There is a paradox concerning how global work and talent management are currently designed. Although employees increasingly say they strive to work abroad, their motivation to do so – and their preferences of how to go about it – don’t always seem to match existing formats or career paths.”

Professor Sebastian Reiche,
IESE Business School

are “piecemeal or ad-hoc, lacking in rigour, relying on ‘gut feel’, and/or are of limited utility.” Yet without a clear talent management concept, underpinned by effective people-related processes, HR risks falling far short of expectations. The Brookfields talent mobility survey (BGRS, 2016) found only 10% of the 163 global companies they contacted felt that the role of the Global Mobility function was aligned with the wider talent agenda and was actively engaged in workforce planning and people effectiveness. Furthermore, 73% of companies did not maintain a candidate pool for future international assignments, only 23% included formal career planning as part of the ongoing management of an expat on assignment, and just 18% had a formal repatriation strategy linked to career management/planning and retention.

Such shortfalls in HR support appear to be at odds with what senior leaders are looking for. The 2018 Santa Fe Global Mobility Survey reported that business leaders wanted more time spent on issues such as assignee selection, and strategically addressing topics such as workforce planning and workforce risks, but global mobility professionals only spent 9% of their time on this, with most effort spent on tracking, reporting, administration and compliance (Reiche, 2018). Even here, activities can fall short, with PwC (2014) reporting that almost a third of companies could not say how many of their employees were working abroad, and just 8% could accurately quantify the global cost of their mobility schemes.

Another barrier to effective GTM may be internal governance and organisation. Although there may be a discrete Talent function in HR, expatriates may be managed by Rewards or shared services, with little interaction between these stakeholders in terms of move management. Given the activities described above, global mobility professionals are also more likely to be more administrative in background and may lack the seniority needed to impact talent-related actions. Finally, such decisions depend on line managers and HR knowing the individuals concerned, but with the GTM population scattered worldwide, the risk is that succession planning and talent reviews rely on sketchy awareness of individuals, and so are at risk of poor decision-making.

Even if organisations can get the operational basics right, McNulty and De Cieri (2016) contend that “focussing on process-driven activities often leads mobility managers to ignore ‘bigger picture’ considerations, particularly when transactional outcomes are achieved at the expense of other important goals (e.g. understanding what makes expatriates tick).” Yet a greater focus by mobility managers and organisations on career development and employability would not only meet expatriates’ expectations better but also contribute to more effective GTM generally.

McNulty and De Cieri (2016) found that expatriation effectiveness is often undermined by:

“a lack of strategic assignment planning and the setting and monitoring of assignment objectives; poor recruitment and selection ‘fit’ of assignee candidates; failure to align compensation and benefits to expatriates’ performance; poorly implemented performance management for expatriates including the inappropriate use of performance data; a weak link between repatriation and career management for expatriates; and, poor GTM.”

They also point out that multinational companies are often weak in measuring the ROI of expatriate moves, with mostly relying on informal measures of success (e.g. management feedback) rather than trying to quantify the financial payback, or linking outcomes to broader systemic management of talent globally. This is reflected in relocation surveys, which suggest only 6% of companies measure ROI formally and of these only 56% do so on a quantitative basis (BGRS, 2016). As a result, McNulty and De Cieri (2016) conclude that “utility approaches to global mobility and GTM success emphasises the wrong things by being concerned predominantly with determining the cost-effectiveness, rather than the overall effectiveness, of the decision to use expatriate staff.” This process- rather than outcome-driven approach is reflected in talent management generally. Hills (2012) notes the “almost complete absence of measurement of talent strategy execution in terms of business results, rather than in terms of the health of the talent process.”

03

WHAT ARE THE OPTIONS FOR MOVING PEOPLE IN THE FUTURE?

TOPICS COVERED

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3.1 MOVING TALENT TO WORK

This is the traditional approach for organisations – a location is determined for basing operations (for customer, natural resources, financial or other reasons) and then people are hired to work there. In some cases, it is a non-negotiable outcome – for example, engineers and surveyors need to be where a mine is operating, or a retail manager will need to be physically present in the luxury goods store they are running. In such situations, digital advances have little impact as remote working is not an option. However, if talent needs to be moved to where the work is, there are different options (in descending length of duration) as summarised in the table on the following page.

Clearly, there are pros and cons to all of these options and the final decision will depend on a number of factors, notably the overall GTM strategy of the organisation, the availability of talent (and employee preferences) and the business's cost constraints. When comparing *key contributors* and *key skills*, however, these approaches differ considerably in suitability.

Key contributors may well be moved internationally more than once in their career, either for development reasons, or to be assigned abroad to meet a business challenge, in which case expat assignments (whether long- or short-term) or project-type visits would be more suitable than a permanent international move. Special programmes for such 'global nomads' may therefore be needed (as described in the Nestlé case study). Long-distance commuting might be an option too, in order to avoid relocating the employee's dependents too many times. The choice of a key contributor also depends on the criticality of the role – in some cases, such as general managers or finance directors, organisations may also prefer employing an experienced executive from (say) head office in such key control-related roles, or where the country carries political risks, rather than entrust a local national.

In contrast, different considerations apply for employees with *key skills*. An important factor is the length of time for which the skills would be needed. If it is for a limited duration, then brief project-type visits or long-distance commuting would make sense, much as is done today by many business consultants. If longer, more intensive on-site presence is needed, then expatriation could be considered, especially if not too many people need to be moved, and the value they create is significant and/or involves hardship locations (for example, construction managers being sent to remote locations to build food processing factories). Failing this, permanent relocation of existing skilled staff would ensure the right people are in place, but, depending on the location, this might need to be accompanied by other incentives to move such as provision of rest and recreation (R&R) leave, and some other benefits associated with expats such as housing allowance and/or schooling for children. Finally, it might also be possible to hire locally or from 3rd country nationals depending on the availability of such skills in these groups.

Another important factor is that certain *key skills* tend to concentrate in particular geographic clusters, such as Silicon Valley for technology, Boston for biotech, or London for financial services. While clusters do not apply to all skills (e.g. R&D scientists, railway engineers), many may tend to congregate in key talent hubs given the increased career opportunities available and chances of networking, learning and exchange. As a result, these individuals may be reluctant to move out of such locations for fear of entering a career dead-end and/or being unable to return to such clusters later. As a result, a 'work to talent' approach (see next section) may be more effective.

FIGURE 2

Moving Talent to Work Approaches

APPROACH	POTENTIAL BENEFITS	POTENTIAL ISSUES
Hiring of local talent	<ol style="list-style-type: none"> 1. Reinforces employer brand through creating jobs 2. Likely to be the lowest cost option 3. Local language skills and cultural awareness 4. Familiar with local business situation 5. Can potentially create pool of talent than may benefit the wider organisation long-term 	<ol style="list-style-type: none"> 1. Availability of local talent, especially with relevant skills, and ability to communicate in main company language 2. Concerns over career paths, especially if key positions held by expats 3. Risk of poaching by competitors and spiralling local pay rates 4. Ability to be assimilated in corporate culture
Hiring of Third Country Nationals	<ol style="list-style-type: none"> 1. Can tap skills not available locally 2. May potentially have experience of similar environments elsewhere 3. Typically lower cost than full expat assignments 	<ol style="list-style-type: none"> 1. Degree of 'fit' with organisational and/or local culture 2. Degree of organisational commitment potentially reduced if lacking career sponsorship 3. Possible issues at retirement due to patchy social security and pension accruals in different locations
Permanent relocation, either of individuals or bigger groups	<ol style="list-style-type: none"> 1. Bring in known talents that are quickly effective 2. Can help reinforce common culture across the organisation 3. Provide new long-term career opportunities 	<ol style="list-style-type: none"> 1. Reluctance to relocate internationally, especially where there are dual careers and/or family constraints 2. Ensuring cross-cultural understanding in the host location 3. Career risk as 'one way ticket' 4. Deciding to repatriate after experiencing the host destination, especially if a hardship location 5. Leaving for other local employers if they offer better prospects 6. Attracting employees if used to higher pay and/or benefits levels 7. Group move may be accompanied by restructuring, so impacting employer brand
Long-distance commuting	<ol style="list-style-type: none"> 1. Potentially attractive if employee's dependents cannot relocate 2. More personal flexibility (e.g. possibly work from home periodically) 3. Suitable for roles where high degree of travel required anyway (e.g. airline pilots) 	<ol style="list-style-type: none"> 1. Readiness to be absent from family on a sustained, regular basis 2. Ensuring compliance with local immigration, tax, etc. laws 3. May be costly for host location, especially if they have lower pay levels 4. Less integration with host culture and business
Longer-term expat assignments	<ol style="list-style-type: none"> 1. Chance of broader experience 2. Typically reassurance of 'return path' in career 3. Can help reinforce common culture across the organisation 4. Associated job status and likelihood of being part of a select talent pool 	<ol style="list-style-type: none"> 1. As for points 1-2 for permanent relocations (see above) 2. Cost of bringing in expatriates to fill positions, especially if remunerated on a home-based package from a high pay country 3. Career uncertainty, e.g. ensuring effective return path
Short-term assignments or briefer project-type visits	<ol style="list-style-type: none"> 1. Limited cost as more time-bound 2. Easier for employee to accept as reduced commitment to being abroad 	<ol style="list-style-type: none"> 1. Limited immersion in local environment, so less opportunity to grasp cultural differences due to lack of time 2. Local immigration, tax, etc. compliance 3. Difficult if major distance between talent and the work location 4. Less attractive as often expat likely to move on an unaccompanied basis

“Whilst expatriation is an important means of developing a global perspective and internationalising talent, which needs to be used selectively, the mindset of the past where individuals and their families needed to relocate every four-years is no longer tenable. Good development opportunities can be created without resorting to expatriation.”

David Doe, VP Talent Excellence, Shell

CASE STUDY: SHELL

Anglo-Dutch energy leader Shell employs some 83,000 people and operates in over 70 countries. Well-known for growing global management talent, writer and thinker Charles Handy began his career there and recalled “They sent us to places we didn’t want to go, and to do jobs I didn’t particularly want to do. They were saying it’s all part of long-term development and getting your hands wet” (Fisher, 2003). Today Shell no longer looks to grow such a cadre of global ‘nomads’ and cost pressures mean expats have declined from nearly 9,000 to just around 6,100. Of these, around 4,000 are home-based expats typically sent on 4 year assignments, with another 1,500 moving on host-based terms (often as employee-initiated moves), with a further 500 at any one time being on short-term moves. Businesses propose the annual ‘quota’ of expats they will have, but new assignments are subject to close scrutiny, especially for moves to their major offices in the Netherlands, UK and US.

Some expat assignments are still used to grow future senior leaders, especially to learn the nature of Shell’s highly interdependent business. But around 45% of them are to transfer skills to joint ventures, with others to provide skills where local expertise is in short supply (e.g. Brunei), or to provide external governance. High potentials are increasingly transferred on short-term assignments of 6-12 months, which involve the employees going abroad on an unaccompanied basis but with regular flights home. Short-term assignees have a guaranteed role to return to, but longer-term expats typically enter a ‘release period’ some 6-months before the end of their assignments where they are free to apply for internally posted roles, but with management support to guide them to the best next move from a developmental perspective.

Shell also recruit around 500 graduates a year. While the international scope for careers attracts recruits, David Doe, VP Talent Excellence, comments “Whilst expatriation is an important means of developing a global perspective and internationalising talent, the mindset of the past where individuals and their families needed to relocate every four-years is no longer tenable.” In fact, with more dual income households, encouraging moves is more difficult and so Shell is increasingly looking at redesigning jobs to identify how and where work can best be done. Furthermore, the drive to reduce costs has led to a strong push for ‘offshoring’ with 19% of the workforce now being based in Shell Business Operations hubs in Bangalore, Chennai, Cracow, Kuala Lumpur and Manila. Technical staff are often located in specific hubs too, such as Hamburg or Shanghai, and Shell has found that whilst virtual work has clear benefits, it also has its limitations, not only due to the need for staff to be based at wells, refineries, etc., but also as expert groups benefit from co-location in order to foster interaction and knowledge transfer.

3.2 MOVING WORK TO TALENT

In a more globalised world, traditional talent sourcing approaches need to be questioned. Instead of first determining a location where work should be done and then expecting talent to move there, it may be more effective instead to take the work to where the talent is to be found, especially given the potential offered today through information technology.

As previously discussed, *key skills* can be clustered in certain locations or talent hubs, often reinforced by other factors such as the presence of relevant universities, the opportunity for lifelong learning, social diversity, an attractive quality of life, and so on. As well as established ones like Silicon Valley, new ones are continuing to emerge such as Tel Aviv, Barcelona or Hyderabad for the tech sector (Strack *et al.*, 2018) or Amsterdam or Munich in biotech. Sometimes, the only way to hire such

“Avanade’s employees appreciate virtual working. It’s not only the work-life balance it offers but also the trust and empowerment that goes along with such a culture.”

Caroline Fanning, Executive Global Business HR Leader, Avanade

people is therefore to place the work there. Kerr (2018) points to the recent moves of company HQs like Amazon as a reflection of this trend, but – recognising the cost and risk of this – recommends other options to tap into talent hubs such as opening satellite offices there. Good examples of this are Nestlé’s Silicon Valley Innovation Outpost at Pier 17 in San Francisco, which fosters partnerships with local start-ups and innovators, and the outpost opened by Swisscom in Shanghai in 2018 in order to observe technology and consumer trends there as well as position the company better to attract local talent.

Not all talents are necessarily able, or can afford, to move to such hubs in which case talent might be found in multiple locations and it may be that it is more cost-effective to move it to certain places rather than others. In such cases, *offshoring* to benefit from labour cost arbitrage can be an option. Lower-income economies may offer access to well-educated (and often multilingual) employees while reducing operational costs as well, so increasingly pursuing the telemigration approach mentioned previously. Already many MNCs have done this, for example, to leverage technology skills in India, or back office administrators in Eastern Europe. However, the initial cost savings can be quickly eroded if other MNCs have the same idea and the local labour market is restricted in size, as the result can become rising employee turnover and increased wage costs. Confirming this, research by McKinsey (Chheda *et al.*, 2018) found “nearly one in three GBS [global business services] projects fail to realise their initial business case. A large part of the value erosion is attributed to incorrect choice or configuration of locations, and of the subsequent talent strategy.”

In both of the above approaches, though, organisations also need to consider the potential cost and risk of moving work on a wholesale basis. The danger is that the transfer may not go as smoothly as planned, key staff needed for continuity are not retained, and business activities are disrupted, affecting organisational performance.

Another aspect to consider may be the inability of key employees to move career-wise (e.g. due to family commitments), in which case it may be better to move work inside organisations to where the best talent can be found – e.g. by having such people working remotely through *virtual working*. Given digital advances, highly effective technologies are now in place that enable collaboration to take place regardless of where people are located. Some organisations already operate wholly or predominantly via teleworking, such as software companies Citrix and Mozilla, while Avanade and Vodafone (see case studies) have made major shifts in this direction.

Nevertheless, despite the potential for moving work to talent, some key barriers still remain. For example, some tasks have to be done in a specific location – such as an engineer needing to be on a natural gas rig – which rules out the above approaches.

When it comes to moving work to *talent hubs*, one challenge may arise if it is in an inconvenient location for the organisation (e.g. being on a different continent or timezone). It is difficult to foster cross-organisational collaboration if there are only a few hours in the day where people around the globe can be in touch. This is one reason why (for example) Spotify has its key R&D hubs in Boston, New York, London and Stockholm, which are no more than six hours apart, rather than locate such resources on the West Coast of the US or in Asia.

Even if this is not the case, any decision to move work there will require careful due diligence and planning when it comes to understanding the local labour market, culture, regulatory environment, and so on. Furthermore, there can be a high cost of employing people in these locations, with the access to talent being offset by the greater risk of losing them again to competing employers. Added to this, the organisation’s brand may be little known in the new location, making it difficult to attract talent. Finally, there is also the risk of others coming and doing the same, so making it even harder to attract and retain people.

While *virtual working* can also be attractive, human factors are critical here. Not all employees may adapt well to working remotely and organisations may lack

experience in operating through virtual teams, or in managing highly diverse international groups of individuals. Training can assist here, and it may be helpful to require such staff to work in a local office of the company (even if their work is completely unrelated to what is done around them) so they are at least in contact with the wider organisation. There can also be tax and legal barriers (especially for managerial roles) when working remotely across borders, and analysis of risks such as permanent establishment exposure may be important before committing to such arrangements. If employees are working virtually on a long-term basis, it's also important to consider how they nevertheless are kept in touch with the wider organisation, to avoid them being overlooked and isolated. In fact, some organisations have even started to roll back the use of teleworking on the grounds that work needed close collaboration in physical teams. IBM, for example, asked thousands of US employees in 2017 to move back to one of six hub locations and some interviewees for the report said they had also found that agile teams needed to be co-located together for the same reason.

Finally, it's clear that the above approaches may not always fit well with the critical populations covered by a GTM strategy anyway, as can be seen from Figure 3 below. Generally a 'work to talent' approach is more suitable for *key skills*, but only of limited benefit to *key contributors*.

FIGURE 3
Moving Work to Talent Approaches

APPROACH	KEY CONTRIBUTORS	KEY SKILLS
Using talent hubs	<ul style="list-style-type: none"> • Good access to leadership talent • Risk of limited geographic mobility, so best if leader expected to stay in area (e.g. leading R&D) 	<ul style="list-style-type: none"> • Access to large pool of capabilities but might require strong employer brand and ongoing talent management to attract and retain
Offshoring	<ul style="list-style-type: none"> • Risk that location has only limited executive 'bench strength' – though might potentially grow over time 	<ul style="list-style-type: none"> • As for talent hubs (see above) • Need to watch for potential risk of erosion of labour cost advantage
Virtual working	<ul style="list-style-type: none"> • Potentially of limited benefit as some leadership roles do not lend themselves to this approach • Might work if leader can do mix of face-to-face and virtual working 	<ul style="list-style-type: none"> • Can be very effective provided managers able to lead this way • Risk of longer-term attrition to local competitors, especially if limited scope to grow in skills and career • May be less effective if teams require high degree of interaction

CASE STUDY: SPOTIFY

With its promise of “Music for Everyone”, Spotify has revolutionised the music industry by providing consumers with ‘on-the-go’ access to a library of over 40 million tracks that are accessible in nearly 80 countries worldwide. Spotify’s on-demand business model, combined with the appeal of accessing endless playlists, has generated rapid subscriber growth. But global talent is also critical for their success – leading-edge technology depends on strong technical experts and, of their 4,000 or so full-time employees and contractors globally, R&D represents the greatest share of hiring, comprising 50% of new recruits.

In 2011, Spotify employed a little over 300 employees, so rapid growth has generated a lot of opportunities for their workforce. As a result, their focus is less on career management than developing people, and so there is not a distinct ‘talent’ population that they have identified. However, they are aware of those with the most critical skills or who are seen as potential key leaders for the future.

In seeking the best talents, they create an environment where diversity is required, which is reflected in how over half the employees at their Stockholm HQ are not Swedish. Around 1-2% of their employees annually move internationally but – mirroring their users – most of these are also relatively young and usually single. To avoid potential issues such as permanent establishment risk, staff move internationally on an indefinite basis and are hired on local contracts. This is supplemented by a good deal of international collaboration, either through virtual or physical meetings, and sometimes via extended business trips where someone will spend some time in another location (usually staying in Airbnb) to get to learn new parts of the business as well as transfer knowledge.

The cost of such moves is not tracked centrally but treated as an upfront business expense, and the failure rate of such moves is seen as being quite low, possibly because employees are expected to be agile and challenge themselves and those unready for a move would typically self-select out. At the same time, the company will also support employee-initiated moves, and do offer programmes to support partners and families so they settle in well at their new location and (where applicable) can be helped to find work as well.

Finally, given the high competition in the tech sector for R&D talent (and especially for hot skills such as AI or machine learning), Spotify has deliberately kept out of the San Francisco Bay Area and concentrated its tech hubs in Boston, New York, London and Stockholm – which also has the advantage of being within a narrower range of timezones.

04

HOW CAN ORGANISATIONS BE MORE EFFECTIVE IN THE FUTURE?

TOPICS COVERED

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4.2	INCREASING GLOBAL TALENT MANAGEMENT EFFECTIVENESS	37

In this chapter, we look at how organisations can ‘raise their game’ in order to respond to the changing business and labour market context and deliver on a more effective GTM approach. As shown below, this follows two main dimensions – addressing supply by *improving global talent pipelines* and leveraging better the talent in place by *increasing global talent management effectiveness*.

FIGURE 4

How can organisations be more effective in future?



4.1 IMPROVING GLOBAL TALENT PIPELINES

When talent is becoming more and more scarce, organisations need to be smarter in terms of holding on to their best people and being creative about where they look for new hires. This chapter therefore looks at ways in which future talent pipelines can be optimised.

1. Enhancing talent attraction and retention

Although talent plans frequently put a major focus on attraction, it is often easier and cheaper to improve retention first, so this may be the best place to start. For example, is it possible to encourage older workers to stay longer, and keep knowledge in the organisation rather than let them go? Are there female leavers who might also stay if more support was given, such as childcare or more flexible working?

Analytics may help uncover many different patterns of departures and – with exit interviews and more informal investigation – explain why turnover is occurring. Although research suggests expatriate turnover rates may be exaggerated, their departure – whether on assignment or after their return – represents a major loss in human capital investment. Such cases can highlight issues about how well talents (and especially expats) are managed, whether there are mismatches in expectations,

26%

(only) of global mobility professionals expect to see more cultural or gender diversity amongst their expats in the next five years

Santa Fe Relocation, 2018

or a failure to capitalise on the experiences they have gained. Such investigations may highlight, for example, the need for hiring interviews to probe more about readiness to move internationally, or to provide better career coaching and support.

When it comes to external attraction, it is important to look at how the employer is perceived (e.g. via external sources like Glassdoor) and from internal surveys of new hires. If it is difficult to bring in key staff, further investigation may highlight issues about employer brand and visibility, the effectiveness of current channels used for sourcing, and whether the existing EVP is compelling or not. The external impression of a future employer also extends to their online image and recruitment technology, and organisations need to ensure their candidate experience is seamless and compelling, not clunky or outdated.

In the case of transferring talent internally, taking more care in selection decisions can improve retention and the overall success of the move. Though talent programmes often assume a 'plug and play' approach to moving expats, Minbaeva and Collings (2013) stress that research shows 'fit' makes a big difference, and therefore "When re-locating top talent within MNCs, GTM systems should strive to offer access to social and physical contexts that are similar to those from which the talent comes." Assessing individuals' cultural agility is therefore important. Organisations should also check the adequacy of pre-transfer orientation and cross-cultural training that are provided.

For 'hot' skills or key roles where there is no obvious internal successor, it can help to identify potential candidates in advance and sustain their interest through becoming part of an external talent pool. Direct sourcing is easier than ever with today's technology and keeping in touch with such individuals, helping them to know the organisation better, and providing regular business updates, helps to create a closer relationship and greater readiness to join, and so may simplify and accelerate any eventual external recruitment. CRF's recent report on 'Harnessing the HR Technology Revolution' (Creelman and Matthews, 2019) explores in more detail the difference that improved digital tools can make to sourcing key talent.

Better insights into this, and how critical talents feel, may point to the need for more targeted HR practices and processes to meet their needs (e.g. a different design of expat package, better career planning, ongoing development and mentoring, etc.). This may be especially the case when seeking to persuade employees to move to less attractive roles or locations. At the same time, how far this is done of course also depends not only on affordability and ease of administration, but also on how far the organisation wants to differentiate employment practices (as opposed to adopting a single status approach).

QUESTIONS TO CONSIDER

- What is the organisation's EVP? What is being offered to potential and current employees? Is segmentation needed by talent type?
- Are the packages offered to those moving sufficiently attractive and meeting employees' needs?
- How effective is selection of those being relocated to ensure successful integration in the host location?
- Is the business doing enough to re-integrate returning assignees and make the most of their new skills and experience?
- Can older workers be better retained?
- What is the turnover rate for women on maternity leave? What could reduce this talent loss?
- How far can people practices be segmented to improve retention, e.g. special rewards to attract and retain critical skills, or bespoke talent management programmes that make key populations feel valued?
- How long is time to hire and how far do sourcing channels need review?

- Do selection approaches reflect specific talent groups (e.g. in-depth skill tests) and do interviews keep future mobility in mind? How far are agility and flexibility considered when hiring staff?
- Is the candidate experience for external hires compelling and seamless in nature?
- How far can external talent pools be readied so it is easier to fill key vacancies more quickly?

2. Uncovering new talent sources

With a greying population reducing the labour supply in many countries in the northern hemisphere, the pressure will be for employers to address these shortfalls by utilising untapped sources of labour. Looking at the future of jobs, the World Economic Forum warns that “Employment growth is expected to derive disproportionately from smaller, generally high-skilled job families that will be unable to absorb job losses coming from other parts of the labour market” (2016). As general labour market recruitment may not access the right skills, approaches will therefore be needed, such as sourcing in fresh locations or different sectors, retraining workers, retaining more older employees or increasing representation of other minorities in the workforce (especially at executive level). Improving gender diversity is important – currently only 29% of expats sent internationally are female (BGRS, 2016). Addressing this will be especially critical for sectors that have traditionally been male bastions such as construction, mining, and so on. Many organisations are not yet prioritising this, with only 26% of global mobility professionals expecting to see more cultural or gender diversity amongst their expats in the next five-years (Santa Fe Relocation, 2018).

At the same time, these demographic pressures may also bring into question existing assumptions that organisations may have about talent, and broaden how such talent can be sourced, such as:

- Reconsidering the types of expat moves used. Companies have often relied heavily on long-term assignments, yet these are costly and their length may be a deterrent to some employees whereas short-term assignments (STAs) may be preferable. Dickmann (2018) advises organisations to “Consider enhancing STA numbers. It is incredibly rare that short-term expatriates miss their objectives; in fact, they often overachieve their assignment goals”. Doing more to expatriate talent much earlier in their career (like Spotify) or much later on can also help, rather than (as is often the case) aiming at mid-career professionals, who may have greater career and family constraints.
- Being more open to employee-initiated moves (like Shell) rather than limiting transfers to those known to the organisation
- Accessing talent earlier, such as hiring foreign students looking for career opportunities upon return to their home country or operating young talent programmes (such as Heineken or Roche).
- Developing external pipelines of talent (rather than focusing GTM just on internal talent), or reducing reliance on sending expats abroad and instead making more use of local talents and/or bringing in 3rd country nationals.
- Reconsidering whether it is better to ‘hire or borrow’ rather than ‘make or buy’ talent and use a contingent workforce (like Avanade’s Associate Network) or more 3rd party providers for *key skills* that cannot otherwise be sourced.

Finally, it can also be worth rechecking existing means of talent scouting for their effectiveness. Data left by candidates in recruitment systems can age quickly, so techniques such as web scraping may be justified to fill in knowledge of potential external candidates.

QUESTIONS TO CONSIDER

- Are there groups (e.g. by age, gender, ethnic origin, etc.) that are under-represented in the workforce that could be potential new sources of talent?
- How far can existing assumptions about career paths and associated talent sources be challenged?
- How far can employee-initiated moves be encouraged?
- Is there readiness to buy or loan talent if needed?
- Is 'lifelong learning' encouraged and is retraining of employees planned to meet key skill gaps?
- Are non-employee sources of talent feasible, e.g. through external talent communities or via platforms like Upwork?
- Are existing talents a potential source of good candidate referrals?
- How effective is current external scanning for talent? Is the potential of techniques such as web scraping being optimised?

3. Providing innovative solutions

Traditional GTM programmes have relied on a 'talent to work' approach, with an emphasis on longer-term expatriate assignments. But too narrow a range of solutions may neither meet business needs nor engage critical workforce segments, so it is vital to be open to new approaches, in terms of:

- More variety of lengths of assignments and associated transfer conditions
- Bringing work to talents where key people are not mobile
- Leveraging technology far more to increase connectedness
- Allowing for more flexibility and customisation based on employee needs.

Programmes may also need to be reviewed in the light of changing business needs, e.g. reducing cost, encouraging a more diverse workforce, and so on.

If employees cannot easily move, it makes sense to look at other forms of working instead. For example, Creelman (2014) cites Ford's use of 'reciprocal mentoring' whereby matching experienced managers in a mature market with a high potential manager in an emerging market, they allow cross-fertilisation of learning and improved internal networking but without the concomitant cost of lengthy transfers. More organisations are using 'microassignments' or blending physical and virtual presence, which can also offer win-win solutions for employees and their employer. Kerr (2018) underlines in particular the value of executive retreats to talent hubs to accelerate learning of new best practices, and points to the example of Starwood Hotels, who have sent their top leadership on month-long stays in key new markets like China and India to understand these markets better. More generally, involving employees in international projects that can involve travel to other locations can increase exposure to different attitudes, and help foster a common organisational culture.

QUESTIONS TO CONSIDER

- How far is there a menu of different mobility options and/or flexibility within existing policies as opposed to 'one-size-fits-all'?
- Do programmes consider needs of dependents as well as employees?
- To what degree do solutions cater for those employees who cannot move internationally but whose skills are valued widely?
- Are shorter forms of international exposure (business trips, executive retreats, micro-assignments, etc.) being used sufficiently?
- Does existing technology foster improved connectedness within teams (e.g. through good videoconferencing tools)?
- Is working from home supported and are managers trained in how to supervise employees in remote locations?
- Is it clear which roles can be performed via teleworking, and are these criteria known to everyone?

CASE STUDY: AVANADE

Created in March 2000 as a joint venture between Accenture and Microsoft, Avanade delivers innovative Microsoft-based digital solutions for businesses in areas such as analytics, AI and cloud computing. With a HQ in Seattle, Avanade employs around 30,000 people globally and draws on roughly the same number again as contractors for projects, and who are part of a broader Avanade 'community'.

Ensuring the skills of their workforce is critical, so Avanade have defined specific talent communities (e.g. ERP, change enablement), and the development and progression of these employees are overseen by line managers operating as regional and global talent leaders. Together with business management and L&D, they determine training budgets, and plan the skills assessments and certifications that will be offered to specialist staff. To supplement the regular workforce, Avanade also leverages an Associate Network where contractors belong to the Avanade community and are also eligible for regular training, briefings and the opportunity to represent Avanade on projects.

To grow their *key contributors*, the company focuses strongly on the top 240 executives in Avanade, with regular oversight as well of those in the next 1-2 levels below. Reviews involve robust discussion of potential talents, with plans looking up to 18-months ahead and which are updated quarterly. Particular emphasis is placed on ensuring alignment of succession and talent plans and in fostering better gender diversity. However, to ensure appropriate ROI, for what are expensive moves, only a handful of *key contributors* are sent as longer-term expats; instead, there is a greater emphasis on offering multiple indefinite moves, supported by flexibility in the package to address the employee's particular needs.

Over half the workforce are professional services consultants, who are expected to be flexible and ready to travel regularly for client projects. As these often involve pulling together teams from across the world, Avanade consultants are used to working globally and experiencing different country cultures. In contrast, non-client facing staff are far less mobile and mostly telecommute or work from home. Offices are therefore primarily used for key meetings (internally or with clients) or when teams need to develop or do work together. In contrast to some tech companies, Avanade are not rolling back the use of virtual working, as employees welcome the work-life balance it offers and appreciate the trust and empowerment that goes along with such a culture. Similarly, the company are looking at how far consultants need to be 'on the road' and whether they can move from five-days a week at a client site to (say) three, with the remaining time split between working from an office and from home.

4.2

INCREASING GLOBAL TALENT MANAGEMENT EFFECTIVENESS

Given the importance of global talent management (GTM) for future success, this examines how organisations can 'raise their game' by getting clearer about their goals and improving insights through the power of analytics. It also looks at how the execution of GTM can be enhanced through improved risk management, more employee-centricity, better governance and superior HR support.

1. Getting strategic clarity and agreement

The key starting point for a robust GTM approach is to be clear about the critical populations to be managed, and to obtain buy-in from stakeholders on this approach. As already discussed, 'talent' can be interpreted many different ways, and organisations do not necessarily have internal agreement on this, so getting alignment on which population(s) matter for future business success is essential. Additionally, many lack a really tight linkage between their business strategy and talent activities, with one UK study of 20 companies revealing that only 25% of them had a clear process for the formulation of a talent strategy (Hills, 2012). Finally, it's important to be clear why people are being moved, such as to foster a common culture (as in the case of Vodafone) or, for example, for talent management and development reasons. Such decisions matter in terms of how much the organisation is willing to invest in such moves, whether employees need to understand that expatriation is a key stepping stone for progression, and so on.

This means it's vital to get clarity with key business stakeholders about what are their strategic goals, their resulting talent needs, as well as their global mobility requirements. By using structured methodologies, such as CRF's *Integrated Talent Model* (Conger and Pillans, 2016) and *Strategic Resourcing Model* (Chamorro-Premuzic and Pillans, 2018), these inputs can be turned into a robust plan and so help ensure that the overall talent strategy flows from the business's priorities, rather than being a disconnected aggregation of HR-initiated activities.

QUESTIONS TO CONSIDER

- What is the future business strategy and what are the people-related implications of this?
- How globalised/integrated or decentralised/segmented is the business strategy?
- How critical is transfer of talent internally as a result?
- Is it clear which roles are most pivotal to value creation and business success?
- How important is it to foster a common organisational culture?
- Based on this, is it clear what is meant by 'talent'?
- How should such talent be sourced in future – 'build', 'buy' or 'loan'?
- How important is international experience for careers?
- Is it feasible to have special processes for managing such talent – and how transparent should these be?
- Are stakeholders ready to invest the time needed to review, sponsor, etc. any resulting GTM programmes?

2. Better analytics and planning

With improvements to HR technology these days, traditional guesswork and gut feel can be replaced by analytics tools that help rapidly pinpoint where there are potential talent issues. Not only can these move HR's response from being reactive to proactive, but such robust data can strengthen discussions with business leaders about why action is needed. Tools like Gartner's Talentneuron leverage Big Data to integrate external talent information and help organisations be much smarter in their planning and selection of where to locate work. But even for those catching up in this space, it's still important to cover the basics, making sure there is:

- Good data quality for the workforce segments that matter
- Key basic reporting and tracking done (turnover rates, reasons for leaving, etc.)
- Thorough investigation about talent availability for key segments
- Reliable tracking of workforce costs
- Monitoring of critical workforce locations for potential risk (talent shortages, labour and cost of living costs, etc.).

Importantly, workforce analytics requires critical, contextual thinking, and the appreciation that behind every number is a unique individual. Otherwise, the risk is of "the use of analytics as an excuse to treat employees like interchangeable widgets" (Minbaeva and Collings, 2013).

The insights from such analysis can then enable more effective planning to be done in response. Such plans depend on a thorough understanding of both the organisation's external environment and internal situation, and how these interact. The aim is not to analyse all the workforce, however, but to do more of a 'deep dive' on the key talent groups identified, compare these to future business needs, and identify the potential issues in terms of availability, location, cost, etc. Based on this, it can be possible to define future plans for sourcing talent – bearing in mind that the plan(s) need to match how far the organisation is decentralised. Depending on the period needed to bring fully capable individuals into these talent groups, the plans may need to be quite lengthy (say looking 20-years ahead or even longer) to allow for the time needed for education, training, on-the-job experience, and so on.

QUESTIONS TO CONSIDER

- How reliable and detailed is the organisation's people data?
- What conclusions can be drawn from recent workforce trends?
- How are career paths expected to change in future (geographically, directionally, etc.)?
- How strong are pipelines of *key skills*?
- How deep are the succession pools for key positions?
- Can predictive estimates be made of workforce trends for the future? If so, how far out can these be done? And how reliable have past forecasts been?
- How good is the understanding of the relevant labour markets?
- What impact will future labour market trends have on the supply and cost of labour?
- How good an understanding is there of the internal environment? What are turnover trends like? What potential future business risks are there? What consequent dangers are there of mismatch between talent and business needs?
- How far, for example, may business changes lead to relocation of operations, or slowdowns in headcount growth, impacting how to place mobile employees?
- How easy is it to source the talent needed?
- Where are such talents located – and how does this fit with the organisation and strategy?

“Global businesses are under increasingly tight time constraints and business pressure. The need to get people on the ground to address an immediate commercial demand, can often mean that insufficient time is spent assessing the real longer-term costs associated with such deployment. Thus, the lack of prior risk assessment and management can create lasting headaches.”

Ian Hunter, Partner and Co-Head of the International Employment Group, Bird & Bird

- Should the location of certain activities be reconsidered on cost grounds?
- Is there enough time to grow talent needed to fill any key gaps?
- Based on getting prior strategic clarity, is a global plan for GTM needed or should there be segmented ones (e.g. by line of business or geographic area)?
- What timeframe is needed for the plan (10/20/etc. years)?

3. Better risk management

With employees moving to more and more locations, effective risk management becomes increasingly important. Such risks can include:

- Geopolitical risks, e.g. terrorism, war or civil unrest
- Environmental risks, e.g. extreme weather or earthquakes
- Legal risks, e.g. immigration restrictions, restrictions on citizens’ rights, etc.
- Fiscal risks, e.g. tax exposure for the employee and/or employer
- Economic risks, e.g. major shifts in foreign exchange rates or deflation or hyperinflation
- Cost risks, e.g. cost of living in major locations or rates of pay increases
- Talent risks, e.g. immigration or emigration rates, new competing employers, demographic changes, and education levels.

Regular monitoring of these trends is important, not only to address short-term effects for expats (such as changes in their purchasing power locally) but also long-term, such as whether decisions on where to locate talent need to be revisited.

QUESTIONS TO CONSIDER

- How far are short-term risks for expatriates monitored, such as changes in cost of living, exchange rates, etc.?
- Is there a clear process to review allowances, etc. in the light of such changes? Does this include how to respond to local economic crises?
- How far are physical risks to employees monitored?
- Does the organisation have reliable details of where employees are located at any one time in the event of needing repatriation, etc.?
- Are mobile employees tracked (including business travellers) to ensure there is no risk in terms of immigration, tax, etc.?
- Is robust due diligence carried out prior to deciding where to locate staff?
- Are current major business locations periodically reconsidered in terms of cost- and tax-effectiveness, talent availability, labour market competition, turnover, etc.?
- How far does such risk management feed into ensuring better planning?

4. Strengthening talent processes and governance

Another area for potential improvement is how existing talent processes are run. For all the focus on this area, much decision-making can still be very informal – what Harris and Brewster (1999) refer to as ‘the coffee-machine system’ – i.e. that casual exchanges between managers may be the context for important decisions such as who to send on a key expat assignment. Such approaches are problematic for several reasons, notably:

- Such ad-hoc decisions may take place without all relevant information to hand and key stakeholders involved
- They can also be subject to multiple cognitive biases, so precluding consideration of more diverse candidates

- The politics of such decisions may also prevent consideration of the most capable talents due to managers indulging in ‘talent hoarding’
- Individuals may be treated differently (e.g. in terms of expatriation conditions), leaving decisions open to charges of unfairness and (potentially) favouritism
- Expatriates may be left to stay on generous assignment terms even when the role has become less critical and such expense no longer has a compelling business justification.

In short, such informal (‘old boy network’) methods may result in suboptimal choices that can be costly for the organisation not only financially, but also in terms of poorer use of talent (so affecting business performance) and potential harm to the employer brand.

Related to this is the question of how transparent such talent decisions should be. Hills (2012) found that practices vary considerably – while some may be clear about how people are rated, their next steps, etc., others may be far less so. Nevertheless, the risk is that such information spreads informally anyway; at the very least, organisations should be clear about career paths open to employees and what is expected from them if they want to progress.

Another challenge may be a lack of ‘joined up’ thinking in such talent-related decisions. For example, choices about who to send on expatriate assignments may be determined in reaction to business issues arising, rather than planned ahead, or selecting individuals more with a ‘plug and play’ mindset rather than considering cultural fit, etc. Likewise, talent reviews may fail to address adequately how to plan next steps for those on assignment and to leverage the experiences they have gained. Similarly, talent reviews may only consider internal candidates and may have no perspective on external alternatives. Reporting lines and ‘silo thinking’ can therefore be a barrier to good decision-making and require reconsideration. Effective reviews can pay off – as can be seen in the example of Nestlé – by generating a strong internal succession pipeline, but such outcomes require a good deal of focus and attention from the organisation.

Stronger talent processes should also allow for effective differentiation or segmentation of policy for talent moves. Rather than ‘one-size-fits-all’, SIEs (self-initiated expats) might receive a more minimal package to enable one-way moves, whereas ‘key contributors’ may well receive a more generous long-term assignment deal. Junior talents might be moved on a more economical basis (e.g. Airbnb accommodation) rather than business hotels, and *key skills* moved from country to country might be paid on a ‘local plus’ basis but have an underpinning in terms of long-term benefits (e.g. retirement, medical).

Good governance also means taking difficult decisions where needed. Robust conversations should occur as to whether moves are necessary (or if more frequent business trips would be as effective), and on what basis. Another relevant consideration (as seen in the case of Vodafone) is whether the resulting mix of local and expatriate staff is appropriate. Once in place, Norman and Whitbeck (2010) argue that expatriations should be subject to ‘revalidating’ (i.e. is the justification still there), ‘repackaging’ (i.e. adjusting terms in the light of changes in assignment type or duration) and ‘repatriating’ or localising staff (i.e. when the business ROI is no longer compelling). Such decisions therefore need to be as fact-based as possible, which means HR has to be in a position to deliver better data to allow assessment of overall alternative cost scenarios, financial value-add, etc. Indeed academic research into GTM points to the lack of ‘metrics’ to assess the success of talent moves. As already mentioned, few employers track the ‘ROI’ on talent management generally (Yapp, 2009), while success of expat assignments is typically evaluated informally rather than against specific business-related success metrics (McNulty and De Cieri, 2016). Yet – aside from obvious metrics such as retention, level of expatriation failure, etc. – it should be possible to apply a mix of business and other criteria by move type, such as suggested on the following page.

FIGURE 5

Potential GTM Metrics

KEY CONTRIBUTORS	KEY SKILLS
<ul style="list-style-type: none"> • For high performers – impact on business results (e.g. turnover, cost, etc.), development of local talent (including potential successors) • For high potentials – knowledge acquisition, broadening of cross-cultural understanding, readiness for new/bigger role 	<ul style="list-style-type: none"> • Internal/external customer satisfaction with work performed • Generation of innovative products/solutions or new ways of doing work • Degree of knowledge transfer/upskilling of local staff

Minbaev and Collings (2013) contend that effective GTM also depends on setting up a "differentiated HR architecture," which points to the need for specific processes for this purpose and associated clear governance and approvals. For example, performance management should arguably look not only at achievement of job goals but also progress versus the original assignment objectives, while development planning should not only consider enhancing current effectiveness in the job but readiness as well for repatriation or other moves. Likewise, getting the right *key skills* in place may need the creation of specific talent 'communities' (such as is done by Avanade).

At the same time, as King (2015) remarks, each of the different actors in GTM need to understand the role they are expected to play, such as senior leaders in sponsoring key talent activities, immediate managers delivering on the promise through coaching and developing their people, and HR enabling this to be done. Stark *et al.* (2018) note that "Most Admired Companies are far more effective in identifying talent on a global basis than their peers. And, they devote a significant portion of their time to managing talent and providing ongoing coaching to those specific individuals." Performed well, this can create a positive environment that retains and engages identified talents to give of their best and to work as well on readying themselves for their next move.

QUESTIONS TO CONSIDER

- How far are there clear processes to make robust GTM-related decisions as opposed to relying on informal ad-hoc choices?
- Are expatriation opportunities advertised or kept confidential?
- Are goals of assignments clear and criteria for success defined?
- Is existing governance (choice of talents, policy exceptions, etc.) sufficient? Are decisions made in a 'joined up' way (e.g. talent identification, selection for expatriation and succession planning)?
- How far should decisions be decentralised versus centrally controlled?
- Are reporting lines hindering effective GTM collaboration? Are cross-functional structures needed to overcome organisational silos?
- Do talent reviews consider expats currently on assignment?
- Where needed, is external talent considered and not just internal talent?
- Are *key skills* encouraged through discrete talent 'communities'?
- Do reward decisions take into account the specificities of globally mobile staff (e.g. added job demands, possible pension shortfalls due to multiple moves, etc.)?
- Are the different stakeholders in GTM clear about their expected roles and are they held to account to ensure this occurs?

5. Improving employee-centricity

In the interests of cost control and simplicity, many organisations have moved increasingly to highly harmonised HR programmes. But the goal of GTM is to focus on those who are making the biggest impact on the business, which argues for sensible differentiation, such as special expat arrangements for certain *key skills*, or for young high potentials. Individual motivations to move can also vary considerably, and being more flexible about choices available from rewards may help. For example, a single transferee will not be looking for schooling benefits, but may want more frequent journeys home, so introducing a degree of choice can help here. More creativity, and responsiveness to employee requirements, are therefore needed, rather than taking a 'one-size-fits-all' approach.

As already mentioned, the biggest motivation for people to move is career reasons, yet even though this is vital for employees, it is often poorly addressed by employers. This is an important opportunity for employers given the challenge of attracting talent, the growing reluctance of people to move, and the growth of more self-initiated expatriation. Organisations therefore need to address talents' career needs more actively, not only for time-bound expat moves, but also for *key skills* that have been permanently relocated or for local or 3rd country talent. This may, for example, mean more regular local talent reviews, more thorough career discussions and planning, or ensuring sponsoring managers play a more active role (such as providing mentoring and guidance). It may also mean making it clear when employees are free to move on and helping with their next move (such as the up-front 'release period' Shell gives expats nearing the end of long-term assignments). But if further moves for an expat are less certain, then it is equally important to recognise this in advance and include decent severance terms and outplacement as part of the original transfer package so that some of the employee's concerns can be allayed.

Employee-centricity also means bearing in mind the needs of partners and dependents, as these are important considerations for talents. Employers can less and less assume that dependents are ready to move at their behest, so more care is called for to ensure their needs are considered fully. With many dual career households, this may mean offering services such as the International Dual Career Network (IDCN – <http://www.idcn.info>) and/or outplacement to help a transferee's partner to find work. For same sex couples, consideration of local legislation affecting gay rights is key before determining a move. And employees with children or elderly dependents may look for some relevant support here too before finalising a decision to move.

Frequent travellers and expats may also suffer from mental strain due to separation from others, cultural adjustment or the pressures of a new job, potentially leading to problems such as anxiety, depression and burnout. An employee-centric approach therefore means focusing on employee well-being, not only to mitigate the business risk of employees falling ill, but also to ensure that key talents are motivated and retained for the future. This calls for better selection practices regarding suitability for a move, more help to adapt to the new environment, as well as effective healthcare and support such as EAPs.

Finally, even if organisations may be reluctant to enrich their EVP or introduce much customisation in their offerings, simply improving communications to employees can enhance understanding, appreciation and leverage of what is on offer already. Employees are more likely to remain with an employer if they understand and identify with its values and purpose. And improved communication of people-related programmes means talents can be better able to take charge of their careers, decide how they can develop their future, and to be better able to anticipate future business needs and changing job demands.

“Fewer and fewer international and local companies will organise their payroll and HR processes entirely themselves due to increasing specialisation and complexity in IT, legal and HR/Business. By handing over payroll and HR to specialists, ranging from SaaS to full business process outsourcing off-site/on-site, HR managers can concentrate on more strategic HR and core tasks, whereas business continuity is guaranteed.”

Steven Van Hoorebeke, CEO,
SD Worx Group

QUESTIONS TO CONSIDER

- How good a job is done of communicating to employees (and to talents in particular) what is on offer when it comes to careers, international moves, etc.?
- How is employee feedback collected to ensure talent and mobility programmes are meeting their needs?
- Do programmes allow for employee choice (such as flexible programme benefits)?
- Can employees initiate talent discussions or propose international moves or is this all employer-driven?
- Do talents understand all the opportunities open to them, or are they kept confidential?
- How often do talents get the chance to discuss their career with their manager and how far are their aspirations taken into account? How effective is the follow up?
- What support is available for partners and dependents to address their needs (job-hunting, education, home care, etc.)?

6. Upskilling HR

Although this ecosystem has multiple players, Minbaeva and Collings contend that “HR should retain a central role in the operationalisation of GTM” although as already discussed above under ‘*How effective are organisations in managing global talent?*’ HR is too often preoccupied with administration to make a more strategic impact. As Minbaeva and Collings comment “The challenge for HR is convincing organisational leadership of its capability to manage global talent.” In order to become a credible partner here, HR needs to enhance its contribution through:

- Excellent execution and strong vendor management, so providing the confidence that HR can be entrusted with more strategic issues
- Thorough understanding of the business and key drivers affecting talent decisions, as well as the ability to look at issues at an organisational as well as individual level
- Good HR partnering skills, including the readiness to challenge and ask the right questions, to integrate the rest of HR in decisions, and to assemble innovative solutions to problems
- Close understanding of employee concerns (especially from expatriates) and being able to articulate these to management stakeholders in order to get positive resolution
- Adopting a more agile and customer-focused approach, rather than operating purely as an enforcer of rules and processes
- Better measurement of global mobility outcomes (retention, impact on career moves, etc. and not just cost tracking) and using such insights to influence management decisions, such as the costs of moves and looking at expatriation from a business ROI perspective
- Moving succession management from an administrative ritual to a more dynamic process that looks at how to develop key people.

QUESTIONS TO CONSIDER

- Are HR teams operationally sound, so allowing confidence they can be entrusted with more strategic tasks?
- Can shared services be used to improve operational efficiency and free up time for more strategic HR work?
- How far can specialised 3rd parties improve service delivery (e.g. immigration management, tax reporting, etc.) and free HR to focus more on business partnering?
- Do HR staff have the right business understanding and partnering skills to hold value-added conversations with management?
- Are HR staff able to leverage hard data (e.g. analytics) and soft data (e.g. interactions with expatriates) in order to construct key messages for leaders?
- Can HR teams look at GTM more strategically so decisions are taken in the light of business ROI and not just administrative efficiency?

CASE STUDY: VODAFONE

One of the world's leading communications providers, Vodafone Group has grown from its first caller in 1985 to over 500 million customers today. Operating in 25 countries with partners with mobile networks in 44 more, the company's early expansion was in part driven by international acquisitions. This led to the goal of becoming "one company with local roots" and a strong emphasis was placed on fostering an inclusive international mind-set from the top down. As a result of this, today over 50% of the top 250 managers in the group have worked in two or more countries, which has contributed to strong retention rates among key talents.

'Over the years we have had over 100 people on three-years plus international assignments at any one time, 95% of those having been identified as talents who will be part of our future succession planning. International moves are a significant investment so we ensure those going on them have been assessed, supported by our Executive Committee with clear career progression to return to,' explains Adrian Jackson, Group Reward Director. 'If there is a short-term skills transfer need we will either send a technical talent for 12-months allowing the local market to hire a permanent person with handover or we use our short-term three to four months assignment'.

Once a critical mass of directors had experienced an international move, Vodafone put in place 'golden rules' for the executive teams across the markets. Balancing the need to have the right team stability, gender and cultural diversity, they wanted no more than 30% of the team to have less than one year of experience in the market, be non-native speakers and 30% to be female. 'It's really important that cultural diversity is put in the broader context and trade-offs between different needs are clearly articulated, and these 'golden rules' are part of our regular talent conversations with the Executive Committee,' explains Sharon Doherty, Group Organisation and Talent Director.

Vodafone also hires over 800 graduates a year and, after a 2-year induction process, the most talented 40 can continue on a further 2-year international development programme. However, challenges with visa approvals and personal restrictions mean they envisage changing this to a three-months international programme instead. This will be extended to more graduates, so widening the potential for young employees to benefit from global exposure and reinforcing the international EVP versus other local employers.

With emerging markets playing a key part of the future business, there is also active exchanging of emerging market talents with the UK HQ and more established businesses in Europe. Vodafone also has around 100 employees on extended business or project trips as well as a few short-term moves.

However, physical movement of people is not the only way Vodafone grows global talent. As one of the world's major telecoms companies, Vodafone is a leader in using integrated communications, with all meeting rooms fitted with videoconferencing, as well as video conversations enabled from desktops and mobile phones. This has provided a strong impetus to international collaboration, while reducing travel costs, impact on the planet and supporting more remote-based working.

05

CONCLUSIONS AND RECOMMENDATIONS

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5.1 CONCLUSIONS

“With more globalisation and the effect of demographic shifts, organisations will face increasing challenges to attract and retain the talent they need to be successful, and HR teams will have to free themselves of transactional work to become more effective partners to the business.”

Geoffrey Matthews, Report Author

Rapid changes in business and the talent landscape mean that traditional approaches to growing global talent are no longer sufficient. With more globalisation and the effect of demographic shifts, organisations will face increasing challenges to attract and retain the talent they need to be successful, and HR teams will have to free themselves of transactional work to become more effective partners to the business.

While expatriation is still a popular and effective way of deploying and developing key employees, it is costly and not the only solution available. Organisations will need to take a far broader and creative perspective in future, embracing not only the different means available of moving talent to work, but also looking at leveraging technology instead to help bring work to talent. Given the potential business impact of such moves, ad-hoc decisions about talent also need to be replaced by more robust global talent management (GTM), that is clear about what are the pivotal roles and key individuals in any organisation, that looks at these issues and challenges holistically, and is backed up by a clear talent strategy and supporting programmes and processes. Finally, growing competition for talent may well create more of a “buyer’s market”, so calling for a more employee-centric approach in future, that delivers attractive rewards and better ongoing career management and, overall, offers a genuine “win-win” for both employees and employers.

5.2 RECOMMENDATIONS

1. **Ensure clarity about 'talent'.** Get agreement with senior management and other key stakeholders about what is meant by 'talent', both in terms of 'key contributors' and 'key skills'.
2. **Define a talent strategy and differentiated EVP.** Address the organisation's needs by leveraging analytics to take a long-term look and define a supporting talent strategy, that addresses future gaps and challenges. As part of this, improve attraction through a discrete EVP for particular talent groups, reinforced by a seamless employee experience that encourages applicants to pursue the recruitment process.
3. **Effective governance.** Enrol senior management to sponsor a more holistic and 'joined up' GTM approach that involves the right stakeholders and encourages robust decision-making.
4. **Dynamic risk management.** Maintain an ongoing view of external trends (e.g. wage rates, regulation, geopolitical risks, etc.) in order to avoid potential compliance or financial exposure and associated talent and/or cost consequences.
5. **Employee-centric approach.** Ensure talent programmes address employee (and not just business) needs, and are clear, well-communicated, and (where possible) flexible. Reinforce the human touch with talents, especially expats, who may feel more remote and exposed career-wise.
6. **Foster a mindset that supports GTM.** Increase readiness for more globalised talent management by hiring for mobility, and training managers in how to lead diverse and virtual teams so that remote-based employees feel involved and included. At the same time, ensure cultural agility is fully taken into account before determining who to send on assignments.
7. **Look for different, creative solutions.** Consider alternatives to traditional long-term expat stays, such as shorter project assignments or business trips, and look at other means of sourcing talent such as long-distance commuting, 3rd country nationals and strengthening local talent pools. Where talent is not mobile (e.g. for personal reasons, or when concentrated in geographic talent hubs), look at bringing work to where the talent is, leveraging virtual workplace tools where possible. Optimise use of existing talent by improving retention, rather than permitting 'knowledge flight'. Consider whether older workers could be encouraged to stay longer and what can be done to optimise returnees from maternity leave.
8. **Strengthen talent pipelines.** For *key skills*, and where succession plans are inadequate for *key contributors*, develop talent pools of suitable candidates, so these are already validated leads that can be sourced more rapidly. Augment existing talent pipelines by looking at new internal sources (e.g. retraining, fostering greater diversity) as well as external ones (e.g. different sectors or contractors).
9. **Improved HR support.** Strengthen HR's contribution to GTM. Free up capacity through achieving operational excellence, and become a credible partner by spending more time anticipating employee and business needs.

06

APPENDICES

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6.1 REFERENCES AND READING LIST

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6.2 RESEARCH PARTICIPANTS

Paulo Arias, International Mobility Policy Manager, Shell International

Mikael Bäckström, Senior HR Director, Spotify

Louise Barrelet, Global Expatriate Policies and Tax Manager, Nestlé

Ben Clark, Head of Global Talent Acquisition, Heineken

David Doe, VP Talent Excellence, Shell

Sharon Doherty, Global Organisation and People Development Director, Vodafone

Caroline Fanning, Executive Global HR Leader, Avanade

Jean-Christoph Font, Chief Talent Officer, Nestlé

Adrian Jackson, Group Reward and Policy Director, Vodafone

Roelof Kistemaker, Head of Talent, Rewards and Insights, Hoffmann-La Roche

Dr. Lucy Rattrie, Chartered Psychologist, and Consultant in Traveller Wellness

Professor Sebastian Reiche, IESE Business School.

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