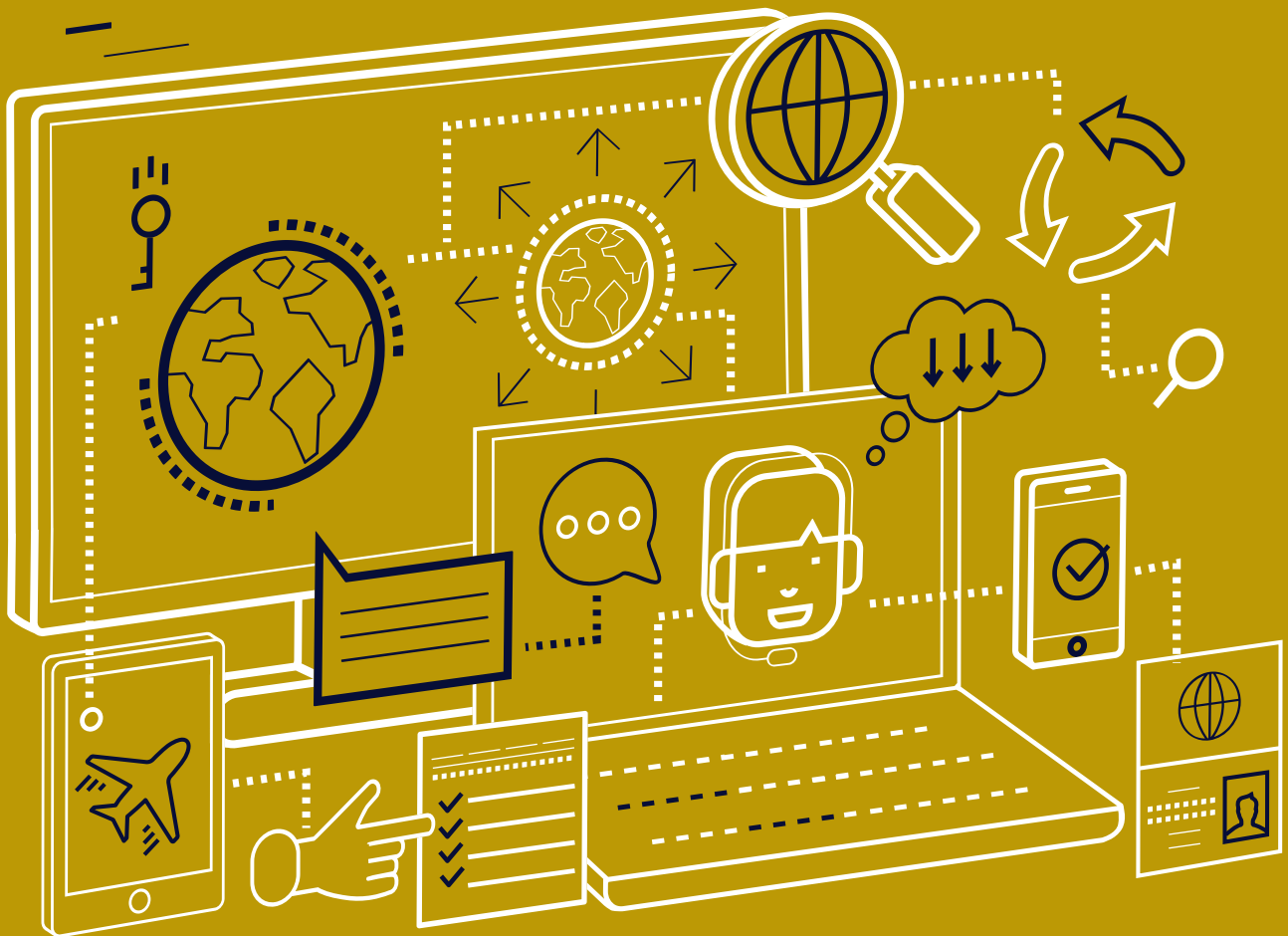


TALENT ON THE MOVE:

TIME FOR A RETHINK?



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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.

1

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.



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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.

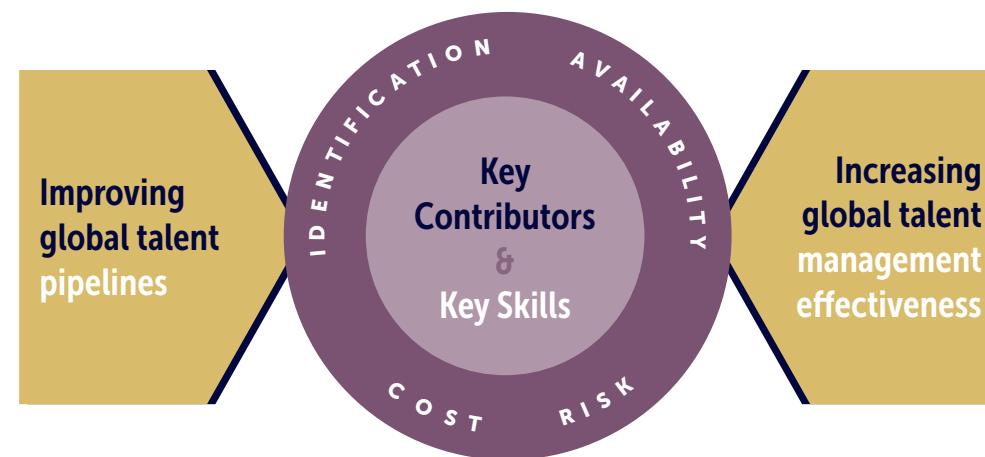
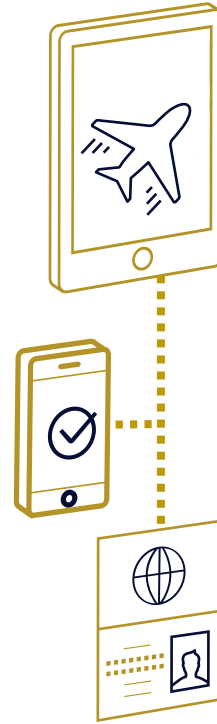


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TALENT MANAGEMENT IN THE FUTURE

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.

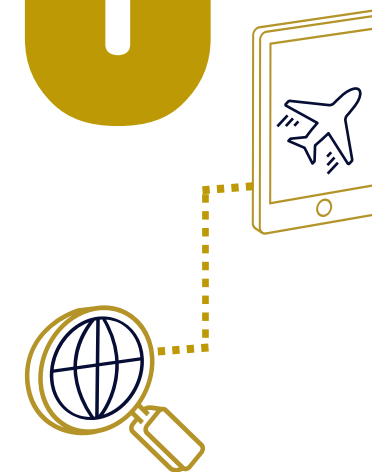
With talent in short supply it will become vital for organisations to be clear about the link between their talent deployment activities and their business strategy. Technology, better use of data and workforce analytics can help, but this too requires clear thinking about business goals and mission-critical 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.



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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

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