GLOBAL TALENT MANAGEMENT INITIATIVES FOR GLOBAL TALENT CHALLENGES

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Introduction

Beginning in the late 1990s, firms around the world were confronted with a major threat to doing business: a demand for talented employees that far surpassed the supply, thus creating a global talent shortage (Chambers, Foulon, Handfield-Jones, Hankin and Michaels, 1998; Michaels, Handfield-Jones and Axelrod, 2001). As a consequence, firms faced many subsidiary challenges including having the right number of competent employees at the right place and at the right time. "Talent acquisition, retention and management" became a key expression (challenge) in global business. Academically, the interest in this challenge came to be embraced with the label of "global talent management" or GTM. Reflecting the wide acceptance of GTM after the seminal book entitled *The War for Talent* (Michaels, et al., 2001), several special issues of academic journals such at the *Journal of World Business* (2010) and the *Asia Pacific Human Resource Management Journal* (2011) and books such as *Global Talent Management* by Scullion and Collings (2011) were published with the major focus of being on obtaining and managing a sufficient number of highly talented individuals to deal with the challenge of the global talent shortage (Guthridge, Komm and Lawson, 2008).

While the global talent shortage remains a significant human resource talent challenge for global firms, additional global talent challenges have emerged including those associated with the need to: reduce and remove talent in order to lower the costs of operations; locate and relocate of operations around the world; and obtain lower wages for equally competent talent anywhere in the world (Guthridge, et al., 2008). Collectively, these challenges have become recognized as significant because of their strategic value and impact to the success of global firms (Guthridge, et al., 2008). And because of their common association with global talent, they have come to be known as "global talent challenges" dealt with through human resource policies and practices that have their roots in global talent management. Thus, when these policies and practices are focused on global talent challenges, they are referred to as "global talent management initiatives" (Schuler, Jackson and Tarique, 2011). As such, the traditional treatment of global talent management is being expanded and modified here to encompass additional global talent challenges, and is built upon the suggestions of Scullion and Collings (2011), Tarique and Schuler (2010), Guthridge et al., (2008) and Scullion, Collings and Morley, (2007), and is consistent with Guthridge et al., 2008: "Only HR can translate a business strategy into a detailed talent strategy: for instance, how many people does the company need in order to execute its business strategy, where does it need them, and what skills should they have."

Thus this chapter begins by describing these global talent challenges and global talent management, as well as by describing some of the events that have produced an expanded treatment of "global talent challenges." As such, some of our discussion reflects conditions that were present during recent economic and financial boom times (i.e., the years leading up to 2008), when worker shortages were a primary concern. Economic expansion is likely to return eventually, so labor shortages are likely to be of continuing concern, particularly in the rapidly emerging economies, such as China, India and Brazil (Jorek, Gott and Battat, 2009). Regardless of the size of the gap between the available and desired pool of talent globally, however, human resource location and relocation, and cost reduction through lower compensation levels are likely to become major global talent challenges over the next several years.

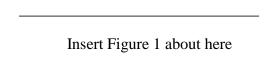**Global Talent Challenges and Global Talent Management**

In today's rapidly moving, extremely uncertain, and highly competitive global environment, firms worldwide are encountering numerous global talent challenges. *Global talent challenges (GTCs) are significant (strategic and high impact) human resources issues that focus on managing a firm to ensure just the right amount of the right talent and motivation, at the right place, at the right price, during all economic and financial ups and downs in a very competitive world for the purposes of balancing the workforce with the needs of the firm in the short term, and positioning the firm to have the workforce needed in the long term* (Schuler, et al., 2011).

Global talent challenges emerge in the context of a dynamic environment. Among the many factors that shape the specific challenges and responses of particular firms are several major forces and shapers, which include: (a) globalization, (b) changing demographics, (c) demand for workers with needed competencies and motivation, and (d) the supply of those needed competencies and motivation. To provide support for the emergence of the global talent challenges presented here, we describe these forces and shapers in more detail in the following paragraphs.

To successfully address global talent challenges, firms of all sizes can and must take advantage of a wide variety of HR policies and practices (see Jackson, Schuler and Werner, 2009; Briscoe, Schuler and Claus, 2009). Conceptualized broadly, *global talent management (GTM) refers to the systematic use of specific HR policies and practices to manage the several global talent challenges that a firm confronts.* These include specific aspects of HR policies and practices related to location and relocation management, planning and forecasting, staffing (to include attracting, selecting, retaining, reducing and removing), training and developing, and evaluating employees consistent with a firm's strategic directions while taking into account the evolving concerns of the workforce and regulatory requirements.

Major Forces and Shapers of the Global Talent Challenges

Figure 1 depicts the linkage between several major forces and shapers of GTCs and several HR policies and practices used in global management talent initiatives for global talent challenges.

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Globalization: World Trade, Competition, Customers, Individuals

Globalization is a concept that people use when referring to many different phenomena. Of particular relevance to our discussion are: expansion of world trade, intensified competition among firms, the potential to reach many more customers around the world, and the array of individuals worldwide who now comprise a global labor market.

World Trade. The value of world trade expanded from $89 billion in 1953 to more than $10 trillion in 2008. Although the contraction that occurred in 2009 may slow the rate of future expansion in the near term, the value of world trade may nevertheless reach $27 trillion by 2030. Foreign direct investment (FDI) went from $59 billion in 1982 to more than $1 trillion in 2008. The formal labor market expanded from 2 billion workers in 1990 to more than 3.5 billion in 2008. The global economy (global GDP) is projected to expand to $75 trillion by 2030, up from $10 trillion in 1970 and $40 trillion in 2008 (ATKearney, 2008; Stephenson and Pandit, 2008).

Competition. Competition has never been this intense and so multifaceted: it is fast developing, complex, extremely widespread, but also subject to the current global economic and financial crises (*The Economist*, February 21, 2009; Zakaria, 2008; Cairns and Sliwa, 2008; IBM, 2008; Hill, 2007). Global competition has forced many firms to improve quality and strive for innovation (often based on rapidly developed and more sophisticated technology), and increasingly global competition means that enhanced quality and innovation must be achieved while also keeping cost low. Thus, small and larger firms in almost every country are being forced to adapt and quickly respond as they compete with firms worldwide to gain and sustain global competitive advantage (*The Economist*, March 14, 2009; Engardio and Weintraub, 2008; Porter, 1985; IBM, 2008; Stephenson and Pandit, 2008; Palmisano, 2007; Schuler and Tarique, 2007; Gupta and Govindarajan, 2001).

Customers. Customers in virtually all industries are demanding more, and often for less. The telecom industry is migrating rapidly from traditional fixed-line phone service to mobile, smart phones. Companies like BT are selling "experiences" more than telephone "hardware." Customers are demanding innovation and BT is responding by focusing on services and providing a social networking capability (Werdigier, 2008). And this applies to customers the world over, with some differences reflecting unique characteristics of the countries (Zakaria, 2008). Thus for the typical company today, it is important to think and act global (IBM, 2008; Mendenhall, Osland, Bird, Oddou and Maznevski, 2008; Dickmann and Baruch, 2011), which includes being where the customers are. Increasingly companies like Nokia, IBM, Tata, Caterpillar, and BT find that the growing customer base is in the BRIC countries (Brazil, Russia,

India, and China) and in emerging economies throughout Asia, Latin America, and Eastern Europe.

Individuals. Individuals have been entering into the labor market in increased numbers over the past fifteen years (Zakaria, 2008; Friedman, 2005). It has been estimated that more than 1.5 billion people have entered the global labor market during the past fifteen years and that another one billion will enter over the next ten years. Friedman (2005) argued that the development and spread of inexpensive technologies has flattened the world and facilitated the entry of all these workers into the workforce. One major consequence of both these trends is the ability of firms to employ workers in the developing economies of the world at much lower wages than is possible in the developed economies of the world. Weekly wages in the developed economies are equivalent to monthly and even yearly wages in developing economies (U.S. Department of Labor, 2008; Gomez-Mejia and Werner, 2008). The movement of work to an array of dispersed locations that may include both developed and developing economies is most likely to succeed when all employees have the needed the competencies and motivations to do the work, when the work of dispersed employees is effectively coordinated, and when a firm's HR policies and practices are consistent with the full array of relevant employment regulations in every location (Porter, 1985; Hill, 2007; World Bank, 2008; Palmisano, 2007).

Demographics

Worldwide demographics are another major forces and shaper of global talent challenges. In North America, Western Europe, Japan and Australia, the age of retirement is being ushered in by the Baby Boomer generation. While this may be a relatively short term phenomenon in North America (due to current birth and immigration rates), population shrinkage is a longer term event in Western Europe and Japan (Strack, Baier and Fahlander, 2008). The long term-term outlook is grim: by 2025 the number of people aged 15-64 is projected to fall by 7% in Germany, 9% in Italy and 14% in Japan (*The Economist*, March 13, 2010; Wooldridge, 2007; *The Economist*, 2006).

While the populations of many developed economies are aging and shrinking in size, the populations of developing and emerging economies are expanding and getting younger (Strack, et al., 2008). Thus there are major variations in demographic characteristics by age and by region that multinational firms need to know and consider in locating and relocating their operations internationally (Goldstone, 2010; Jorek, et al., 2009).

Demand for Workers with Competencies and Motivation

 Although the pace of globalization has diminished greatly, new *jobs* are still being created that require higher levels of competencies, which are broadly defined as "basic and advanced skills, knowledge and abilities," or the "right know-how" (Daniels, et al., 2007; Palmisano, 2007).   For existing jobs, there is a growing need for employees who are willing to do the job under new and changing conditions that require the development of additional competencies (motivation). For

skilled jobs, for example, there is a need for increased competencies to operate more sophisticated machinery, to interact with more demanding customers and to use more advanced technology to perform the functions of the traditional skilled jobs (National Commission on Adult Literacy, 2008). And it appears that these increased competencies are being associated with almost all jobs traditionally performed in multinational firms around the world today (Price and Turnbull, 2007).

In addition to the increased need for basic skills and advanced skill levels for basic entry-level, frontline and skilled jobs, there are a rising number of jobs that involve "knowledge work" and thus there is increasing demand for so-called "knowledge workers." Knowledge workers include managers, leaders, technicians, researchers, accountants, information specialists, consultants, medical and pharmaceutical professionals. In multinational firms, knowledge workers such as these often work together in teams that cross cultural and geographic borders: "In the 21st century knowledge creation, integration and the leveraging of such "new" knowledge are considered the *raison d'etre* of multinational firms" (Brannen, 2008). "The growing need for talented managers in China represents by far the biggest management challenge facing multinationals and locally owned businesses alike" (Lane and Pollner, 2008). Even if demand for managers and other knowledge workers has slowed significantly recently, the need for highly motivated and talented knowledge workers is likely to remain strong well into the future (Roach, 2009).

Supply of Workers with Competencies and Motivation

In developed economies such as North America, Western Europe and Japan there also is an expected shortage of competencies especially as the economy recovers. According to a report from the U.S. National Commission on Adult Literacy (2008) between 80 and 90 million American adults do not have the basic communication (also called people or "soft") skills to function well in the global economy or to earn family-sustaining wages. Alone among other advanced industrial countries, American 25 to 35 year olds are not as well educated as their parents (U.S. National Commission on Adult Literacy, 2008) According to the U.S. National Commission on Adult Literacy, declining educational achievement already puts the U.S. at a competitive disadvantage (2008). The lack of technical knowledge workers continues to drive companies such as Microsoft, Cisco and Wipro to plead with the U.S. Congress to expand the number of H-1B visa permits granted each year (Preston, 2008; Herbst, 2009;Wadhwa, 2009).

Today the situation related to worker "shortages" is substantially different from the late 1990s-2008 period of time when "global talent management" became popular (*The Economist*, February 21, 2009).   Since the late 2008 firms have reduced their workforces because of a talent surplus. So, while the shortages described above in the above paragraph are likely to appear, in the near term, firms may find that there is a continued surplus of workers, at all levels of competency and motivation, worldwide. Competition among workers and countries is likely to

result in more wage competition and more governmental support to encourage firms to bring jobs to their country.

Global Talent Challenges and Global Talent Management: Summary

Thus because of characteristics of these major forces and shapers, today there are several global talent challenges that firms need to manage as effectively as possible, including:

- too little talent is available (shortage)
- too much talent is available (surplus)
- the talent is available in the wrong place (or position)
- the talent is available at the wrong price (too expensive)

As a consequence of such conditions, firms may need to: a) reduce/add workers and positions in their home country; b) move to another country and establish new operations at lower cost levels; or c) reduce/add workers even in other countries. In addition, firms may need to train and develop existing staff rather than hire new staff from the outside. They may also, on a regular basis, need to improve their training and development, performance management and compensation systems to ensure that the workers they have are as motivated and productive as they can be such as what many firms such as Novartis, IBM, LG, Asada, Tesco and Google as a part of their "global talent management" programs.

In other words, firms need to systematically select from the many HR policies and practices that can be taken by firms, for in order to: manage through the current environment of economic and financial crises; position themselves for the period of recovery after the crises; and operate more competitively on a day-to-day basis in a highly competitive world.

 Appropriate HR policies and practices taken to address these global talent challenges can enable a multinational firm to gain and sustain a global competitive advantage and are referred to as the essence of global talent management (Lane and Pollner, 2008; Porter, 1985; Stephenson and Pandit, 2008; Palmisano, 2007). For a more complete description of this approach and a review of the academic GTC and GTM literatures see Tarique and Schuler, 2010 and Schuler et al., 2011).

HR Policies and Practices for GTM Initiatives to Address Global Talent Challenges

 Due in part to the existence of many forces and shapers of the global talent challenges, there are many possible HR policies and practices that firms can use in their global talent management initiatives (Beechler and Woodward, 2009). Matching an accurate diagnosis of a firm's strategy and talent management situation with possible HR policies and practices is a first step in gaining and sustaining a global competitive advantage that may result from the successful implementation of the correct HR policies and practices (Strark, et al., 2009). Specific aspects of

some HR policies and practices that can be considered by multinational firms in their global talent management initiatives include:

- Location planning and relocation management
- HR planning and forecasting
- Staffing
    - Attraction and selection
    - Retention
    - Reduction, and
    - Removal
- Training and development
- Performance assessment, and
- Compensation

While these HR policies and practices are described separately, for most GTM initiatives for most GTCs they are likely to be combined or "packaged" for maximum effectiveness. Selection of the specific HR policies and practices in those packages will reflect the nature of the global talent challenges.

Location Planning and Relocation Management

While relatively new to human resource management, the actions associated with location planning and relocation management are very important to the profession of and the professionals in HR.

Multinational firms have been rapidly expanding and (re)locating around the world (Porter, 1985; Hill, 2007; Daniels, et al., 2007; Ewing, 2008). In a period of just past three years, IBM hired more than 90,000 people in Brazil, China and India (Hamm, 2008). As a consequence of firms moving rapidly to India, India's seemingly unlimited skilled labor supply was nearly fully employed by 2008. Now, companies thinking about moving operations to India need to develop new talent management strategies in order to attract workers away from their existing employers, and then retain these same individuals. As the available supply of workers shrinks, decisions must be made about whether to locate elsewhere or perhaps develop training programs to train for the competencies that are needed, as Microsoft has done in China and Nokia did in Romania (Chen and Hoskin, 2007; McGregor and Hamm, 2008). To help ensure a supply of dependable labor at the right price, when Chinese companies locate abroad, they also send many of their own employees (Wong, 2009).

Multinational firms that are now thinking of expanding or relocating operations confront a large number of questions that are the essence of location planning and management, including:

- Why go? Why move at all from where we are right now? Should we rather just outsource part of our existing operations, or offshore part of our existing operations?

- Where go? What locations should we move to? Have we done country assessments on the country locations on such issues as: compensation levels, workforce skills availability, employment legislation, and culture compatibility?
- How go? Shall we expand our operations by ourselves? Should we outsource some of our existing operations to others? Should enter into a joint venture with a local partner? Should we use a merger or acquisition?
- When go? Do we need to go within a year? Do we have time to develop an image in a new country that will enable us to attract the best applicants (i.e., be perceived as "One of the Best Companies to Work for"?). If we enter another country, will we need to develop new ways of manage the workforce? Will we have to change our practices of recruiting and training, for example, for the local employees? Will want to create a common set of HR policies and practices for all our locations?
- How link? How do we link employees in multiple international locations with each other so as to gain efficiencies and transfer knowledge effectively?

Human Resource Planning

Besides addressing these questions, multinational firms will likely need to also engage in more traditional human resource planning and forecasting, i.e., making estimates of the numbers of individuals and skills that will be needed in their various locations, using existing attrition and retirement data of the current employees in conjunction with the business plans of the firm. Of course, even traditional planning tools may benefit from modifications that take into account the fact that the past is not always a good predictor of the future, especially in these more uncertain and dynamic times (Cappelli, 2008). Under conditions of great uncertainty, scenario planning might be more prudent that the use of more traditional forecasting techniques (Courtney, 2008; Dye, Sibony and Viguerie, 2009; *The Economist*, February 28, 2009).

Staffing

Attraction. Today organizations are finding that they are having a much more challenging time finding the workers with the competencies they need to perform a wide variety of jobs, regardless of worldwide location (Scullion and Collings, 2006). In essence, workers at every level are more important than ever to multinationals that hope to be competitive, both globally and locally (Guthridge, et al., 2008; Huselid, Beatty and Becker, 2009). As a consequence, they have to make themselves more attractive. In doing so they are finding that they differentiate the pool of potential applicants and construct different approaches to making themselves attractive. In other words, they need to develop different "employee value propositions" (EVPs). Guthridge et al., (2008) present various EVPs developed by companies such as Tesco in the UK. For example, the UK retailer Tesco develops separate recruiting and selection tactics for applicants for frontline clerks depending upon whether they are straight from school, are part-time or graduates wanting full-time work. There is a separate website whose materials and language are tailored to that group (www.tesco.com). Tactics used for different groups are based on what the

firm will be most effective and valued by the applicants, not on the firm's view that some applicants are more valuable than others.

Retention. Retaining talent is one of the biggest talent management challenges for global accountancy firms. Historically, annual turnover rates at these firms have been between 15 and 20 percent. In these accountancy firms, a variety of factors contribute to high turnover rates among early-career employees, including long hours, pressure to study during off-hours in order to pass professional certification exams, and an "up or out" partnership model (Harry, 2008). Jim Wall, the managing director of human resources at Deloitte, estimated that every percentage-point drop in annual turnover rates equated to a savings of $400-$500 million for the firm (*The Economist*, July 21, 2007). To stem the turnover tide among early-career accountants, some firms have attempted to increase long-term commitment by providing data to employees, showing that employees who stay at least six years with their first employer are likely to earn higher pay at other firms when they do eventually leave (*The Economist*, July 21, 2007). More likely to be effective are retention strategies that include characteristics such as: a) top management making a strong commitment that talent management is a priority for all employees; b) assessing the efficacy of current recruiting sources; c) expanding the list of recruiting sources; d) sourcing talent globally; e) constantly monitoring labor markets worldwide; f) establishing diversity programs; g) establishing accountability amongst managers for retention goals; and h) rewarding managers for improving talent retention (Guthridge and Komm, 2008; Caye and Marten, 2008; Holland, 2008).

Reduction and Removal. If global economic and financial conditions continue to deteriorate, unemployment will likely spread dramatically (*The Economist*, January 31, 2009; *The Economist*, March 14, 2009; Powell, 2009). The ILO estimated that more than 50 million jobs were lost globally in 2009, and perhaps again in 2010. Because hiring usually lags behind economic recovery, low employment levels were expected to persist until at least 2012. Thus challenge of managing under conditions of surplus talent is likely to be with us for the next few years. Accordingly, "reduction and removal" HR actions are likely to dominate the global talent management agenda of many firms.

Reduction can involve the reduction of work hours, days, overtime, pay levels, pay increases, benefits, new hires and holidays, and also the increased use of attrition, unpaid leave, assignment for local volunteer work, sabbaticals, and contract employees and outsourcing (Mirza, 2008; Boyle, 2009). From these activities firms can reduce their costs and existing employees can retain their jobs. In contrast, removal refers to the use of layoffs or other measures that result in permanent job loss (Hansen, 2009). Firms have a great deal of choice in how they shrink their workforces, but their choices are not unlimited. For multinationals, decisions about which HR policies and practices to use must reflect the concerns of various unions, governmental regulations, cultural norms and corporate values.

Training and Development

In locations where competencies fall short of what firms need, training and development programs can be used to improve the quality of talent available and at the same time increase a firm's appeal as an employer. In China, Microsoft uses development and recognition programs that appeal to first time programmers. Development programs include a rotation to the U.S. and recognition programs include being selected as a Silk Road Scholar (Chen and Hoskin, 2007).

Multinational firms like Microsoft and Schlumberger also offer attractive career management opportunities. Schlumberger makes it possible for engineers to achieve recognition and compensation equivalent to managers while remaining on their engineering career track (Schlumberger, 2007; 2008; 2009). Applying this more broadly, multinational firms can be expected to emphasize internal markets even more (allowing employees to move around from job to job more freely), with rapid promotion for the superstars (Wooldridge, 2007).

To address the need for leaders and managers with a global mindset that is broader than knowledge about the details of local country operations, many Chinese companies have begun sending their best managers to intensive management-training programs, such as those offered through a corporate university or business school (Dietz, et al., 2008).

Performance Assessment

Performance assessment is a key ingredient in successful global talent management (Varma, Budhwar, and DeNisi, 2008). The performance assessment system at Novartis is central to its global talent management efforts (Siegel, 2008). At the heart of it is a system that grades employees on (a) business results (the "what") and (b) values and behaviors (the "how"). While the business results are unique to each business area, the values and behaviors (ten in all) are common across the entire firm. Combining these two performance dimensions results in a nine-box matrix for assessing employee performance. This assessment process takes place within the context of the business performance cycle, which begins with the strategic plan for the firm and cascades down to define "what" each business unit is expected to accomplish. Novartis employees receive quarterly performance feedback, participate in self-assessments, engage in development planning and career discussions. Together, these practices are aimed at improving competencies, motivating talent, determining training needs and establishing a basis for performance-based pay (Siegel, 2008).

Compensation

Compensation rates around the world reflect today's dynamic economic and competitive business conditions (U.S. Department of Labor, 2008; Gomez-Mejia and Werner, 2008). In response to multinationals locating in their countries, local companies in China and India often must pay Western-level salaries (Wooldridge, 2007; Banai and Harry, 2005). Demands for compensation increases by workers in China caused some multinationals to move and/or consider moving operations to Vietnam and Bangladesh, in addition to keeping some of their

operations in China, producing what is often referred to as "China plus one strategy" (Bradsher, 2008).

At Novartis, pay-for- performance is an important component of their global talent management effort (Siegel, 2008). Using the results of an employee's performance assessment in the nine-box performance matrix, a bonus payout is calculated that recognizes both the individual's performance and the performance of their business unit. Because the market for employees such as those in research and development is global, firms like Novartis set compensation rates at levels that reflect the global environment, even when that means paying salaries that are above the norm in some countries (Siegel, 2008). To help manage compensation costs, however, firms in this situation may locate their operations to second-tier (lower cost) cities. Another tactic is to recruit talent that is currently under-employed (e.g., engineers who are temporarily working as taxi drivers because they have lost their jobs during the economic downturn).

Summary. As this brief description of possible HR actions suggests, multinational firms must make an array of decisions about how to manage their global talent. Ideally, the HR actions they select reflect both the specific challenges facing the firm currently and consideration of the future challenges that are likely to arise as economic conditions change over time. Although the recent economic downturn has slowed business globally, firms still need to hire and manage their talent in anticipation of their future needs. Furthermore, the selection of particular HR actions is likely to be most effective in firms that adopt a systemic approach to global talent management. That is, HR actions need to mutually supportive and internally consistent with each other, while also fitting firm characteristics such as top management leadership, vision, values, strategy, size, culture and Industry.

Degree of Inclusion in GTM Initiatives

Two philosophically distinct approaches to attracting and selecting talent are evident in the current literature: One approach assumes that some of a firm's employees are more valuable than others. Huselid et al. (2009) capture this approach with the use of alpha terminology, e.g., Type "A" players, Type "B" players, and Type "C" players. They also assign these same letters to the positions in the firm. For positions, "A" indicates the most significant impact on the firm's strategy and its key constituencies and positions that offer the greatest variability in performance. For players (the employees), "A" indicates those employees who perform at the highest level of performance variability and offer the highest level of impact. The result of this categorization is that firms then would devote the most, but certainly not all, of their resources in their global talent management efforts to "A"-"A" combinations.

In contrast to what Huselid et al. (2009) refer to as their "differentiated workforce approach," companies like the UK insurance company Aviva have developed a global talent management strategy that focuses on managing the "vital many" rather than risk alienating the bulk of its

workforce by focusing exclusively on highfliers" (the "A"-"A" combinations) (Guthridge, et al., 2008).

From the premise that all employees are equally valuable (vs. the differentiated approach in which some are treated as more important than others), flows a number of actions that help confront the talent management challenge. Rather than differentiate the workforce based on their value to the firm, the alternative approach leads a firm to create unique employee value propositions (EVPs) to attract and retain the full diversity of applicants and employees available in the labor market, as described earlier in the discussion of "Attraction".

Although we have presented these two competing philosophies as if firms must choose one or the other, this is overly simplistic. Indeed, a better approach to thinking about who is included as "talent" may to recognize firms vary in their degree of inclusiveness, going from including everyone (high inclusiveness) to only the top 5% or so (low inclusiveness). A further aspect here is that firms may have different degrees of inclusion for the different GTCs.

Role of HR Professionals

In a study entitled *The War for Talent* (Michaels, et al., 2001), it was found that HR professionals spent a great deal of their time formulating and managing the traditional HR policies and practices such as recruiting, selecting, training, performance appraisal and compensation. While these are important for addressing talent management challenges, their effectiveness results from being linked with the firm's strategies and directions, and this linkage was found to be lacking: "HR underperforms in companies where its capabilities, competencies, and focus are not tightly aligned with the critical business priorities" (Rawlinson, et al., 2008: 23; Guthridge, et al., 2009). Additionally, the study concluded that most HR professionals need to do a better job of measuring the impact of HR actions using metrics that are aligned with business strategies. Thus, for example, a firm might track the performance records of employees who have participated in global management training programs and compare them to those who have developed global skills on the job and/or compare them to people with no global exposure, using performance metrics that reflect desired strategic business outcomes such as revenue, profit targets or retention of direct reports (Farndale, Scullion and Sparrow, 2010).

Results of Effective HR Policies and Practices for GTM Initiatives

As shown in Figure 1 there are several potential results that are likely to follow from HR actions of GTM that successfully address a firm's global talent challenges. In particular, we have argued that addressing the global talent challenges improves the firm's success in having the right people at the right place at the right time with the needed competencies and motivation and at the right price at all levels and all locations(positions) of the firms (Lane and Pollner, 2008; Guthridge, et al., 2008). In time, these effects accumulate and deepen the firm's bench strength (or future positioning) for all positions the company, both anticipated and unanticipated, in all current and future locations around the world (Rawlinson, et al., 2008).

In the short term, successful HR actions may provide a firm with a temporary advantage over competitors. In the long term, as the firm's global talent management system matures and as learning about how to management global talent becomes embedded in organizational systems, it may be possible for the firm to establish a sustainable global competitive advantage. Sustainability of competitive advantage is never assured, because the forces and shapers of global talent challenges are likely to change as are the specific GTCs (Porter, 1985; Daniels, et al, 2007). Nevertheless, as firms gain experience and begin to develop the competencies needed for global success, they simultaneously position themselves to adapt as changing conditions require in the future.

Barriers to Global Talent Management Initiatives

It seems apparent that multinational firms have good reason to invest considerable resources in meeting the global talent challenges they face, but success in this endeavor remains elusive. Based on the responses of more than 1,300 executives worldwide, Guthridge, et al. (2008) identified several barriers to the use of HR policies and practices for global talent management initiatives. Many of these barriers to successful talent management exist for domestic firms, but they become more complex and difficult to overcome in global firms. The barriers include:

- The fact that senior managers do not spend enough time on talent management, perhaps thinking that there are other more pressing things to be concerned with;
- Organizational structures, whether based regions, products, or functions, that inhibit collaboration and the sharing of resources across boundaries;
- Middle and front line managers who are not sufficiently involved in or responsible for employees' careers, perhaps because they see these activities as less important than managing the business, and/or because they require such a long-term perspective;
- Managers are uncomfortable and/or unwilling to acknowledge performance differences among employees—a step that is required in order to take actions to improve performance;
- Managers at all levels who are not sufficiently involved in the formulation of the firm's talent management strategy, and therefore, have a limited sense of ownership and understanding of actions designed to help manage the firm's global talent;
- HR departments that lack the competencies needed to address the global talent challenge effectively, and/or lack the respect of other executives whose cooperation is needed to implement appropriate HR actions.

Conclusion

Many of the most pressing global challenges facing global firms today are directly associated with four significant global talent challenges (Rawlinson, et al., 2008; Adecco, 2008; Walker, 2007; Scott, et al., 2008; Price and Turnbull, 2007; Scullion and Collings, 2006). These global talent challenges arise due to the ever-changing characteristics of the environment. In particular,

among the major drivers are: enhanced globalization, evolving demographics, the need for more competencies and motivation, and the growing shortage/surplus of needed competencies and motivation. For firms throughout the world, the changing environment--particularly during volatile economic and financial periods of boom-and-bust such as those experienced in recent years—presents both global talent challenges and an opportunity to gain a sustainable global competitive advantage (Porter, 1985; Cairns and Sliwa, 2008; Strack, et al., 2009).

In this chapter we sought to provide a brief overview of possible HR policies and practices that can be used to build an integrated and flexible system for creating global talent management initiatives, and described some of the barriers to success in this endeavor. The greatest challenge may simply be the need for firms to be relentless in their efforts to effectively manage global talent, for even when success is achieved in the near term, new HR policies and practices will soon be required simply to stay one step ahead of competitors. For the HR profession, an immediate challenge is to develop the supply of HR talent with the competencies and motivations required to understand the forces and shapers that create global talent challenges, develop systems that are tailored to address a particular firm's specific global talent needs, and work in partnership with the senior management team ensure a close linkage between HR policies and practices for GTM initiatives and the strategic objectives of the GTCs and the firm.

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Figure 1

Framework for Global Talent Challenges and Global Talent Management Initiatives

Forces and Shapers	**GTCs**	**HR Polices & Practices for GTM Initiatives**	**Results**
Globalization Demographics Demand for workers with competencies and motivation Supply of workers with competencies and motivation	Right numbers Right location (position) Right competencies and motivation Right price	Location planning and mgmt Human resource planning Staffing: -Attraction - Selection -Retention -Reduction -Removal Training and development Performance assessment Compensation	Talent Positioning and Balancing • Right numbers • Right location • Right competencies and motivation • Right price Bench Strength Competitive Advantage Multiple EVPs Attractive Employer Branding