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# Global talent management 2015 - a status quo and its future prospects

Master Thesis zur Erlangung des akademischen Grades

**Master of Business Administration (MBA)**

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## **Abstract**

The topic of this Master's Thesis is "Global talent management 2015 - a status quo and its future prospects".

The research question of the Master's Thesis is first about: "What is the understanding and practice of GTM in the year 2015?" and second it asks: "What kind of future prospects does GTM have?"

The chosen methodology is based on a literature research and literature analysis on the historic development of GTM since the 1990ies of the last century and a trend research and analysis on future global work trends affecting future GTM.

The core part of the Master's Thesis is the author's recommendation for a playbook on how to innovate GTM in Multinational Enterprises (MNEs) supported by talents and legislations of nations and economic areas. The author closes the core part by a strategic recommendation for a new era in corporate GTM.

The author's recommendation is based on the personal perception on how all stakeholders involved (– MNEs, talents and even countries or trade areas –) are able to support the creative destruction of current GTM.

The main aim of a new GTM is to innovate the virtuous circle of GTM. The newly established corporate GTM inherits the power to lead to a deeply content talent pool. In return on this corporate investment the talents provide MNEs with sustainable global economic growth.

The overall conclusion by the author claims clearly for an innovation in GTM right now, or MNEs will lose their competitive advantage in the future.

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## Code of abbreviations (in alphabetical order)

Abbreviation	Code
FDI	foreign direct investments
GHR	global human resource
GSHRM	global strategic human resource management
GTC	global talent challenges
GTM	global talent management
HQ	head quarter
HR	human resource
HRD	human resource development
HRM	human resource management
IHRM	international human resource management
MNE	multinational enterprise
R&D	research and development
ROI	return on investment
SHRM	strategic human resource management
TM	talent management

## **Executive Summary**

Global Talent Management (GTM) became necessary in the arising global business world of the 1990ies of the last century. Companies with worldwide subsidiaries faced the challenge of scarce high-potential talents: those are employees with a profound academic education and work experience that fill key-positions within the Multinational Enterprise (MNE) in any of the multinational business locations.

Though definitions of GTM differ widely, a general understanding defines GTM as the management of the global corporate talent pool by attracting, developing and retaining of each individual talent within the MNE. GTM on the corporate strategic level is positioned within the internationalization strategy of personnel-change management, depending on the cultural (mono-, multi- or mixed-cultural) approach at the MNE.

Within the organizations GTM represents a subgroup of the strategic human resource management (SHRM). GTM requires far more stakeholders than HR, thus it is permanently under transformation and moves more and more into the management boardrooms of decision making.

The crucial question in the first part of this Master's Thesis (See: Chapter 2) is dedicated to defining why GTM is being used in MNEs at all? What are the advantages to MNEs who use GTM?

Evidently there are enormous investments flows into establishing GTM-departments for GTM-staff, operational measures, talent developments and supportive technical tools (e.g.: IT-systems) and running those departments ever since their implementation. Unfortunately academic research on GTM is rather scarce and limited to a small pool of contributing practitioners or consultant firms.

However it could be proven on a basic research level that a capable GTM performance directly correlates to a positive financial performance of the MNE. (See: Table 1.1, Chapter 2.1) and therefore stands for a competitive advantage towards the MNEs competitors that do not at all or poorly perform GTM. This result

emphasizes the statement that the key to success of each MNE lies in its (highly-engaged) employers.

This leads to the crucial question of the core part of this Master's Thesis (See: Chapter 4: Which trends of work are relevant for GTM and how does it have to change or innovate its performance in order to remain competitive among the MNEs industry? What are GTMs future prospects?)

The world of work has changed dramatically over the last decades, since GTM was established. The main (exogenous and endogenous) drivers are still the same with an amplification of its global impact on economics. But the main change is the talents themselves: they are much more autonomous and self-confident which leads to a shift in the job market. Nowadays talents can claim for their work happiness and the employer has to provide the best-fit work environment to its talents. The employer is no longer in the position to choose its human capital out of a huge talent pool. Today the scarce talent-resource chooses the one employer that meets their requirements for happiness on the job best.

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This ongoing transition of the changing attitude of talent worldwide compels smart employers to admit disruptive innovation of their current GTM and establishing a virtuous circle of a new GTM, which will lead them into a successful economic performance.

In the last part of the core chapter (Chapter 4) the author will provide a recommendation and playbook for a new era of GTM based on the prior literature research and personal perception of GTM today. The recommendation focuses mainly on the strategic performance for MNEs, but also advises countries, or trade unions, as well as the individual talents.

The conclusion of the author reveals cautiously the potential power of sustainable future GTM to play a balancing role in global economic prosperity and in the global talents satisfaction and health. All stakeholders involved are asked to seriously participate in the innovation of GTM now, or it might be too late to drive GTM into a prosperous future.



## 1. INTRODUCTION

### 1.1 Problem set

The problem set at the beginning of this Master's Thesis consists of the major question: "What is Global Talent Management (GTM) in 2015 and what is its future prospect?"

Ever since it's first mentioning in the 1990ies of the last century, GTM caused a discussion on the divergence of the interpretation of its definition. Consistent with the divergent definition there has never been one coherent strategy, operational practice or application-tools (e.g.: IT-systems). They all differ, not only from branch to branch, but even from one Multinational Enterprise (MNE) to the other. Strategies, operational stages and tools have developed non-uniformly around the globe, specific to each company and by a majority of them poorly in their performance. (See also: Chapter 2)

Surprisingly there was no success in a broad and thorough global analysis on the profitability of GTM to date, reflecting an exact ROI (Return on Investment) on the immense investments in the new IHR-system at the time, GTM. Global investments costs for GTM consist of labor costs (GTM-team and talents), cost for running appropriate GTM-IT-systems and – where established – research and development (R&D) activities. A few global research studies at least proof a certain connection between well practiced GTM and economic advancement. (See also: Chapter 2 and Chapter 3)

The author believes that the insufficient research and analysis data challenges HR-consultants to draw the right conclusions.

The author claims it would have been crucial to understand the outreach of ROI by GTM and its annual changes throughout the last 25 years more in depth in order to set more precisely defined necessary managerial measures for a better corporate output by GTM.

## **1.2 Research goal of the Master's Thesis**

The research goal of this Master's Thesis is first of all to understand what GTM is in the year 2015. The author will do an analysis of literature on GTM from the years 1990 – 2015 and conclude by a status-quo freeze of GTM, today in 2015. (See also: Chapter 2)

The core research goal for the author of this Master's Thesis is to spot the future prospects for GTM referring to the work trends for the future. The new reference time for this part of the research study is the future only. (See also: Chapter 3)

The author thus provides a recommendation for strategic, operational and technological innovations on GTM. Furthermore the author develops a detailed Playbook for five “must-haves” in future GTM: how does GTM have to get positioned in the future? What measures shall remain; which shall get improved; which shall get innovated; which have to get shut down? (See also: Chapter 4)

## **1.3 Research question**

First the author asks the questions: “What is the understanding and practice of GTM in the year 2015?” (See also: Chapter 2)

In conclusion the author poses the core research question: “What kind of future prospects does GTM have?” (See also: Chapter 4) based on a trend research and analysis (See also: Chapter 3).

## **1.4 Methodology**

The chosen methodology of this Master's Thesis is based on a literature research and a qualitative content analysis of the current GTM (definition, drivers, historic development from 1990 – 2015), its strategies, operational stages and tools in (best) practice.

In the core part (Chapter 3 and 4) of this Master's Thesis the chosen methodology focuses first on a qualitative trend research on future work - and human capital trends.

Second the author develops the hypothetic recommendation for a new era of GTM and its playbook supported by several tools: e.g.: Red-flag list, SMART(ER) chart, virtuous circle, diagrams, figures, tables and frameworks.

### **1.5 Structure of the Master's Thesis**

The structure of the Master's Thesis (MT) consists of:

- (1) Introduction to the MT (Chapter 1)
- (2) Base analysis of GTM by 2015 (Chapter 2)
- (3) Global work trends relevant for GTMs future set-up (Chapter 3)
- (4) Core section of the MT: future GTM - prospects and the authors recommendation for a sustainable future GTM (Chapter 4)
- (5) Conclusion by the author why GTM is crucial for the corporate success (Chapter 5)
- (6) All utilized references and the appendix of the MT

## 2. GLOBAL TALENT MANAGEMENT (GTM)

*The difficulty lies not so much in developing new ideas as in escaping from old ones.“*

((b) Brainy Quote 2015)

John Maynard Keynes, British economist (1883 – 1946)

Chapter two provides in the first part an introduction to Global Talent Management (GTM) since the 1990ies illustrating why and how it arose.

In the second part of the chapter the author reveals how GTM has been put into best practice on the strategic and operational level and closing by analyzing some tools that will remain relevant for GTMs future prospects due to the authors' perception.

### 2.1. The history of GTM: drivers for developing GTM and its implementation in Multinational Enterprises (MNEs)

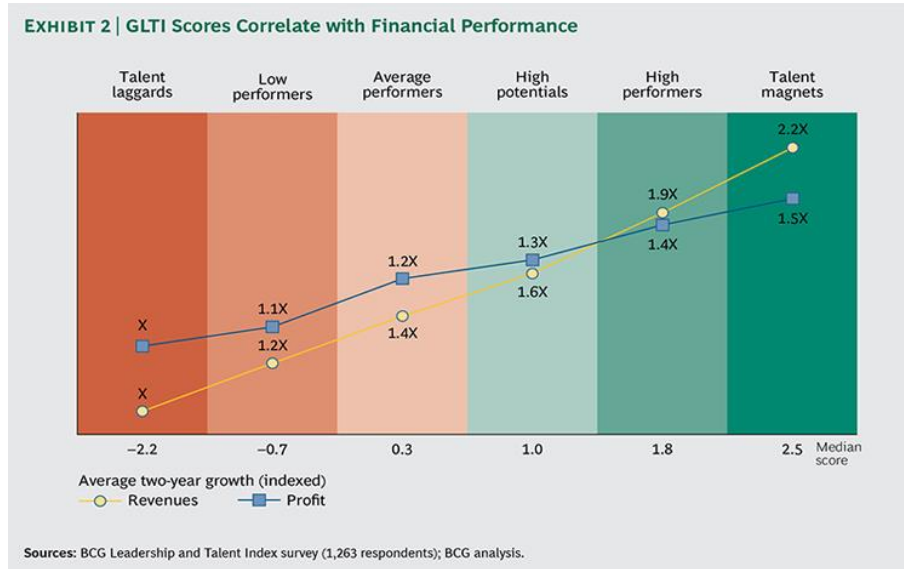
The crucial questions to GTM eventually are: (1) Why use GTM within the Multinationals (MNEs) organization?, and (2) "What are the (measurable) benefits to the organization by using it?".

Only recently, in March 2015, The Boston Consulting Group (BCG) invented the "Global leadership and talent index" (GLTI) recording for the first time in history the financially profitable correlation of capable superior leadership and talent management performances for MNEs (Boston Consulting Group, 2015).

It is evident from their measures, what has already been acknowledged by intuition: that those MNEs with strong applications throughout any of the six corporate performance levels (- talent laggards, low performers, average performers, high potentials, high performers and talent magnets -) surpass MNEs with weak or non-existent talent management in place (Boston Consulting Group, 2015).

Table 1.1

Table showing profitable correlation between GTM and the financial overall business performance (Source: Boston Consulting Group, 2015).



### Financial profits by GTM

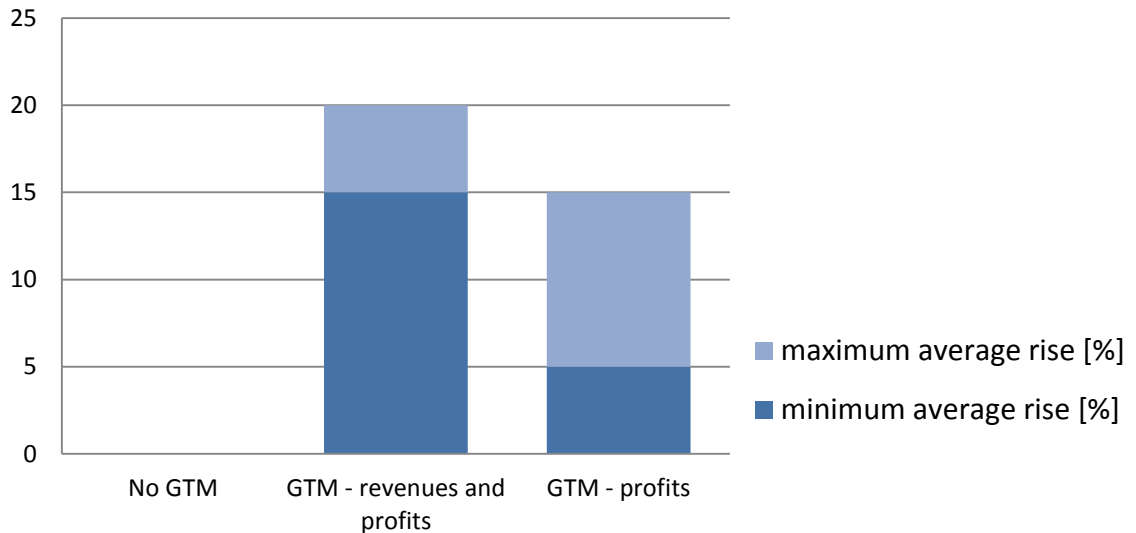


Figure 1.1

Figure showing rise in revenues and profits, and in profits only by using GTM in MNEs; (authors own, based on The Boston Consulting Group: 2015).

The exhibit shows an average rise in revenues and profits from 15 % up to 20% at MNEs using GTM. Observing profits exclusively the measurable increase represents from 5 % up to 15% (Boston Consulting Group, 2015).

Furthermore it is evident that MNEs that rank among the talent magnets achieve the highest profit and highest revenues under the influence of GTM. This perception implements that a strong employee branding, leading to being a talent magnet, is correlated to a successful GTM, that ultimately leads to highest profits among the MNEs competition.

In Table 1.2 the BCG evaluated the answers of 1,263 respondents of MNEs ranking among the two marginalized groups: talent laggards or talent magnets. BCG compared the answers on average revenue growth and average profit margins. BCG broke down the results in six different categories: strategy, leadership and talent model, talent sourcing, people development, engagement and culture (Boston Consulting Group, 2015).

Table 1.2

Table showing high-potential categories of GTM (Source: Boston Consulting Group, 2015).

**EXHIBIT 3 | Strategy and Sourcing Are Low-Scoring but High-Potential Categories**

	Performance of talent magnets versus talent laggards		Mean score
	Revenue growth	Profit margin	
Strategy	2X	1.8X	0.1
Leadership and talent model	1.5X	1.6X	0.7
Talent sourcing	2.4X	1.3X	0.4
People development	2X	1.4X	0.5
Engagement	1.9X	1.6X	0.9
Culture	2.6X	1.7X	0.8

Sources: BCG Leadership and Talent Index survey (1,263 respondents); BCG analysis.  
 Note: For each category, we compared average revenue growth and average profit margins of companies whose responses were in the range of talent magnets and talent laggards.

By interpretation of the lowest mean scores, representing the MNEs overall capability, the winning categories were strategy and talent sourcing: e.g.:

*“[...]companies that scored in the range of talent magnets in the strategy category had twice the revenue growth of companies that scored in the range of talent laggards, and they had 1.8 times the profit growth.” (Boston Consulting Group, 2015). Surprisingly on the other hand “strategy was the lowest-scoring category, suggesting that most companies have weak capabilities in this area.” (Boston Consulting Group, 2015).*

Looking at the category culture the exhibit shows the highest revenue growth of 2.6 times more for talent magnets as opposed to talent laggards. Still the average capability score of 0.8 ranks second highest above all six categories. This leads to the overall conclusion that the MNEs strong organizational capabilities are crucial to its output in revenue growths or profit margins.

Those overall figures of positive impact on MNEs by GTM answer both opening questions and confirm to use GTM because it provides measurable benefits to the MNEs.

### **2.1.1. History**

In the late 1990ies the term of Talent Management got famous by McKinsey consultants who were the ones to coin “The war for talent” as a critical success factor in the corporate world: they defined individual employee performance at all levels within an organization as the key to differentiated performance. The aim of this theory was to fill all positions only with top-performers, whereas all poor performers had to be released (cf. (b) Scullion, et al., 2011: p. 3).

Another theory evolved by differentiating positions: In this case key positions within an enterprise had to be identified and their potential for a crucial impact on the firm’s competitive advantage to be emphasized. Key positions value more than the talented individual employee (cf. (b) Scullion, et al., 2011: p. 3).

By the millennium the increased interest in Global Talent Management (GTM) by Multinational Enterprises (MNEs) generally faced a lack of knowledge and competence in GTM best practice (cf. (b) Scullion, et al., 2011: p. 3).

The financial crisis in 2008 and its following recession influenced GTM as far as it increased the necessity for talented A-performers within an organization,

especially within the decision making management squad (cf. (b) Scullion, et al., 2011: p. 3).

Today - despite the globally endorsed importance of GTM - it still is rapidly developing in strategic and operational aspects that bear various global and regional challenges for a successful GTM (cf. (b) Scullion, et al., 2011: p. 3). (See also Chapter 4.1.1.1)

### **2.1.2. Drivers**

Today Talent Management (TM) has been put in the global context of global convergence in MNEs on one hand, and on the other hand in the divergence of TM practices restricted to certain geographical regions or cultures. A careful examination of supraregional diversities and similarities in Human Resource Management (HRM) practices might be the indicator for the implementation of GTM in corporations that operate internationally (cf. Collin, *et al.*, 2015: p. 213).

Worldwide the main driver for implementing GTM in MNEs is clearly **globalization**, which has been defined as: *“The worldwide movement toward economic, financial, trade, and communications integration. Globalization implies the opening of local and nationalistic perspectives to a broader outlook of an interconnected and interdependent world with free transfer of capital, goods, and services across national frontiers. However, it does not include unhindered movement of labor”* (Business Dictionary, 2015).

Globalization brought not only technological developments, intense economical competition, flexible and adaptable market requirements, organizational restructuring processes, but even so it brought a shift to careers on a socioeconomical level: whereas traditional job profiles were of a bureaucratic nature, today's new careers become more and more boundary less and multifaceted, requiring job mobility by employees among varying kinds of careers or organizations. This indicates more frequent work transitions and quick adjustments to the new requirements for both sides: the employee himself as well



as the organization behind him, which is responsible for a strategic socialization (cf. Cortini, *et al.*, 2011: p. 17).

Table 1.3

Table showing drivers for GTM, their possible HR action and their required corporate output (Source: Berndt 2010: p. 217; Original source by Schuler, *et al.*: 2010)

**Table 1** Framework for global talent management: HR actions for dealing with global talent challenges. Source: Schuler et al. (2010)

Drivers	Possible HR actions	
<b>Globalization</b>		} <b>Competitive Advantage</b> <b>HR leadership</b> <b>Development</b> <b>Talent positioning</b> Right place Right time Right position Right price <b>Bench strength</b>
More change	Organizational linkages	
More competition	Location planning & management	
More customers		
More workers		
<b>Demographics</b>		
Age	Attraction	
Generations	Selection	
Regions		
<b>Need for competencies</b>		
Skills, abilities, knowledge	Training and development	
Willingness to work	Career development	
<b>Supply and demand of needed competencies</b>		
Motivation to learn	Performance management	
Job/career mobility	Compensation	
	Retention/reduction/removal	

All in all increasing globalization is one part of the **exogenous drivers** for GTM by definition of Tarique and Schuler in 2010 (cf. Tarique, *et al.*, 2010: p.125). **Shifts in demographics** as well as the **imbalance of supply and demand of talent** are further crucial exogenous drivers for the necessity of GTM. MNEs are not able to control any of those exogenous drivers in a global context (cf. Scholz, 2014<sup>6</sup>: p. 471 et seqq.).

The focus of Mc Kinsey's innovative report on "the war for talent" was limited to the national US-American context. It evolved from the situation of the aging workforce and shrinking labor markets at the time (cf. Collin, *et al.*, 2015: p. 213).

**Endogenous drivers** for GTM depend on **company-internal causes**. Examples for endogenous drivers within an MNE are: region-centric organizational structures, strategic alliances already in place, or the required corporate expertise (cf. Scholz, 2014<sup>6</sup>: p. 471).

Exogenous and endogenous drivers call for the placement of GTM on a strategic level within IHRM. The role of HR in general, but especially GTM in particular have to get clearly defined from the bottom to the top in each MNE that is going to apply GTM (cf. Scholz, 2014<sup>6</sup>: p. 471).

The role of HR-Managers in charge of GTM will be further explained in chapter: 2.2 - Managerial strategies for GTM in MNEs.

### **2.1.3 Definition of GTM today**

Academics all agree on the remaining blurry definition, base and frontiers of GTM (cf. Collin, *et al.*, 2015: p. 211). This is being reflected in Table 1.4 by some of the most common theories. It shows that the meaning of GTM is multifold (cf. Al Ariss, 2014: p. 5).

By strategic and managerial approach GTM is a subgroup of the strategic HRM (SHRM): it includes techniques for identifying, attracting, motivating, developing, mobilizing and retaining human talent within the corporation. By securing the deployment of those most valuable and highly skilled employees in critical job roles, the global human capital of a firm becomes a success factor for multinational business performance (cf. Collin, *et al.*, 2015: p. 210).

In practice GTM requires far more stakeholders than HR. This is the reason that GTM moves HR beyond its classic function and more into the management boardrooms of decision making (cf. Collin, *et al.*, 2015: p. 210).

Table 1.4

Table showing multifold meanings of GTM (Source: Al Ariss, 2014: p. 4-5)

References (non-exhaustive list)	Meanings of global talent management
Scullion et al. (2010) Vaiman et al. (2012) McDonnell et al. (2010) Famdale et al. (2010)	GTM involves organizational activities for attracting, selecting, developing, and retaining the best employees in the most strategic roles to achieve organizational strategic business priorities internationally. This takes into account differences across countries in how talent should be managed
Al Ariss et al. (2013) Sidani and Al Ariss (2013)	Very similar to the above but with continued commitment to the perceptions of employees, to organizational benefits, and to the wellbeing of societies, while taking local and international contexts into account
Famdale et al. (2010)	GTM involves global competition for talent, managing new forms of international mobility, improving organizational capability to manage talents in emerging markets, elaborating new corporate HR roles
Tarique and Schuler (2010)	GTM includes systematically utilizing international human resource management (IHRM) activities to attract, develop, and retain individuals with high levels of human capital in consistency with the strategic directions of the multinational enterprise in a dynamic, highly competitive, and global environment”
Schuler et al. (2011)	GTM refers to using HR policies and practices to manage the several global talent challenges that a company confronts: location and relocation management; planning and forecasting; staffing, training, and developing; and evaluating employees consistent with a firm's strategic objectives while taking into account regulatory requirements
Stahl et al. (2011)	Various possible conceptualizations acknowledged. From the research made, two distinct understandings of TM are identified: the differentiated approach, and the inclusive approach. The paper also presents a diagram called the Talent Management Wheel in which are depicted the practices and guiding principles. There are six of these latter and they are: internal consistency, management involvement, employer branding through differentiation, balancing global and local needs, cultural embeddedness, and alignment strategy
Mellahi and Collings (2010)	GTM involves the systematic identification of major positions which differentially contribute to the organization's long-term competitive benefit on a global scale, the development of a talent pool of high potential and high performing executives to fill these roles which reflect the international scope of the multinational enterprise, and the development of a differentiated human resource architecture to help filling these positions
Shen and Hall (2009)	GTM should be conducted in the light of the best outcome for the company as well as the individual in a way to appropriately manage the needs and issues of talents, wherever they are in the world
Dries (2013)	Talent (rather than GTM) as capital; talent as individual difference; talent as giftedness; talent as identity; talent as strength; and talent as the perception of talent
Gallardo-Gallardo et al. (2013)	Talent (rather than GTM) as 'object' i.e., talent as natural ability; talent as mastery; talent as commitment; talent as fit; versus 'subject' i.e., talent as all people; talent as some people

#### 2.1.4. The origin of GTM arises from Talent Management and its approaches

The success of GTM starts at the common understanding of the term „talent“. By today only very few sources are provided that demonstrate the understanding of “talent” differing across cultures and how it affects TM in MNEs. MNEs

increasingly continue to go global. In order to implement a functioning GTM within the corporation all managing directors at headquarters as well as at subsidiaries (e.g.: CEOs, HR directors, line managers) ought to have a mutual apprehension of the similarities or differences of talent in each region (cf. Al Ariss, 2014: p. 16).

In 2013 the RBL Group, among which Dave Ulrich, founder of the “Business Partner Modell” participates, made the estimation on the percentage of high potential future talents in the talent pool within MNEs and calculated it to be among 10 – 15% (cf. Ulrich, *et al.*, 2013: p.1).

In order to identify those talents within the own organization, RBL determined four characteristics – the 4 As’ - applicable to all those talents, which are mainly mentioned as “future leaders” due to their long-term potential (cf. Ulrich, *et al.*, 2013: p. 1):

- “1. *Ambition: future leaders are willing to pay a price for success, including time, energy, risk taking, and personal mobility.*
2. *Ability: leaders can move from doing work, to getting work done with others as team leaders, to getting work done when they are not present.*
3. *Agility: high-potentials must learn, experiment, be curious, be self aware, and be flexible.*
4. *Achievement: Future leaders have demonstrated a pattern of achievement. They accept new assignments and deliver on what they say they are going to do (Ulrich, *et al.*, 2013: p. 1).”*

Once the talents have been identified within the corporation, there are three ways to tap their full potentials.

Most recently in 2014 Al Ariss identified three mayor approaches to TM (cf. Al Ariss, 2014: p.15-18) that are also applicable to GTM:

### **1. Inclusive versus exclusive**

This approach to TM is about “*identifying, selecting, recruiting, developing, and retaining talents in a way that meets the global strategic goals of companies*” (Al Ariss, 2014: p.5). It incorporates any corporate interests of the MNE – from HQ, to

subsidiaries or any other relevant business connections within the MNE or to the outside business (cf. Al Ariss, 2014: p. 5).

Inclusive means that each individual employee is being seen as a talent. By identifying the best natural skills of the talent, each individual talent has the ability to become a corporate top-performer. The inclusive approach to TM is considered to generate a more pleasant working environment and overall employee wellbeing (cf. Al Ariss, 2014: p. 16).

The exclusive approach to TM on the other hand reflects the how differing employee groups with differing value to the MNEs are being managed differently within the organization. The opportunity in this approach is generating a potentially higher return on investment (ROI) in terms of profit and productivity. This effect can be achieved by increased motivation of MNEs key workers (cf. Al Ariss, 2014: p. 16-17).

Today, TM is not getting implemented only in one way or the other, but more likely occurs in a wide variety across the corporate global world at MNEs depending on the business culture and mission of an organization (cf. Al Ariss, 2014: p. 17).

## **2. Selection versus development of human capital**

This approach is global, working on the selection and development of the MNEs work force: it identifies, selects, recruits, develops, and retains talents internationally. To the present this approach has been focusing mainly on Western countries organizations, whereas organizations in developing countries have still not been prominently analyzed. An evident lack in international diversity and endemic perspectives occurs among existing sources (cf. Al Ariss, 2014: p. 5).

## **3. Standardized versus subjective talent identification**

Another approach to GTM is given by strategic IHRM and in practice addresses the need for managing corporate expatriates throughout all different stages of GTM. Expatriates represent a strong amount of global talent within the MNEs (cf. Al Ariss, 2014: p. 5).

Standardized talent identification is strategically managed by the SHRM due the MNEs (global) requirements. Revealed by research subjective talent identification is relatively common among decision makers: it is determined by no formal assessment strategy by the MNEs HR, but a personal and therefore subjective identification of talented human resources. The validity of the judgement is limited and bias (cf. Al Ariss, 2014: p. 18).

## **2.2 Managerial strategies for GTM in MNEs**

In this chapter the author evolves how GTM has been positioned managerial-wise within organizational structures of MNEs, in order to understand the strategic starting point of GTM in the MNEs.

### **2.2.1. The positioning of GTM on the strategic level within the change management of the workforce with the aim to create competitive advantage**

The strategic level of HRM consists of decision taking on labor force remittance, - displacement and – development, depending on the level of delegation in practice. Six strategies define the change of workforce, one of them including GTM (cf. Scholz, 2014<sup>6</sup>: p. 420-421):

1. The **Labor market strategy** defines where to recruit new employees – external or within the company – considering current dynamics on the labor market. This definition can evolve future consequences on work force development as well as on personnel layoff GTM (cf. Scholz, 2014<sup>6</sup>: p. 484).
2. **Talent strategy** is a strategy for all areas in work force change management (including remittance, development and release): it treats the resource scarcity of talented employees on the labor market and leads the strategic path inside the company how to handle it. E.g.: strategies on how to deal with “the war for talent”. Thus GTM partly evolves from this strategy. One important driver for the talent strategy is employer branding attracting new talents to an MNE and tightening the employer-employee relationship. The next driver is an attractive employee development opportunity for the newly acquired talent (cf. Scholz, 2014<sup>6</sup>: p. 420,484).

3. **Virtualization strategy:** this strategy makes the statement on how personnel-wise change management shall be applied in the virtual business world e.g.: work force recruitment and - marketing via internet, or the level of appearance on social media (cf. Scholz, 2014<sup>6</sup>: p. 420,484).
4. **Human resource development (HDR):** In general HRDs aim is to develop their workforces' qualifications into a certain future direction. Strategic staff requirements are being implemented and open up competitive advantage that is being defended throughout any differentiating environmental conditions. Virtualization strategies as mentioned above are part of HRD as well (cf. Scholz, 2014<sup>6</sup>: p. 421).
5. **Human capital strategy** analyses the value and structure of the existing corporate human capital and defines its future development taking into account all corporate - and personnel strategies within the company. It illustrates the impact of human capital (recruitment, development and release) methods on the company's head count and its composition (cf. Scholz, 2014<sup>6</sup>: p. 478, 484).
6. **Internationalization strategy:** this strategy in personnel-change management overlaps the three pillar-strategies defined above: the Virtualization strategy, the Human resource development and the Human capital strategy. Internationalization strategy became a necessity in the international business world in order to evolve an international treatment for employee recruitment, development and layoff. IHRM picks out a respective cultural strategy based on the specific corporate country knowledge. Depending on the chosen strategy International strategies might differ from each other. On the other hand global strategies are uniformly applicable around all global business entities (cf. Scholz, 2014<sup>6</sup>: p. 421, 469, 484).

GTM is part of this internationalization strategy and will be explained in further details in the next chapter.



Figure 1.2

Figure showing the overlapping positioning of global talent management as part of the Internationalization strategy above its three pillar strategies of workforce-change management. (Source: authors own, cf. Scholz, 2014<sup>6</sup>: p. 421)

### 2.2.2. GTM arising from different cultural approaches and decision-making strategies

In order to understand the positioning of GTM, one has to distinguish the three potential systematic cultural approaches within the Internationalization strategy that lead to particular IHRM activities:

#### 1. Monoculture approach:

In this case international corporate key positions will be filled restrictedly by employees that are part of the human capital of the corporate parent. Those employees are interconnected key players between the head quarter (HQ) of the corporate parent and the international subsidiaries. Their tasks are knowledge-transfer to the HQ and operating the subsidiary (cf. Scholz, 2014<sup>6</sup>: p. 469 et seqq.).

The challenge of this monoculture approach is to guarantee sufficient human resource in the international subsidiaries. Therefore is it absolutely essential to foster an adequate pool of employees in the corporate parents HQ who highly value employee mobility.



## **2. Multicultural approach:**

In this case HRM is based on a country-specific understanding and knowledge of each nation's (market) requirements (cf. Scholz, 2014<sup>6</sup>: p. 469 et seqq.).

## **3. Mixed-cultural approach:**

The mixed-cultural approach decides flexible and without any national restrictions on their high potential employees in international, or even global corporate key positions. An international company has a coherent corporate image and thus acts internationally consistent (cf. Scholz, 2014<sup>6</sup>: p. 469 et seqq.).

Summarized those three approaches evolve from a strictly corporate parent driven approach, up to a uniform, international one without any national borderlines. Depending on central, decentralizes or federal decision making strategies nine different recruitment levels appear. GTM represents the approach on the next level (cf. Scholz, 2014<sup>6</sup>: p. 469-471).

### **2.2.3. GTM strategies by organizational linkages**

Once the main cultural approach and thus the direction of GTM strategy has been chosen by a certain MNE organizational linkages may be set-up. Starting point for choosing the right operational GTM process is a profound examination of the MNEs (G)TMs status quo. By the careful decision on future GTM actions, the MNE is able to gain and sustain a successful global competitive advantage. Linking those actions to the organizational actions and the corporate strategies is fundamental. The better overall understanding the MNE has of the drivers of GTM, the better established are their following decisions linked to the corporate strategy. Summarizing, the operational developments and linkages between business - and GTM strategies are mutually influencing each other (cf. Berndt, 2010: p.219).

### **2.2.4. MNEs location planning and management influenced by GTM**

Various MNEs had to react quickly to the bias of globalization by newly locating and relocate their subsidiaries or headquarters in all parts of the world. Those

relocations and expansions raise numerous strategic decisions to be taken by the MNEs management, likewise the GTM. Decisions on policies, practices, linkages throughout multiple corporate offices around the globe, successful knowledge transfer, and efficiency gains are among the responsibility of GTM. MNEs traditionally involve IHRMs on HR planning and forecast, modern HR scenario planning might be added (cf. Berndt, 2010: p.220).

#### BEST PRACTICE: Ferrero going global with its sensitive cultural awareness

Let us examine the best practice example of Ferrero: a family-held MNE acting globally today, that started out from a small local business entity in Italy. Ferrero started going global by conceding the importance of cultural divergence of the headquarters location in Italy, and all its new cross-border affiliates.

Ferrero's most important subsidiary is located in Germany and is a vivid example for the huge sociocultural differences within the MNE despite the geographical vicinity.

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Ferrero took the smart decision to implement its corporate global expansion by going "glocal": they were carefully introducing GTM to their newly extended MNE by taking especially Hofstede's cultural dimensions into account (cf. Jäger, *et al.*, 2015<sup>2</sup>: p. 131-132, 135):

- Power distance
- Individuality
- Masculinity versus femininity
- Uncertainty avoidance
- Long versus short time orientation (cf. Hofstede, *et al.*, 2011<sup>5</sup>: p.30 et seqq.).

Those five dimensions are crucial to Ferrero's decisional behavior, talent mobility, and the performance of the senior management (cf. Jäger, *et al.*, 2015<sup>2</sup>: p. 135).

By this solid base of cultural awareness Ferrero was able to run a successful GTM with transnational liabilities after a few years of adjusting the organizational strategy and operational applications. Ignoring the cultural similarities and differences would have caused Ferrero major corporate strategic problems throughout all of the MNEs locations (cf. Jäger, *et al.*, 2015<sup>2</sup>: p. 142-143).

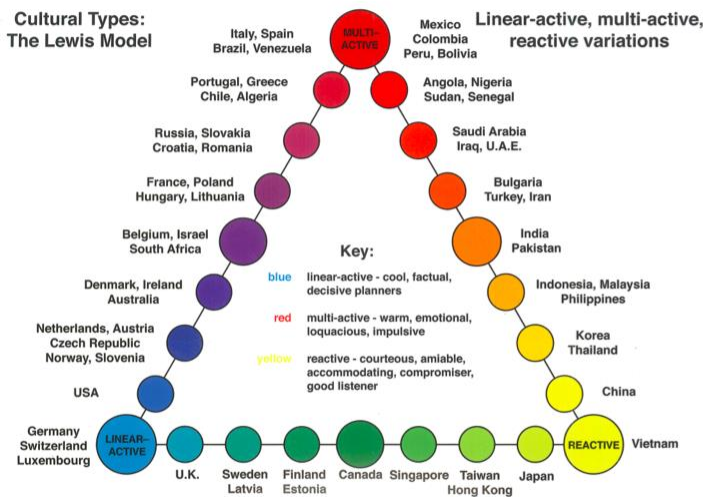


Figure 1.3

Figure showing the Lewis Model of cultural types (Source: Riversdown I.L. 2015)

Other cultural dimension models worth mentioning for strategic GTM implementation are the Lewis Modell of the year 2006 and the somewhat older models by Halls of 1966, 1976 and 1983 (cf. Jäger, *et al.*, 2015<sup>2</sup>: p. 132).

### 2.2.5. GTM – an overview of the stakeholders on the strategic level

The role of HR in GTM is crucially changed by global endogenous and endogen factors and by the chosen cultural strategy. Four new role models and their authorities in HRs GTM have been defined in 2010 by Farndale, Scullion and Sparrow (by Farndale, Scullion and Sparrow 2010, cited by cf. Scholz 2014<sup>6</sup>, p. 471-472):

1. The champion of processes has the authority for monitoring processes and controlling the TM-system.

2. The network leadership and network intelligence are the competence for global human capital market information-flow and the access and mobilization of human resources.
3. The guardian of corporate TM-culture is in charge of global corporate socialization and leadership of the valued global TM-culture within the MNE.
4. Manager of internal receptivity focus on changes in HRM such as career planning by GTM (by Farndale, Scullion and Sparrow 2010, cited by cf. Scholz 2014<sup>6</sup>, p. 471-472).

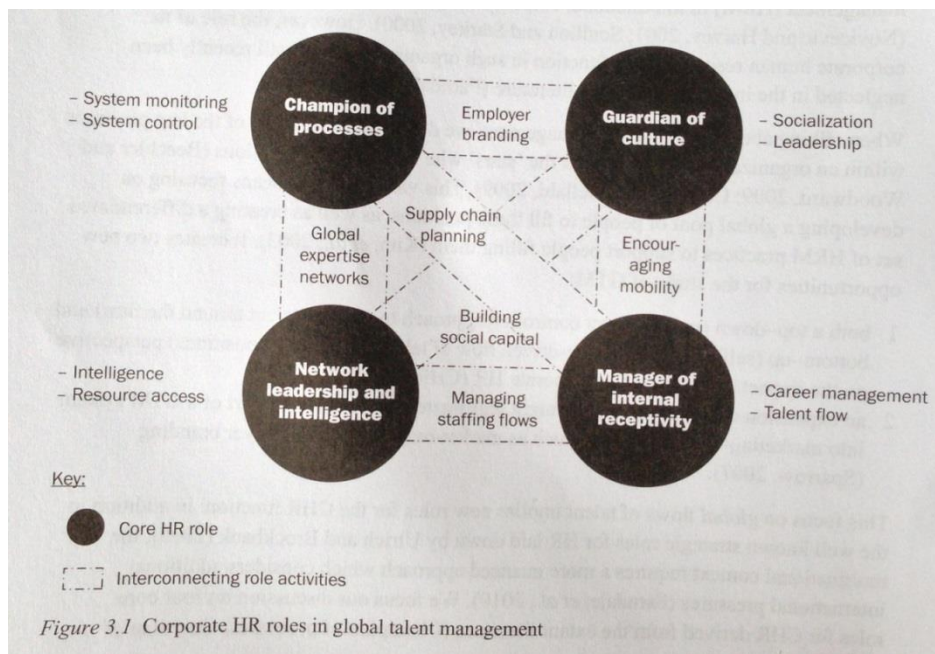


Figure 1.4

Figure showing the four new roles of HRs GTM and their connections among themselves defined by Farndale, Scullion and Sparrow in 2010 (by Farndale, Scullion and Sparrow 2010, cited by source: Scullion *et al.* 2011: p.40).

### **2.3. Overview of the most relevant operational stages in GTM – from attracting to retrieving talents in MNEs**

In this chapter the author presents the most relevant operational stages in GTM highlighting what kind of IHR-actions GTM takes. The range spreads from attracting to retrieving talents in MNEs. Evidently some of the stages even blend one into the other.

#### **2.3.1. Attract new talents to a MNE**

Selecting the most suitable candidate – external newcomers and job changers, or internal position changers - requires competences on two crucial levels: knowledge and intercultural skills and experiences. Particularly the attracted talents soft factor of competence in both cultural and business environments - in the home country as well as in the country of the future international assignment - has to be carefully examined at this stage of GTM (cf. Zeuch, 2015: p.71-72). This applies to MNE-intern and extern candidates of the global talent market.

An employee in a new job adds value to the organization of an MNE by evolving a greater change in the individual person, due to the difference between his new and former career, than a former longtime employee would be expected to do. On the other hand knowledge and routines of the previous job will be less applied by a newcomer, thus a personal change made easier. Personal change features individual, reactive changes from small adjustments on habits or routines up to big improvements in communication and self-perception (cf. Cortini, *et. al.*, 2011: p.19).

In general employee transition is more likely influenced by self-experiences of different careers and organizations during the employees work life-circle. Organizations have to aim for a structured socialization process, in order to successfully support the employee's job entry and the cost-efficient organization (cf. Cortini, *et. al.*, 2011: p.25).

### **2.3.2. Adjust existing careers in the MNE**

Job changers use role-innovation more than job newcomers, independent of the fact that adjustment strategies (e.g.: skills change, role innovations) are not changing over time (cf. Cortini, *et. al.*, 2011: p.25).

MNEs have to train and coach their expatriates that are going to be sent abroad in intercultural diversities and language skills. Supporting their families likewise prior to the stay abroad is a reasonable investment by the MNE (cf. Zeuch, 2015: p.72).

### **2.3.3. Develop current talents in the MNE**

The work force of an MNE has big potential as one of its best assets. *“A company is only as good as its employees”*. (Zeuch, 2015: p.71) Thus employee development has to be nurtured by various measures (e.g.: *“motivation, efficiency, skill development and lifelong learning”*) (Zeuch, 2015: p.71) and to warrant talent prosperity (cf. Zeuch, 2015: p.71).

The future development of a talented employee has to be clearly envisioned and planned until the end by MNEs in advance, before starting any assignment. In case of an expatriate the MNE has to decide on *“repatriation or further international development”* (Zeuch, 2015: p.72). The MNE is always at risk to lose their investment – the developed talent – to the international talent labor market (cf. Zeuch, 2015: p.72).

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### **2.3.4. Measure and evaluate the output of fostered talents for the business**

Performance assessment of the employed talents within an MNE is a main element for the success of GTM (cf. (b) Scullion, *et al.*, 2011: p. 29).

In 2004 Sparrow, *et al.*, developed six key indicators for the GTM evaluation (cf. (b) Sparrow, *et al.*, 2004: p. 125):

- (1) How much is the added value per employee?
- (2) How high is the figure of talents recruited compared to the overall number of recruits in the MNE?

- (3) How many of the employees with a university or college degree stay within the organization for more than three years?
- (4) How many hours of development training are invested by MNE per talent?
- (5) How many vacancies within the MNE can be filled internally by appointment of internal talents?
- (6) How many vacancies can be filled internally by appointing and retaining internal talents? (cf. (b) Sparrow, et al., 2004: p. 125)

Sparrow, et al., pointed out the importance of (A) the employee value proposition, which has to be handled similarly to a marketing strategy by the outstanding MNE attracting and the importance of (B) retaining the best talents by offering them unique employment services (cf. (a) Sparrow, et al., 2003: p. 160).

### **2.3.5. Retain (long-term) cultivated employees**

Retaining talented employees on the long-term within the international assignments of an MNE always includes the families of those Ex-, or Flexpatriates concerned. Studies have proven the higher challenges of adapting to new cultures by the spouse and children of the assignee sent abroad, rather than the assignee himself. The sooner the family gets involved in the planning phase the more successful the employee himself will be at his new international assignment, as he will be effectively affected by the positive experiences of his family abroad (cf. Zeuch, 2015: p.72-73).

### **2.3.6. Reduce and Release a talented human capital surplus**

Release policies in GTM are not only about discharging inefficient or unsatisfied human capital, but to manage a surplus of talents that might arise e.g.: after an economic crisis and rising unemployment rates (cf. (b) Scullion, et al., 2011: p. 30). Evidently the MNE aims to retain all talents as long as possible by reducing the company's costs. MNEs will be able to achieve a cost reduction of their remaining talent pool by reducing work hours (e.g.: less holidays, no overtime) or any pay increases (e.g.: benefits, new hires). On the other hand the employer might reduce costs by supporting any attrition by its talented human capital (e.g.: unpaid leave, outsourcing) (cf. Boyle, 2009; Mirza, 2008).

In 2011 Scullion, *et al.*, warned that - in the remaining economically challenging times - reduction and release measures will become more and more important worldwide (cf. (b) Scullion, et al., 2011: p. 30).

### **2.3.7. Retrieve former talent back into the MNE**

A not yet very common operational stage in GTM is how to retrieve former talents back into the MNEs talent pool.

Trost (2014) mentions “*talent communities*” (Trost, 2014: p. 105) in terms of retention programs that also work outside the internal corporate talent relationships: “*Talent communities are based on the simple assumption that a bond can be created through multiple interpersonal relationships* (Trost, 2014: p. 105).”

The author would like to indicate the problematic term of (long-term) talent communities: the status of talents change over time. Also the relationships change mutually with the status of a talent. Thus it is considered pointless to foster talent communities on the long run – both for employers as well as for (former) talents. The status of a talents of one year, might no longer be up-to-date in the following year: e.g.: the talent has already been developed to the highest corporate level, or e.g.: the talent no longer belongs to the MNEs talent pool as it has refuted its standing by a low performance output.

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## **2.4 Overview of the most relevant common tools of GTM throughout the various stages**

This chapter explains some few specific tools of GTM throughout the various operational stages and how they are being put into best practice. They are worth mentioning as they appear most promising to the author to extend their life cycle into the future of GTM as fundamental support for the corporate business performance.



### 2.4.1. Attract new talents by marketing and recruiting

One of the most commonly known tools is **employer branding**.

Throughout the last couple of years MNEs began to treat employees they recruit as “customers”. MNEs thus try to “sell” their corporate brand to the recruits. Future employees shall get attracted by the well marketed employer (cf. Ehnert, 2009: p.217).

This marketing objective does not only apply to the stage of recruitment, but also to the retention of talented and motivated performers at the MNEs. Common understanding by MNEs around the global links qualified human resources to a successful corporate performance (cf. Ehnert, 2009: p.215).

**Corporate sustainability and social responsibility** are a specific part of the employer branding.

The following three ideas by Ehnert (2009) will be the base for this sub-chapter on corporate sustainability as part of attracting talents by GTM in MNEs:

Idea 1:

[...] *“the ability to sustain the HR base from within by developing and by controlling for self-induced side and feedback effects on the human resource base and on the “origin” of human resources”* (Ehnert, 2009: p.71)

Idea 2:

[...] *“extending the notion of strategic success in HRM from a substance oriented rationality and by juxtaposing it with existing rationalities”* (Ehnert, 2009: p.71)

Idea 3:

[...] *“sustaining long-term viability of an organization by considering both short- and long-term effects on the human resource base”* (Ehnert, 2009: p.71)

As discussed in the former chapters the competition for attracting talents has become one major operational stage of GTM and is an ongoing challenge to MNEs. Recently Sustainability became one part of an attractive employer branding. The common definition of sustainability in this IHRM-context is **corporate social responsibility** (cf. Ehnert, 2009: p.215).

The next progress of sustainability in IHRM goes on to the economic level: the MNEs sustainable GTM secures the corporate talent workforce pool by becoming the employer of choice. Thus the link is made to IHRs importance to corporate business success (cf. Ehnert, 2009: p.216). MNEs use *“the results of internal and external evaluations”* (Ehnert, 2009: p.216) for *“personnel marketing purposes on their websites to attract recruits and to retain those people who are already working for the company”* (Ehnert, 2009: p.216).

Another sustainable benefit in GTMs stages of attracting and retaining talents is called the “equal opportunity”: diversity in gender, age and culture do not hinder employees in their corporate salary classification nor in their career path. MNEs are (global) multi-cultural companies that have to face eminently all pros and cons arising from their cultural diverse (global) labor pool (cf. Ehnert, 2009: p.217).

Health and safety measures are one particular part of corporate (social) sustainability, preventing the MNE from an unproductive, afflicted talent workforce. This is a long-term perspective for a talented resource pool, even in times of demographic shortages (cf. Ehnert, 2009: p.227).

There is no scientific confirmation for the influence of best practice corporate sustainability on talents, who prefer applying for such an MNE. However the value-add in recruitment shall not be underestimated as MNEs strongly believe in promoting themselves as sustainable and social responsible employer (cf. Ehnert, 2009: p.217).

Another tool of attracting new talents by marketing & recruiting worth mentioning is **talent localization and assignment in emerging markets.**

Localizing talent in growing or emerging markets has to be treated particularly. First the GTM has to set the target share of talent for the local subsidiary. In the next step GTM has to assign middle - and top management positions with local high potentials: each employee's development plan including regularly job rotations to the headquarters of the MNE will be defined clearly by GTM and each individual talent. Finally the MNE has to track all performance achievements for further strategic GTM decisions (cf. Zeuch, 2015: p.73).

Some **other tools** in attracting new talents by marketing & recruiting are e.g.: digital recruiting, recruiting events, University relationships, employee referral programs, internship management, trainee programs, vocational training, executive search, selection methods (cf. Zeuch, 2015) or assessment centers and business culture.

#### **2.4.2. Adjust existing careers in the MNE by training and develop current talents in the MNE by further qualification**

A study research by the RBL-Group in 2014 evolved that “*Top Companies believe talent creates value*” (Ulrich, et al., 2014: p.1) and developing their full potential is a key finding among those MNEs. This extensive confidence leads to linking the talented workforce with the corporate business performance: top companies therefore invest in their talented employees (e.g.: in training and developing) at all times (– in good and in bad economical periods –) and in the most attentive way possible (cf. Ulrich, et al., 2014: p.1).

**New hire integration** deals with the integration of newly hired talents prior to their actual first day at work. A common method consists of informative actions by executives or colleagues on the corporate background and internal procedures as well as on the corporate culture. The main purpose of this process of onboarding the new talent is to create a positive long-term influence on the spirit of the employee (cf. Zeuch, 2015: p.45 f.).

**Skill management** starts out at defining the correct skill description for each job description; identify existing skill gaps of the talent employed by comparing supply and demand of skills and finally starting the training and development initiative. Once the initiative is accomplished by the talent the organization is being well-advised to validate the acquired new skills by an internal certification system in order to achieve higher effectiveness in the skill-development within the whole MNE. A considerate skill management will take care of controlling inflationary demands for more skills or their measurements (cf. Zeuch, 2015: p.37 - 42).

**Other tools** in for adjusting existing careers in MNEs by training & developing current talents by further qualifications are e.g.: (Intercultural) Training management, Leadership training, New learning methods or Team development (cf. Zeuch, 2015: p.37 et seqq.).

### **2.4.3. Measure and evaluate the performance and talent of fostered talents for the business**

**Performance and potential management** represented traditionally a performance management in SHRM limited to measuring the financial turnover for the global business corporation. In recent years, mainly in European HQs and subsidiaries, there has been a new measurement trend going *“beyond the financial bottom line”* (Ehnert, 2009: p.180). The goal of sustainability performance measurement in detail is extending its research by incorporating social corporate criteria (cf. Ehnert, 2009: p.180).

**Other tools** in best practice by MNEs for measuring and evaluating the performance & talent of fostered talents are e.g.: Performance and potential management, Development discussion and plans, Talent development groups, Coaching, Mentoring or Succession planning (cf. Zeuch, 2015: p.57 - 84).

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### **2.4.4. Retain (long-term) cultivated employees by corporate engagement and retention tools**

Towers Watson is a leading global professional services company that – among other core business lines - helps organizations improve their performance through **effective people management**, e.g.: global talent management (Towers Watson: 2014). Towers Watson published their ‘2014 Global talent management and rewards study’ based on the analytical outcome of over 1,600 organizations across 31 markets. One key finding concerning the uncertain value adds for MNEs by GTM employee retention states that: *“More than half of employers report difficulty retaining high-potential employees (56%) and top performers (54%).”* (Towers Watson, 2014: p.1). An indication for these results might be that *“most organizations don't know if their career management programs are working; a very*

*low 27% say their organizations monitor the effectiveness of these programs.”* (Towers Watson, 2014: p.5).

**Other tools** in retaining (long-term) cultivated employees by corporate engagement and retention tools are e.g.: Employee surveys, Retention tools, Cultural and social activities, Employee care, Idea management or Rewards and recognition (cf. Zeuch, 2015: p.89 - 92).

#### **2.4.5. Release a talented human capital surplus**

A common measurable figure in HR is provided by **turnover financial figures (Figure 1.5):**

Kelly Services, an HR-service provider acting internationally in 38 countries, published in a survey in March 2015, *“that experts estimate that a business”* sector-independent *“spends between 30% and 150% of a workers annual compensation package to replace them.”* (Kelly Services: 2015).

These figures depending on the specific labor turnover at each MNE can alarmingly affect the annual total business revenue. Turnover presents a threat to each business line, but bears an enormous potential if treated right for the future.

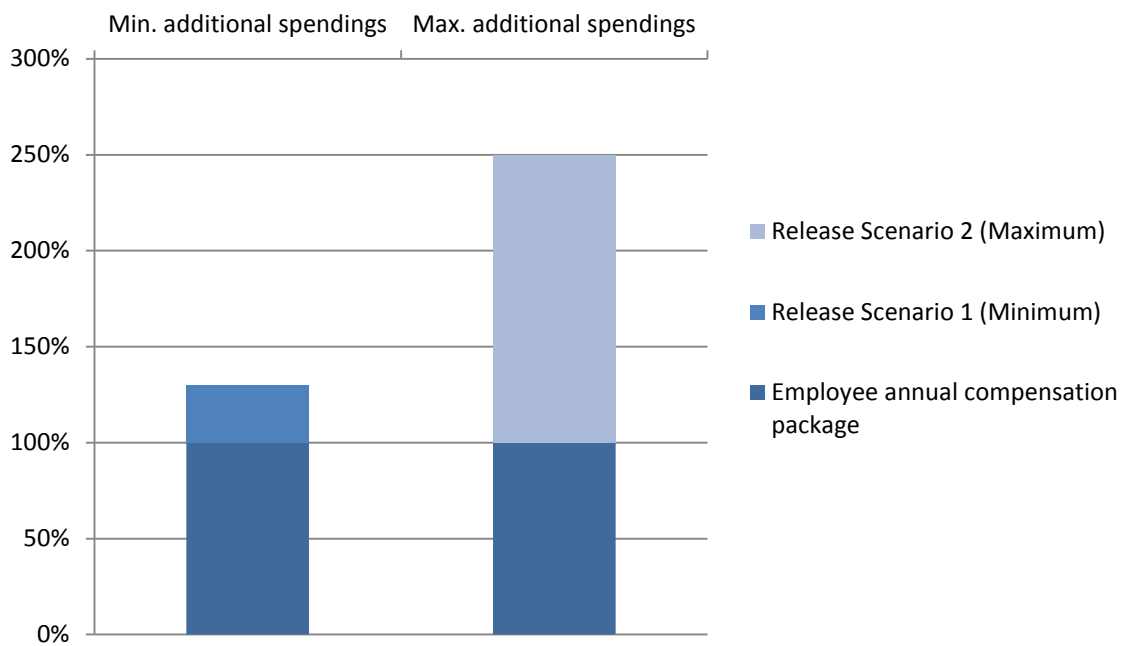


Figure 1.5

Figure showing the additional minimum and maximum spending required by MNEs for the turnover of one employee in percentage on top of the annual compensation package (authors own, based on Kelly Services: 2015).

#### 2.4.6. Retrieve former talent back into the MNE by strong relationships

As mentioned by the author in Chapter 2.3.7 discussing the operational stages, this performance is not a common practice among MNEs yet. The author is questioning whether tools to retrieve former talent back into the MNE might be successful in the future. (E.g.: strong employer – employee relationship or closer business partnerships.)

#### 2.4.7. Supportive tools

One group of the most significant supportive tools nowadays are **IT systems**: the GTM strategy of each MNE has to be supported by a smart IT-application system that meets the requirements of the corporate GTM processes of attracting, developing, retaining and measuring their corporate talent pool. The talent pool exists no longer not only of top managers, but also of skilled junior employees, or experienced (technical) professionals. Also efficient GTM no longer is restricted to

the big players among MNEs, but is relevant for any multinational - even with less than 10,000 employees – in order to defend its position among the global competitors (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p.185).

What are the criteria for choosing smart IT-application systems that serve the corporate GTM best? Shall the MNE apply only one global IT-system, or is it more efficient to have several and maybe even customized ones due to locational differences within the organization?

Six main criteria are ought to be fundamental for a successful GTM IT-system throughout a global corporation (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p. 195 f.):

**(1) International support**

A big deal for global enterprises represents a solid international IT-support: in any required language, know-how of security scans and emergency concepts.

**(2) Data privacy protection**

In case of outsourcing the MNEs datacenter to the IT supplier's datacenter, data privacy protection has to be previously examined very carefully. As data privacy protection legislations differ very much from nation to nation, every MNE is advised to choose the location of the highest standards.

**(3) Capability for integration**

The IT supplier needs a track record of reference projects showing his firm experience in running his applications as well as maintaining any IT-interfaces with any IT (IHRM) systems already in place.

**(4) Modularity**

It is crucial for an MNE to have an IT partner that offers a modular global IT-System ensuring corporate flexibility and growth in the current or future IT-applications.

### **(5) Guaranteed future**

Your chosen IT supplier has to have a solid corporate future. The MNE has to be certain that the supplier will proceed his business on the long-term into the future and be able to accompany the enterprise on its further GTM-development?

### **(6) Global but local**

The chosen IT supplier has to be aware of local legislations, cultural affinities and specifics in process applications (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p. 195 f.).

Another primary supportive tool in GTM are **international studies**: the author points out the importance of international GTM research studies as well as best practice examples in all fields (of strategic planning, operational performance and applied tool. Even though each MNE might treat GTM in a unique way in order to meet their specific corporate GTM needs as precisely as possible, other companies will be able to compare different solutions and their effectiveness and eventually learn from their competitors how to use GTM in the most powerful and productive way for their own business line.

### **BEST PRACTICE: DEKA Bank and its workforce lifecycle program**

Let us examine the best practice example of the MNE DEKA Bank, which won the German Human Resource Price in 2007 for its Lifecycle-oriented GTM strategy (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p.47 ):

Due to a corporate analysis of the demographic situation of employees in the years 2006 to 2021 the MNEs HR-management aimed for a lifecycle oriented GTM. Demographics made a lack of skilled and young talents evident, a deeper analysis revealed the employees claim for more work-life balance besides an interesting job challenge. Thus DEKA HR split up their work force into six groups of age, reflecting their work power, goals and even private interest in order to understand the requirements of each group better. Then they started their 7 HR-dimensions that include not only corporate business measures, but also sociocultural actions e.g.: workplace health management (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p. 39-41).



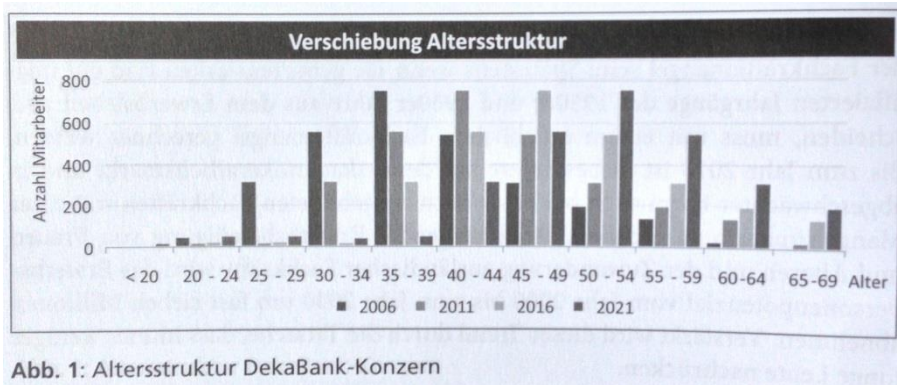


Abb. 1: Altersstruktur DekaBank-Konzern

Figure 1.6

Figure showing the demographics of DEKA Bank in the years 2006 to 2021

(Source: Jäger, *et. al.*, 2015<sup>2</sup>: p. 46).

One successful innovation was the new childcare at the bigger business entities that was supported by calculation on the benefit of retaining parent-employees versus the cost of recruiting and breaking a new employee in the respective subsidiary (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p. 42 f.).

The main focus of a new analysis is the older workforce, which results from an enormous demographic shift in DEKA's workforce in the next decade. DEKA is looking into how the work environment can be ameliorated for the growing talent pool of employees aged over 50 years (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p. 46).

DEKA Bank is a positive best practice example of proactive and precocious GTM meeting the future challenges of the global workforce and benefit from the enormous potential they bear for the MNEs competitive advantage within their branches (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p. 46).

## 2.5. Overall conclusion for GTM strategies, processes and tools

By the preceding research analysis of GTM strategies, operational stages and supportive technical tools it becomes evident that GTM evolved out of several different layers of requirements and thus has been implemented in a wide variety around the globe.

The development of GTM from the 1990ies until today (2015) already reveals that MNEs will only win what started out as “*war for talent*” (The McKinsey Quarterly, 1998: p.1) by “[...] *the holistic development of high potential employees.*” (The RBL Group, 2013: p.3).

Today the global big players understand the corporate value they gain by fostering their talents. They know that GTM has to be supported from the top management as a corporate top priority and needs to be firmly established within the whole organization on a daily base, standardized and with the same intention throughout economic crisis (The RBL Group, 2013: p.3).

Only companies that are truly alert to the importance of GTM for the global workforce will be “[...] *prepared to take on the challenges that await*” (The RBL Group, 2013: p.3) and hence able to be part of the virtuous circle of GTM.

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### 3. FUTURE GLOBAL WORKTRENDS

*“Innovation is the central issue in economic prosperity.” (Brainy Quote 2015)*

Michael Porter, US-American economist (born 1947)

In the first part of Chapter 3 - Future global work trends - the author will present IHRM and GTM influenced by global work trends in Chapter 3.1 and how much they are already incorporating those into GTM.

This Chapter is followed by an introduction to the future global trends (Chapter 3.2.1), followed by revealing global human capital megatrends (Chapter 3.2.2) and some special ones relevant for future GTM (Chapter 3.2.3 and 3.2.4).

Chapter 3.3 discusses major impacts on work trends and future GTM by economic regions and branches.

Finally the author closes by Chapter 3.4 by the potential of global talents for MNEs.

This specialized research on (innovative) trends is profound for an analysis of those trends influence on GTM and to construe future prospects of GTM from it. (See also Chapter 4.1).

#### 3.1 IHRM and GTM influenced by trends

Evidently employees transformed job values evolutionary in the last couple of years, thus set new work trends over time. Surprisingly MNEs applications of those new values are still enormously scarce around the global business world: corporate business culture and enforcement of employees' appreciation are waiting for the huge shift into best practice at MNEs (cf. (d) The Boston Consulting Group, 2015).

It is not clearly evident how MNEs deal with this transformation of values (successfully). After the economic crisis in 2008, companies perceived the global notion that money lost its attractiveness and no longer represented a top priority to

employees. They changed their recruiting performance by an adapted employer branding. Other than that, there have not been any mayor modifications addressing the shift in the newly identified values for employees (cf. (d) The Boston Consulting Group, 2015).

There are four major areas among the overall offer for corporate talents that need to get revolutionized within GTM (cf. (d) The Boston Consulting Group, 2015):

- (1) **Shaping an open culture:** MNEs have to open up to a flexible business culture aside from strong hierarchies, convoluted guidelines and political decisions (cf. (d) The Boston Consulting Group, 2015).
- (2) **Employees motivation:** despite the classic compensation and award systems based on each talents "*career stage, management level, and nationality*" (cf. (d) The Boston Consulting Group, 2015), there have to be new corporate strategies implemented in all MNEs that push employees' motivation beyond the average. By doing this employees are more likely to feel more connected and thus more loyal to the MNE and are easier to retain within the enterprise (cf. (d) The Boston Consulting Group, 2015).
- (3) **Corporate relationship culture:** eventually MNEs biggest challenge on the corporate sociocultural level will be to encourage „*meaningful relationships between and among*” ((d) The Boston Consulting Group, 2015) employers and their talents (cf. (d) The Boston Consulting Group, 2015).
- (4) **Performance appreciation and company rewards** have to shift from economically driven compensation systems to a transparent appreciation management of outstanding employees performance and their achievements for the global corporation (cf. (d) The Boston Consulting Group, 2015).

The total overall offer for talents within a MNE urgently has to be developed now and put into best practice around MNEs in the near future in order to still remain able to manage the MNEs global talents effectively. „*Otherwise, the most talented employees will leave and companies will face a strategic disadvantage.*” (cf. (d) The Boston Consulting Group, 2015).

IHRM, and GTM in particular, are facing a tremendous strategic and operational change. The key to a rewarding new era are open-mindedness and innovative examination (cf. (d) The Boston Consulting Group, 2015).

### **3.1.1. Readiness of IHRM in the time period 2013 to 2014**

Deloitte's (2014) survey on "*Global Human Capital Trends 2014. Engaging the 21st-century workforce*" asked HR and business leaders how much confidence they have in their MNE to be ready to deal with the top five trends of HR at that time (cf. (a) Deloitte University Press, 2014: p.16).

Table 1.5 shows the dramatically negative perception by both parties concerning "*Global HR and talent management*". Mutually only 18-19% of both respondents believed in 2014 that their organization was truly ready. Another GTM trend on "*Talent and HR analytics*" revealed an even more alarming picture: 12% of the HR interviewees versus 7% of the respondent business leaders perceive their employer to be ready (cf. (a) Deloitte University Press, 2014: p.16).

The respondents who voted for their MNE to be "*somewhat ready*" ranged overall between 35% and 45% for both trends. Interesting is the revealed discrepancy between a higher perception by HR leaders versus less confidence by business leaders. It seems that this gap evolves from a differing informational level, or different significance in best practice for those two leading circles. "*These differences were more pronounced for larger organizations—those with more than 10,000 employees.*" ((a) Deloitte University Press, 2014: p.16).

*"[...] this finding highlights the importance of HR leaders and teams improving their engagement with business line leaders, ensuring that HR is focusing on critical business concerns, and partnering with the business effectively to share HR's capabilities and services."* ((a) Deloitte University Press, 2014: p.17).

Table 1.5

Table showing the leaders perception of readiness for the top five trends (Source: (a) Deloitte University Press 2014: p.16)

**Figure 11. Business and HR leaders' perceptions of readiness for the top five trends (among organizations with more than 10,000 employees)**

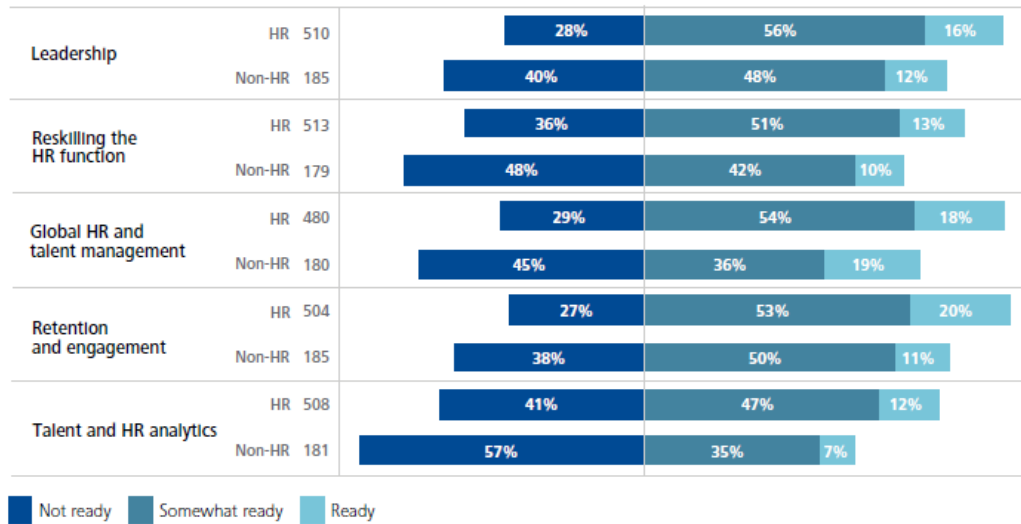


Table 1.6

Table showing the perception of GHR's average performance ranking: D(+)-weighting in 2013, rising to C(-)-weighting in 2014. (Source: (a) Deloitte University Press 2014: p.16)

**Figure 12. HR's global report card: Trending toward "C-"**

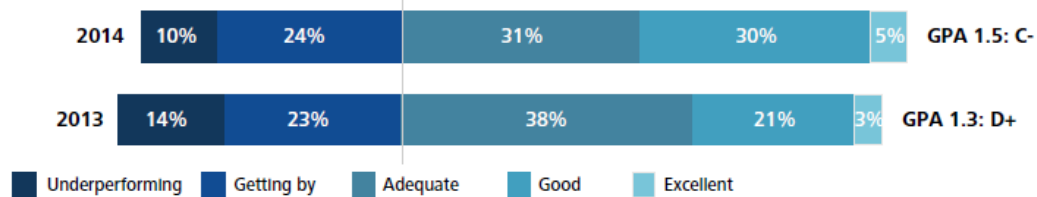


Table 1.6 underlines the overall faint trust within the own organizations in their corporate global HR (GHR) throughout the years 2013 to 2014: the perception of GHR's average performance ranking rose slightly from a D(+)-weighting in 2013 to a C(-)-weighting in 2014 (cf. (a) Deloitte University Press, 2014: p.16).

GTM is among the top five trends for corporate HR business and alarmingly unready within organizations (See Table 1.5). On the other side which trends influence GTM in the future and which are the main endogenous and exogenous drivers? Chapter 3.2 is going to provide the answers:

### **3.2. Global work trends**

Chapter 3.2 explains all different layers of global work trends from exogenous megatrends hardly influenceable by MNEs to trends more endogenously driven by talents worldwide.

#### **3.2.1. An introduction to future global work trends**

The author introduces the five biggest drivers for future global work trends and the highly complex megatrend NEW WORK interdependent of various sub-trends.

Morgan (2014) identified a major change in organizations decision taking from the executive top management to the talented individual employee: in the future the employee takes over the role of the decision- and communication driver within a MNE. Organizations become reliant on the impacts by their talented workforce, meanwhile the workforce gets more and more independent from the corporate organization (cf. Morgan, 2014).

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##### **3.2.1.1. The five biggest drivers for future global work trends**

The five main drivers that are responsible for shaping the future trends of work are familiar ever since globalization started, yet those drivers will be amplified in the next years:

###### **(1) New behaviors:**

New, more open individual behaviors in transparency, communication and collaboration expand from the employees' personal life into their business life. This influences MNEs organizations and asks for strategic changes (cf. Morgan, 2014). This driver of new behaviors bears an enormous opportunity for business corporations, e.g.: a much wider knowledge pool.

## **(2) Technologies:**

Big research data enables MNEs to answer more efficient to business requirements. Certain technologies replace certain shares in the human labor force.

Corporate platforms empower globally acting MNEs to work and transfer data independent of their branch establishment (cf. Morgan, 2014).

In order to gain corporate efficiencies by technologies each MNEs has to choose carefully which respective technological tools to use or not to use.

## **(3) Millennials in the workspace:**

The Millennials, or generation Y, is going to be the largest generation that ever entered the job market in history: by 2020 they will account for 50%, by 2025 up to 75% of the overall global labor force. Beyond their dominant share in the work pool, they excel in their fluent technological skills superior to any previous working generation. Another challenge that MNEs have to face by employing Millennials, is meeting the incentive for an attractive work environment (cf. Morgan, 2014).

## **(4) Mobility:**

Global work mobility continues to increase, as long as there is an internet connection to ensure a vital interconnectivity in the business world, employees are able to work anywhere, anytime and on any technological device (cf. Morgan, 2014).

## **(5) Globalization:**

The shift from locally restricted work places to no boundaries throughout the global business world continues to take over and apply to any MNE and any employee (cf. Morgan, 2014).

Morgan recommends understanding the five main drivers, to experiment with corporate adaptations to all of them where necessary and finally to implement changes due to the experiments results on a broad base. The author strongly joins Morgan in his conviction by warning MNEs to run those stages quickly and profound. The substantial threat for any business lies in too late adoption, which is equivalent to fail in the business world (cf. Morgan, 2014).



### 3.2.1.2. The global megatrend NEW WORK

In Figure 1.7 the German Institute for Future (trends) shows the complex and interacting paths of the major future megatrends of individualization, female shift, silver society, new learning, new work itself, health, new ecology, connectivity, globalization, urbanization and mobility and how they link in certain areas to the megatrend of new work that is marked by the bold black line. The megatrend of new work is actually not a new one, but already existing nowadays. (cf. Zukunftsinstitut, 2015). (Some of those particular trends will be further discussed in Chapter 3.2.2.)

The big challenge for GTM represents how effective those particular trends influencing the corporate business are being dealt with. Worst case for an MNE is, if they are not even part of the GTM best practice playbook.

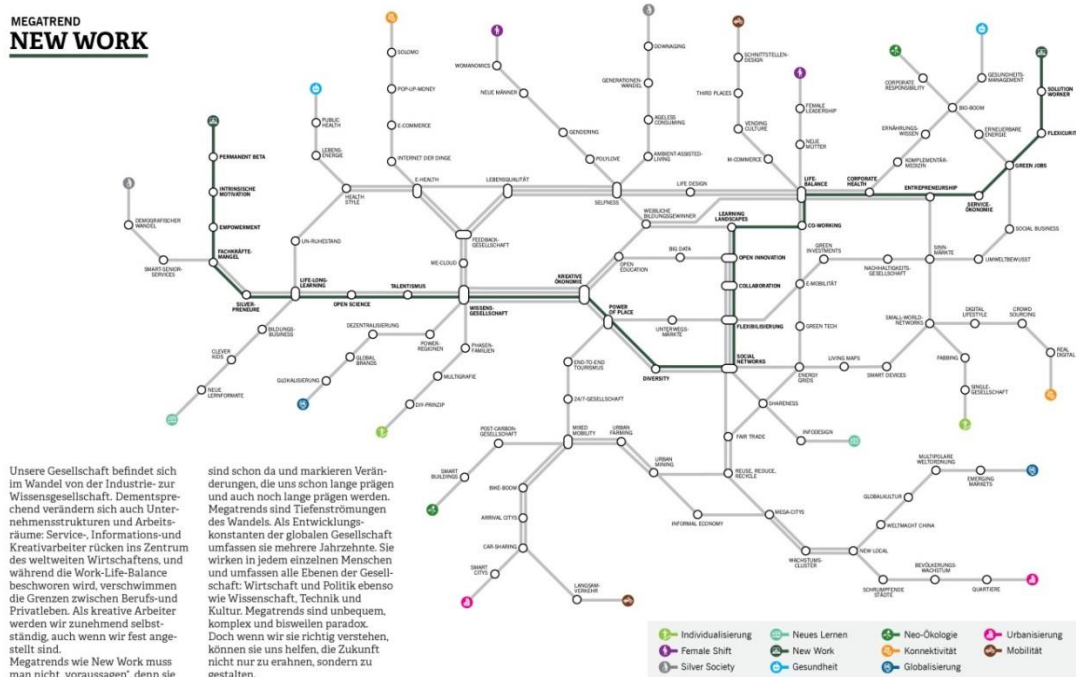


Figure 1.7  
Figure showing ongoing and future global megatrends as linked by the “Zukunftsinstitut” (Source: Zukunftsinstitut 2015)

In Chapter 3.2.3 - Particular work trends - the author will reveal some of the most significant sub-trends among NEW WORK, important to take into account for further assessments on future GTM.

### **3.2.2. Global human capital megatrends**

In this chapter the focus lies on the transformation of human capital in the global work world. Either human capital has to react to existing (mega) trends by adoption or transformation, or human capital develops new primary needs due to other global (mega) trends.

#### **3.2.2.1. The global labor shortage**

On the TED talk in October 2014 in Berlin, Rainer Strack, Senior Partner & Managing Director at The Boston Consulting Group (BCG) in Düsseldorf, Germany, presented the global workforce crises 2030 as analyzed by BCG. Here the most important key figures relevant for a future GTM approach (cf. (b) The Boston Consulting Group, 2015):

German, Italy and Russia are expected to have the biggest lack in labor supply by percentage, whereas Egypt, India and Indonesia are forecasted to have the biggest surplus by percentage in labor supply by the year 2030 (cf. (b) The Boston Consulting Group, 2015).

Figure 1.8 shows the labor supply forecast for 30 countries worldwide, including the largest 15 economies, which produce over 70% of the global GDP. The labor supply has been broken down in 2 scenarios: Scenario 1 reflects the timeline from 2012 to 2020. Scenario 2 shows figures from 2020 to 2030 and thus is more volatile due to its timeline further away from today (cf. (b) The Boston Consulting Group, 2015).

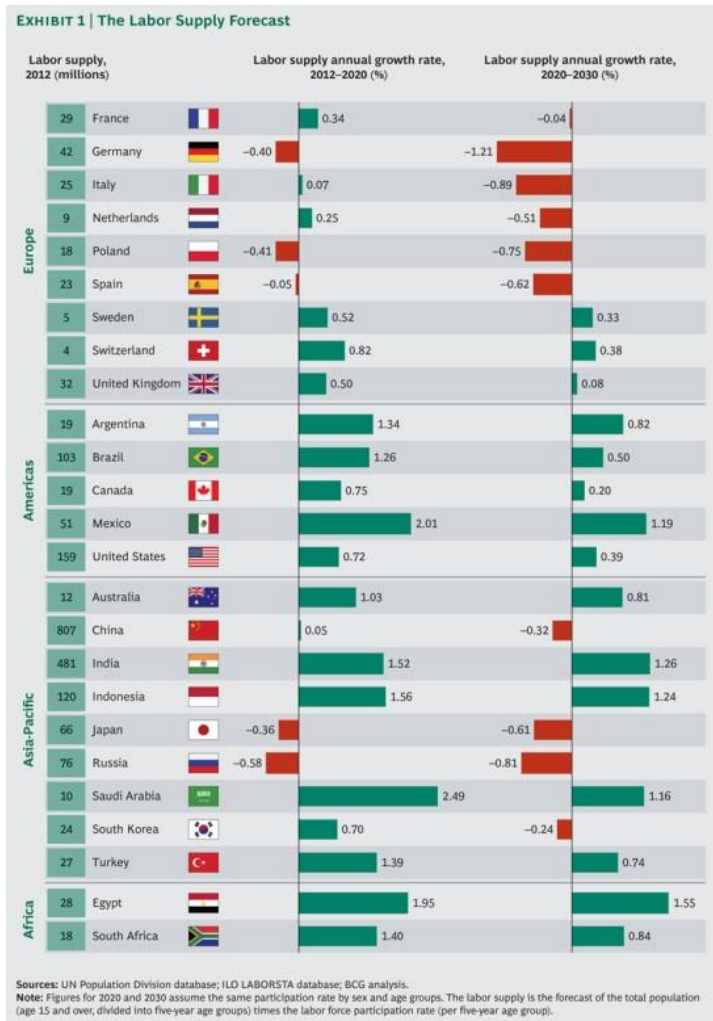


Figure 1.8

Figure (published by BCG in July 2014) showing a labor supply scarcity and abundance forecast by 2030 by different regions (Source: (a) The Boston Consulting Group, 2014).

Aiming for a clearer picture of these percentages, the labor supply in million people has to be taken into account, as it differs tremendously: by 2012 the strongest labor force was represented by China (807 millions), followed by India (481 millions), and third by the US (159 millions) (cf. (a) The Boston Consulting Group, 2014). (See also: Appendix AD Chapter 3.3.1)

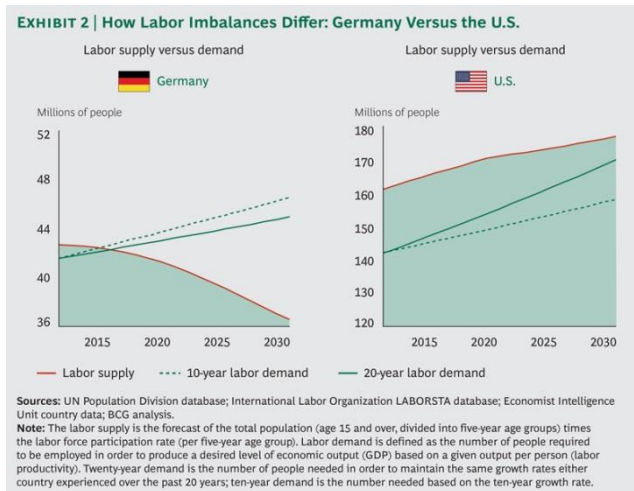


Figure 1.9

Figure (published by BCG in July 2014) showing labor supply versus labor demand in Germany versus the USA by 2030 (Source: (a) The Boston Consulting Group, 2014)

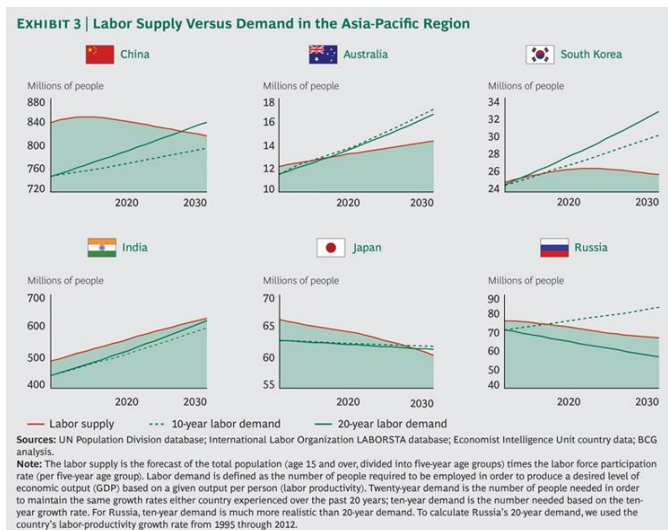


Figure 2.0

Figure (published by BCG in July 2014) showing the varying labor supply versus labor demand in some of the major Asia-Pacific regions by 2030 (Source: (a) The Boston Consulting Group, 2014).

Figure 2.0 by the BCG survey takes into account how labor demand and supply will affect the number of actual labor workforce in each nation in both scenarios (cf.(a) The Boston Consulting Group, 2014):



Figure 2.1

Figure (published by BCG in July 2014) showing the worldwide tremendous labor shortage forecast across all regions by 2030 (Source: (a) The Boston Consulting Group 2014)

Now the figures make a different statement worldwide: “Blue indicates a labor surplus, red indicates a labor shortfall, and” ((a) The Boston Consulting Group, 2014) orange are those countries which will soon be facing a less crucial shortage as the labor surplus is at 0% to maximum 5%. The estimate for 2030 shows alarming figures of the global workforce capacity: “By 2030, we will face a global workforce crisis in most of our largest economies, including three out of the four BRIC countries. China, with its former one-child policy, will be hit, as well as Brazil and Russia.” ((a) The Boston Consulting Group, 2014).

### 3.2.2.2. The global corporate cultural challenge

Another topic of the BCG survey was to understand what motivates employees most at work (cf. (b) The Boston Consulting Group, 2015).

The resulting top four employee motivation topics were:

- (1) being appreciated for your work,
- (2) having a great relationship with colleagues,
- (3) enjoying a great work-life balance, and
- (4) having a great relationship with the boss.

An (appropriate) salary only ranked as number eight (cf. (b) The Boston Consulting Group, 2015).

The conclusion of this ranking shows evidently that most employees are driven by socio-cultural factors that MNEs have to take care of in their everyday business. The top motivation is all about recognition of the employees work. This is an action that MNEs no longer will be able to compensate by a bonus payment once a year, but will have to work on day by day (cf. (b) The Boston Consulting Group, 2015).

### 3.2.2.3. The global migration by elevator assets

BCG made another worldwide survey in 2015 among over 200,000 job applicants in 189 countries. Over 60% of the respondents are open to work mobility; signifying 120,000 employees would like to work abroad. This relatively high number could partly close the scarcity among the global workforce capacity by its migration along the globe. The young workforce aged between 21 and 30 years is even more motivated to move abroad for work. Carefully one has to differentiate the divergent percentages of job mobility: e.g.: *“The least mobile countries are Russia, Germany and the U.S.”* ((b) The Boston Consulting Group, 2015). The five top countries employees would move to for work are the USA as number one choice, followed by UK, Canada, Germany and Switzerland (cf. (b) The Boston Consulting Group, 2015)



## Openness to job mobility

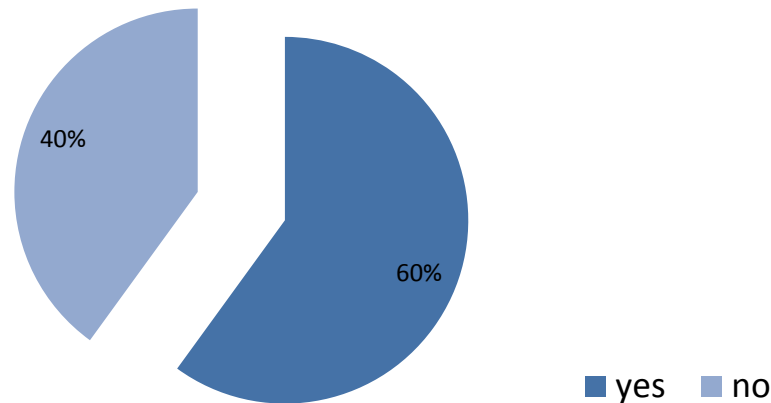


Figure 2.2

Figure showing openness to job mobility among job applicants based on the BCG survey in 2015: 200,000 employees, 189 countries; (authors own, based on (b) The Boston Consulting Group: 2015).

### 3.2.2.4. The labor force global skill mismatch

Breaking those average figures nationwide down to different competence levels, it reveals higher scarcity among high-skilled employees, whereas low-skilled workers become abundant within the global workforce. The global labor shortage can be partly met by migration flows, but the forecasted imbalance on employees' education causes also a “[...] huge challenges in terms of education, qualification, upskilling for governments and companies.” ((b) The Boston Consulting Group, 2015).

Future technologies will drive significant growth in productivity. Technology on the long run will worsen the global skill mismatch as mentioned above by requiring new jobs with new skills among employees: “this kind of de-averaging reveals the crucial challenge for governments and businesses.” ((b) The Boston Consulting Group, 2015).

### **3.2.3. Particular work trends**

Besides the particular (sub-) megatrends within new work, there are some particular global work trends, which the author claims are especially relevant looking at in detail for further recommendations on future GTM:

#### **3.2.3.1. Creativity economy**

Creativity economy stands for innovative business growth indicated by curious employees in the corporate organization. Evolution witnesses the positive outcome by curious engagement in the business world, most recently underlined by e.g.: the global success of the globally leading lodging provider AirBnB or US-located cab-provider UBER spreading out as business replicas across the world (cf. Zukunftsinstitut, 2015).

The Old economies as well as the new service providers are influenced by smart usage of software. In the future all competitive business advantage will arise from the strength and level of interconnectivity of a MNE. Joe Kaeser, CEO at Siemens, calls this the “digital war” (cf. Zukunftsinstitut, 2015).

In the future world of work employees that act as “Synthesizer” will become very valuable to the MNEs: they are curious enough to experiment how to go beyond the known application of software and technologies. This power of work force curiosity of an MNE is crucial for gaining competitive advantage by new innovate implications (cf. Zukunftsinstitut, 2015).

One driver for this corporate curiosity lies in corporate architecture meeting all aspects of creative workspaces: one successful example is certainly represented by Google. Another one - on an urban scale - is Silicon Valley: the biggest global think tank, that attracts not only the most innovative talents worldwide, but by its success also impressive yearly revenue for those individuals and corporations involved (cf. Zukunftsinstitut, 2015).

KODAK is one example for failed disruptive innovation: they did not succeed in implementing a new technology supporting the trend of digital photography and suffer from this failure ever since (cf. Zukunftsinstitut, 2015).

One reason for fearing disruptive innovation is the slow growth in revenues in the beginning. Thus managers in various branch leaders rather stick to their old



business strategy than leading the company into a successful business future on the long term by adapting technologies to the future requirements (cf. Zukunftsinstitut, 2015).

### **3.2.3.2. Female shift**

This trend is about the female workforce that grows more and more substantial into the corporate working environment. The shift manifests in leverage by female employees no longer restricted to social competences, but clearly economic ones. *“In 2010 Journalist Hanna Rosin even stated „The End of Men“ in the magazine „The Atlantic“: she showed in a forecast by 2020 mainly female employees working in 13 out of 15 projected growth industries.”* (Zukunftsinstitut, 2015).

Evidently the glass ceiling towards the boardrooms is increasingly opening up to female talents, supported by legal female quotas and corporate “gender diversity” claims. The potential of female work force lies in their increasingly higher level of education (cf. Zukunftsinstitut, 2015).

### **3.2.3.3. Talents who contextualize**

It is a fact that skills are shifting from pure knowledge to creativity. The revolution of knowledge being available to everyone and everywhere via internet and quick data transfers makes the privilege of knowledge no longer exclusive to a small group of employees (cf. Zukunftsinstitut, 2015).

In the future the most precious know-how will be problem-solving competence irrelevant of its origin or branch. This competence is characterized by - project workers and technicians likewise - applying (new) knowledge to each particular context. Thus talents who are able to incorporate this skill will be the most valuable ones for MNEs among the future workforce (cf. Zukunftsinstitut, 2015).

Employees with gapless CVs will be at a disadvantage compared to their maverick competitors. MNEs challenge lies in identifying the talented problem fixer (cf. Zukunftsinstitut, 2015).

MNEs have to start using more open and creative recruiting tools that are “out of the box” in order to unlock the huge potential of those contextualizing talents. One tool for recruiting already in practice is **creative competition** for maverick job seekers (cf. Zukunftsinstitut, 2015).

#### **3.2.3.4. Flexicurity - new forms of employment**

The European Foundation for the improvement of working and living conditions identified an emerging trend among the European work region in 2015: nine specific increasing or new kind of employment forms since the Millennium that became more and more important in the new work ways: employee sharing, job sharing, interim management, casual work, ICT-based mobile, voucher based work, portfolio work, crowd - and collaborative employment. These forms of employment aim for a more flexible and inclusive labor market in the future by protecting social security and labor conditions for all employees. These aims characterize the definition of “flexicurity” (cf. Eurofound 2015: p.1 f.).

#### **BEST PRACTICE: The Netherlands flexible working hours by law**

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The Netherlands are a role model for flexible working hours. In April 2015 the Netherlands launched a law securing flexible work hours for their human capital.

Companies with more than 10 employees are obliged by law to accommodate their employees' requests for working flexible hours and for home office work. Employers can only object these requests by severe operational reasons. As a consequence e.g.: Job-sharing by two or more employees working on one job position, are already a common work model in the Netherlands due to the support by the nations legislative (cf. (b) ORF 2015).

Figure 20: Schema of new employment forms according to drivers

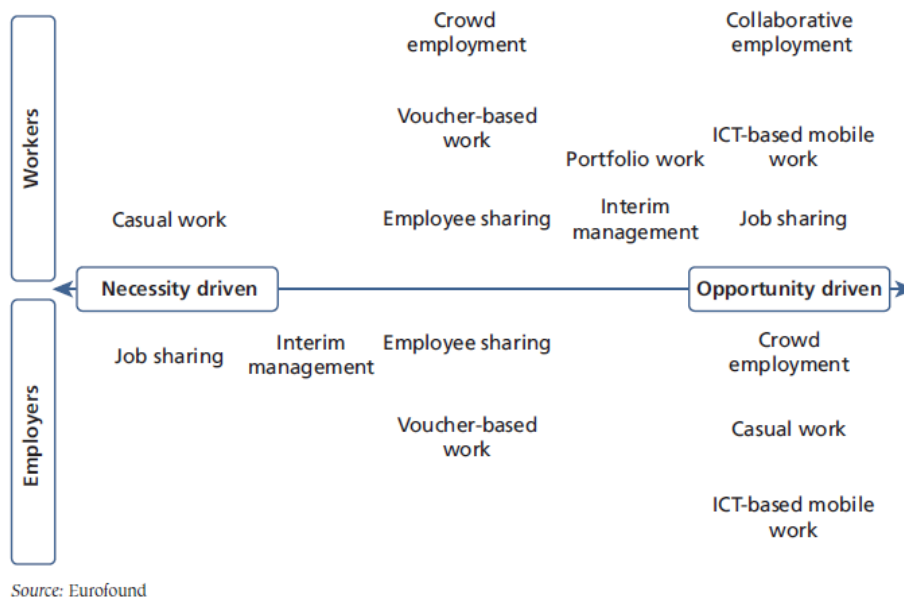


Figure 2.3

Figure showing most beneficial and favorable new forms of employment (Source: Eurofound 2015: p.136)

On the long term only employee sharing, job sharing and interim management shall be pursued in the future job market: those three are the only new employment forms where both – employee and employer – benefit from the flexible working conditions comparably. Those three forms of new employment trigger labor market innovation and its attractiveness (cf. Eurofound 2015: p.2).

Employee sharing, job sharing and interim management are all more prominent in traditional industries. By this indicator they differ from the remaining new forms of employment, which are mainly represented within the IT sector and creative industries (cf. Eurofound 2015: p.136).

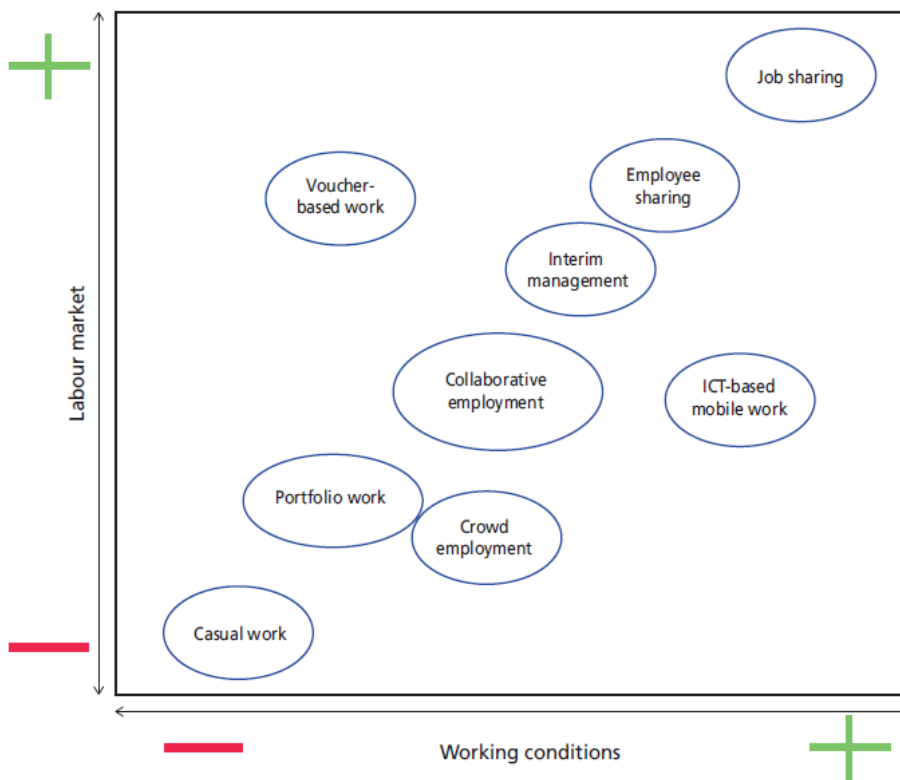
**Employee sharing** relates to a group of employers who appoint individual employees to ensure full-time employment for each individual within the needs of several enterprises (cf. Eurofound 2015: p.1).

**Job sharing** is linked with two or more employees working part-time who fill one specific full-time position together for their employer (cf. Eurofound 2015: p.1).

**Interim management** is probably the most interesting new form of employment for GTM.

It refers to talents who work for a specific project or problem solving restricted to the specific time that the projects last. By this management strategy the external management employees get integrated into the work organization (cf. Eurofound 2015: p.1).

Figure 21: Assessment of implications of new forms of employment for working conditions and the labour market



Source: Eurofound, based on national contributions

Figure 2.4

Figure showing positioning of most beneficial and favorable new forms of employment in the labor in correlation with working conditions (Source: Eurofound 2015: p.142)

To date Eurofound in 2015 (Eurofound 2015: p.135) claims flexibility as the key concept for all of the new forms of employment mentioned above driven by the challenges of the economic world or socio-cultural trends. Still any coherent legal

regulatory frameworks are missing and its introduction is in the responsibility of governments and worker unions (cf. Eurofound 2015: p.135).

On the other hand a competitive, yet beneficial unification of the employment forms clearly needs to be defined by the various industries and the employees themselves.

Though the Flexicurity phenomenon of new forms of employment in the Eurofound survey of 2015 (Eurofound 2015: p.135-142) has been restrictively studied for the European Union, those forms are representative for changes and developments in the future in MNEs all around the globe.

### **3.2.4. Trends driven by talents**

The author previously adverted to the influence of talents themselves on future work trends in various sub-chapters. In the following chapter the author is going to examine ongoing sociocultural indicators important to the global work force, thus driving the development of certain trends to an even greater extend. MNEs will be well positioned by providing attractive endowments meeting the employees arising needs in work life.

#### **3.2.4.1. Job Preferences: The Growing Importance of “Softer” Factors**

BCG reveals in their global exhibit on *“Happiness on the job”* (Table 1.7) (cf. (d) The Boston Consulting Group, 2015) how much soft factors in the talents job preferences have already suppressed the hard ones, e.g.: compensation. (cf. (d) The Boston Consulting Group, 2015).

Table 1.7

Table (published by BCG in July 2014) showing the top 10 job-indicators for happy employees (cf. (d) The Boston Consulting Group, 2015)



The crucial question arising from Table 1.7 for GTM staring out in a successful future is: how to get employees “[...] *happy on the job.*” ((d) The Boston Consulting Group, 2015).

The assessment by BCG is being led by the global workforces' appreciation for their work, followed by good relationships with colleagues (rank 2) and superiors (rank 4) and the importance of a good work-life balance (rank 3) (cf. (d) The Boston Consulting Group, 2015).

**Distribution by categories  
within the Top Ten for "Happiness on the Job"**

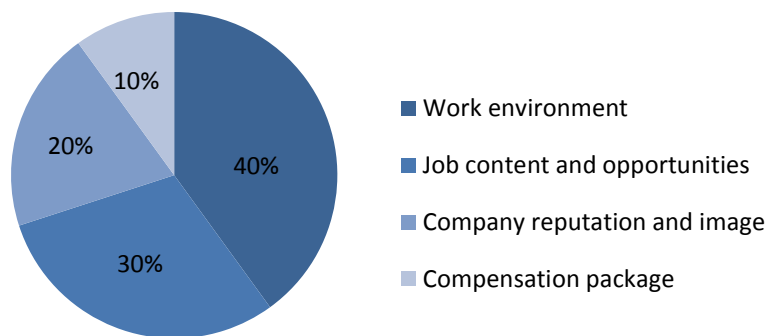


Figure 2.5

Figure showing percental distribution of the Top Ten job-indicators for happy employees (Source: Authors own, based on: exhibit 8, (d) The Boston Consulting Group, 2015).

Breaking up the exhibit in its four categories the necessity of an attractive work environment for employees becomes once more clearly evident in Figure 2.5. By expressing the corporate appreciation for a talents activity thrives the employee's job satisfaction and his motivation to go beyond the classic job requirements. A win-win situation for both sides – employer and employees – arises by the given trust, positive attitude and enhancement of tasks by the employer, receiving a high performance by the fostered talent (cf. (d) The Boston Consulting Group, 2015).

### **3.2.4.2. The diversity shift in job priorities depending on age and position**

MNEs have to be aware of some needs of the talents that change over time and thus should be sensitively taken into account be MNEs in their adjustment-planning of the talents career paths.

Intrinsic rewards for their work are important to all employees, independently from their age or their position within the organizational hierarchy. However age and position influence the level of importance (cf. (d) The Boston Consulting Group, 2015).

An appreciative work atmosphere is uniformly and consistently valued no matter what age or career path the employees have (cf. (d) The Boston Consulting Group, 2015).

Figure 2.6 shows an employee's lifecycle and the change in the most valued job preferences – rank 0 representing the lowest value, rank 5 the highest.

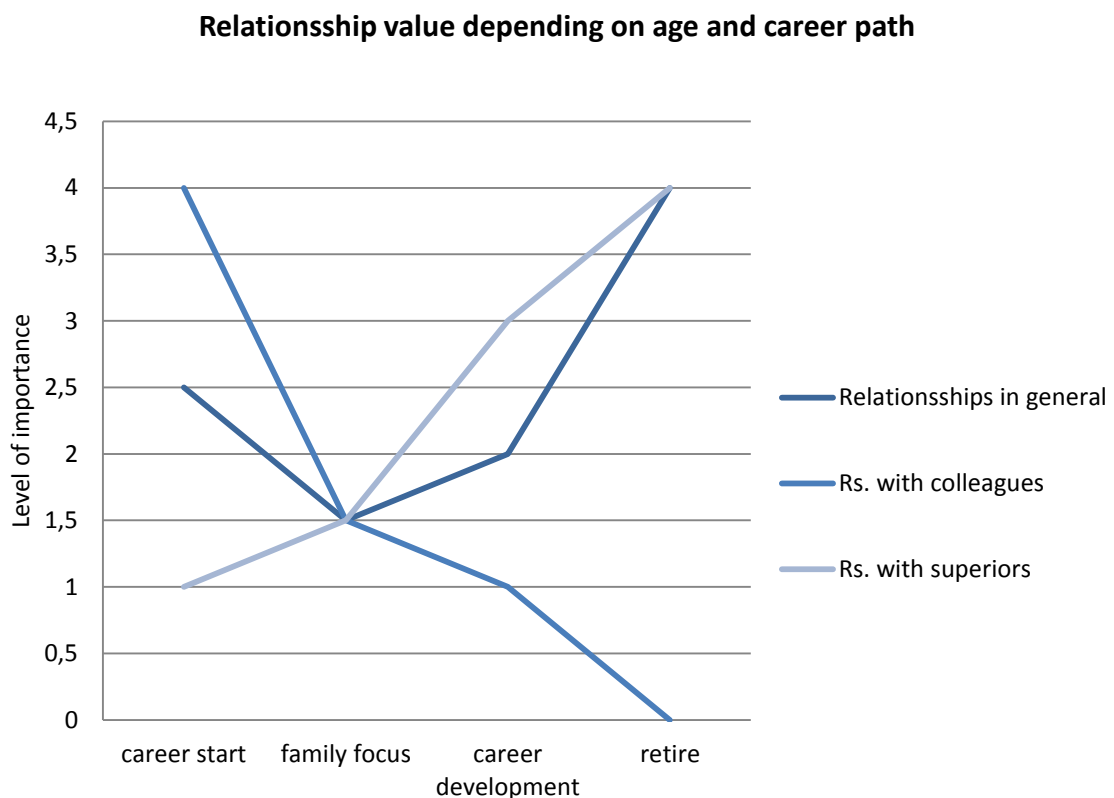


Figure 2.6

Figure showing on the diverging importance of relationships with colleagues versus superiors throughout an employee's life-cycle (Source: Authors own, based on: (d) The Boston Consulting Group, 2015).



In an employee's 20ies the focus is on the career development and strong relationships with the colleagues on the same hierarchic level (cf. (d) The Boston Consulting Group, 2015).

In the 30ies the family focus on the child-raising years stifles the career development of talents: they do gain further job experience, but work-life balance now is the most important job preference to them (cf. (d) The Boston Consulting Group, 2015).

The 40ies represent a tipping point to the talents career path as the work-life balance diminishes in importance due to eased family responsibilities. In this period of the talents work life-cycle relationships at work – mainly to superiors - and an interesting job become important again (cf. (d) The Boston Consulting Group, 2015).

As for the importance of relationships it is evident that there is a strong shift from relationships with colleges in the developing career periods towards strong bonds with superiors growing in the years of career stabilization (cf. (d) The Boston Consulting Group, 2015).

**BEST PRACTICE: US-retailer Zappos invents “Zappos Insiders” (Auriemma 2014) for new ways of recruitment**

The US shoe retailer Zappos - a subsidiary of Amazon since 2009 - ended traditional talent recruitment in 2014. Zappos created a social-media network for potential new highly-skilled employers to build up strong relationships with their future employer and colleagues. This network called “Zappos Insiders” (Auriemma 2014) will be the only way to hear of open job positions and further to applying for them (cf. Auriemma 2014).

*“The retailer is attempting to fix a common problem, recruitment experts say: how to make the hiring process faster and easier by keeping a pool of willing and able candidates at the ready.” (Auriemma 2014). Previously a team of seven GTM specialists annually*

reviewed 31,000 application-documents and hired about 1.5% (465) of it. This was tremendously costly for the MNE (Auriemma 2014).

By “Zappos Insiders” every talent who joins the network is a potential new hire and gets analyzed by skill- and cultural-potential with new software long before positions actually open up (e.g.: by “*digital Q&As or contests[...]*” (Auriemma 2014).

Thus once a job position has to get filled, Zappos expects to hire the best suiting insider, as his value for the organization has already been put into the correlation talent pipeline of the MNE (cf. Auriemma 2014).

The expected downside to this innovative recruitments operation might be losing talents after a long period of no hires (cf. Auriemma 2014), rising costly involvement of the Zappos ambassadors inside the MNE and potential shallow relationships that only remain on a digital level.

The same trend applies to job security as reflected in Figure 2.7: while young talents fear the possibility of losing their jobs, talented seniors are aware of their value to the organization as highly-skilled performers and are confident to find another job in the case of job loss (cf. (d) The Boston Consulting Group, 2015).

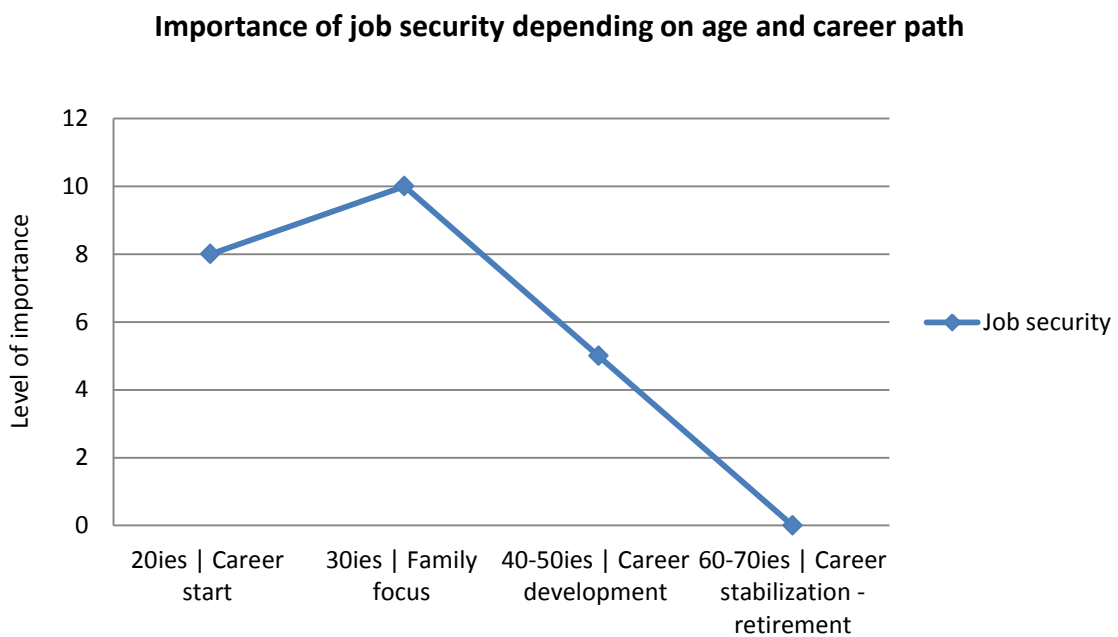


Figure 2.7

Figure showing the authors assessment on the diverging importance of job security to employees throughout a work life-cycle (Source: Authors own, based on: (d) The Boston Consulting Group, 2015).

### 3.2.4.3. Participation of talents in IT-application systems

Talents do not only claim for active participation power on the strategic and operational level of GTM – they also want to get involved in developing the most adequate corporate IT-systems and processes. Business corporations thus have to reconsider and open up their approach to letting their talents co-create GTM IT-systems. MNEs will benefit from their talents participation: corporate talents represent the end-users, who are eager to proactively shape their individual talent career within the MNE by using the most effective and transparent IT-system (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p.200 f.).

One very modern execution of such an open and transparent IT-solution is e.g.: - when employees nominate their management leaders directly and democratic (as party practiced at the Haufe Group) (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p.200 f.).

In general talents highly appreciate those IT-systems that encourage talents participation mixed with an open-minded corporate leadership that fosters the one-to-one communication with each talent (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p.200 f.).

What the organization gets back from their participating talents are commitment, diversity and innovation (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p.200 f.).– all drivers for a sustainable competitive advantage for each MNE.

*“Retaining these exceptionally talented people, given the expanded opportunities they have in a more global economy, will be at the core of the challenges that HR departments face over the next decade.”* ((d) The Boston Consulting Group, 2015).

### **3.3. Impacts on work trends and future GTM by economic regions and branches**

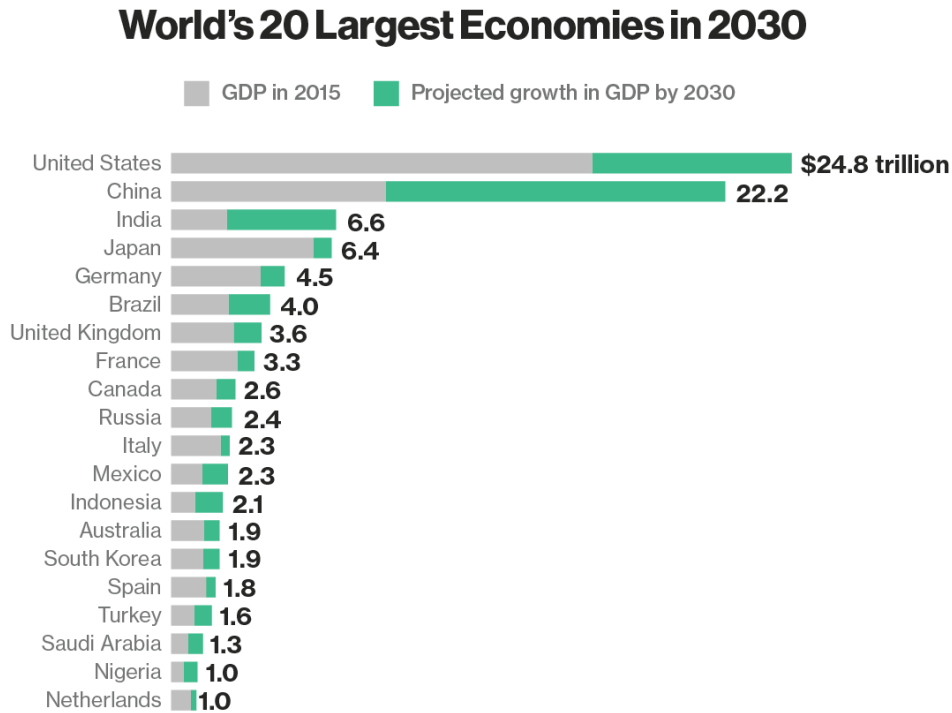
This chapter defers to the involvement and the potential impact on GTM in the future of the three fastest growing economic regions as well as other trade regions, and some of the major industrial and service-branches. The author aims to show the conceivable big picture behind global operations of MNEs managing the performance of their corporate global work force.

#### **3.3.1. A comparative outlook of the three fastest growing economic regions and their potential impact on GTM in the future**

The three fastest growing economic regions in the world (by GDP) by 2030 are represented by the U.S.A., followed by The People's Republic of China and The Republic of India (cf. Smialek 2015, based on: U.S. Department of Agriculture's - macroeconomic projections 2015), supported by their imposing numbers of human capital (cf. Chapter 3.2.2.1 - The global labor shortage). India in fact overrules China in its growth compared to its GDP in 2015, as reflected in the table below (cf. Smialek 2015, based on: U.S. Department of Agriculture's - macroeconomic projections 2015).

Table 1.8

Table showing the world's 20 largest economies in 2030 reflecting the estimated growth from 2015 – 2030 (Source: Smialek 2015, based on: U.S. Department of Agriculture's - macroeconomic projections 2015).



Source: U.S. Department of Agriculture

Those three hegemony of global economy and global labor force would have the power to positively support balancing shifts in global labor shortage, global brain drain and global skill mismatch together.

(See also Appendix: AD 3.3.1 and Chapter 3.4.2.2 Table 2.1)

### 3.3.2. A comparative outlook by other regions and their potential impact on future GTM

The comparative outlook by regions around the world shows that organizational program requirements differ by region, whereas global work trends evolve relatively uniform and independently of respective business areas. The majority of

regions deal with the same priorities. Variations exist wherever regional economies impact the HR priorities (cf. (a) Deloitte University Press 2014: p.14).

Table 1.9

Table showing GTM ranking above or below the global average across different regions trends (Source: (a) Deloitte University Press 2014: p.16)

Figure 9. Priority areas for companies across different regions (by rank, top three only)

	Asia Pacific	Western Europe	Central and Eastern Europe	Africa	Middle East	North America	South America
<b>Above global average (+11% or greater)</b>	Trends are in line with global averages	Trends are in line with global averages	Performance management (17%)	Diversity and inclusion (106%)	Learning and development (127%)	HR technology (14%)	Retention and engagement (31%)
				Learning and development (64%)	Retention and engagement (58%)	Workforce capability (13%)	Talent and HR analytics (25%)
				Workforce capability (47%)	Workforce capability (47%)		HR technology (24%)
<b>Below global average (-11% or greater)</b>	The overwhelmed employee (-19%)	Workforce capability (-27%)	Diversity and inclusion (-50%)	Trends are in line with global averages	HR technology (-38%)	Diversity and inclusion (-19%)	Workforce capability (-47%)
	Global HR and talent management (-14%)	Retention and engagement (-23%)	Talent and HR analytics (-40%)		Reskilling HR (-24%)	Learning and development (-18%)	Performance management (-11%)
	Retention and engagement (-12%)	Performance management (-22%)	Global HR and talent management (-33%)		Talent acquisition and access (-21%)		

Table 1.9 urges MNEs in the business regions of the Middle East, Africa and South America to act instantly on behalf of their GHR and business leaders in order to improve their alarmingly high priority ranks (- e.g. 127% above the global average in “Learning & Development” in the Middle East). On the other hand Table 1.9 highlights an encouraging rank in GHR and GTM below the global average of priorities in the Asia Pacific at a -14% and in the Central and Eastern European (CEE) region at even -33%. By implication of this survey - determined in the year 2014 - all other regions still have to optimize their GTM performance (cf. (a) Deloitte University Press 2014: p.14).

### 3.3.3. A comparative outlook by branches and their potential impact on GTM in the future

Deloitte's survey (2014) examined twelve top priority areas in IHR among eight different branches: (1) consumer business, (2) energy and resources, (3) financial services, (4) life sciences and health care, (5) manufacturing, (6) professional services, (7) public sector and (8) technology, media and telecom (cf. (a) Deloitte University Press 2014: p.14).

The survey resulted in a clear picture across the examined branches that top corporate talent priorities do vary. Only one IRH priority remains a top issue for all industries: "*leadership*". Between 84% and 90% of the inquired eight industries do admit that leadership is their most urgent priority in IHRM (cf. (a) Deloitte University Press 2014: p.14).

The second already varies among different branches, but the average second rank goes to "*retention and engagement of talents*", the third rank goes to "*reskilling the HR function*" (cf. (a) Deloitte University Press 2014: p.14).

A striking discordant value is rank two in the (8) technology, media and telecom sector that splits up in equal value between "*retention and engagement of talents*" and "*talent acquisition and access*". The industries (2) energy and resources and (6) professional services rate "*talent acquisition and access*" as top third priority (cf. (a) Deloitte University Press 2014: p.14).

All those branches require highly-skilled technical specialists, who tend to become a scarcer human capital resource globally. This represents a necessity in GTM to advance their performance on technical global talent pools in the near future.

GHR and GTM on the other hand are only ranking as fourth among the industries (2) energy and resources and (5) manufacturing, whereas the global average priority rank is only seventh (cf. (a) Deloitte University Press 2014: p.14).

Table 2.0

Table showing global average of IHR-priorities across different industries (Source: (a) Deloitte University Press 2014: p.15)

Figure 10. Areas of priority for different Industries (by rank and percentage)

Global	Trend	Consumer business	Energy and resources	Financial services	Life sciences and health care	Manufacturing	Professional services	Public sector	Technology, media & telecom
1 (86%)	Leadership	1 (85%)	1 (86%)	1 (89%)	1 (90%)	1 (84%)	1 (84%)	1 (84%)	1 (89%)
2 (79%)	Retention and engagement	2 (81%)	2 (79%)	2 (83%)	4 (78%)	2 (78%)	2 (79%)	5 (75%)	2 (80%)
3 (77%)	Reskilling the HR function	3 (76%)	2 (79%)	3 (77%)	2 (82%)	3 (76%)	4 (76%)	4 (76%)	3 (79%)
4 (75%)	Talent acquisition and access	7 (69%)	3 (78%)	4 (76%)	4 (78%)	6 (71%)	3 (78%)	8 (67%)	2 (80%)
5 (74%)	Workforce capability	6 (70%)	3 (78%)	6 (71%)	6 (73%)	5 (72%)	2 (79%)	2 (80%)	5 (77%)
6 (72%)	Talent and HR analytics	6 (70%)	5 (71%)	6 (71%)	3 (80%)	7 (66%)	5 (73%)	6 (71%)	4 (78%)
7 (71%)	Global HR and talent management	5 (71%)	4 (75%)	5 (73%)	8 (70%)	4 (74%)	7 (69%)	10 (57%)	6 (76%)
8 (70%)	Learning and development	4 (72%)	7 (66%)	7 (68%)	9 (69%)	8 (64%)	4 (76%)	3 (78%)	8 (67%)
9 (69%)	Performance management	8 (68%)	7 (66%)	7 (68%)	6 (73%)	9 (63%)	6 (72%)	9 (65%)	7 (70%)
10 (68%)	HR technology	9 (67%)	6 (70%)	9 (66%)	7 (71%)	11 (61%)	8 (67%)	6 (71%)	5 (77%)
11 (65%)	The overwhelmed employee	10 (62%)	8 (59%)	8 (67%)	5 (74%)	10 (62%)	6 (72%)	7 (68%)	9 (64%)
12 (59%)	Diversity and inclusion	11 (56%)	9 (56%)	10 (63%)	10 (57%)	12 (55%)	9 (64%)	10 (63%)	10 (55%)

Percentages indicate the percentage of respondents rating each trend as "urgent" or "important."

Graphic: Deloitte University Press | dupress.com

The reason for this relatively low rank is probably that in the other industries GHR and GTM have already been put in place some decades ago, whereas branches (2) and (5) are newer to this HR operations.

Generally this table shows that GTM as a GHR performance seems to be already in a good place across most branches, but some specific parts of it urgently have to be fostered, depending on the specific demands of those.



### **3.4. The potential of global talents**

In Chapter 3.4 the author quotes the future impact of global talents on economy, companies and themselves (Chapter 3.4.1) concluding by listing four hidden potentials of global talents for MNEs in the future (Chapter 3.4.2).

#### **3.4.1. Decoding the impact of global talent on economy, companies and talents themselves**

The scarcity of global workforce is approaching more and more each year (cf. Chapter 3.2.2.1). It does not only affect the companies, but also each individual employee on the small scale and global economy and nations worldwide on the bigger scale (cf. (b) The Boston Consulting Group, 2015).

Nations and economies face the task of providing an attractive work environment to their highly skilled talents in order to attract them in the first place and - even more important – to retain them on the long run. Any increase of attractiveness is not limited to the workplace at the MNE only, but comprehensive: cities where talents live and work have to be planned in the most appealing way, education (for talents and their families) needs to be enhanced and public-health services must be accessible (cf. (b) The Boston Consulting Group, 2015).

Countries that do not succeed to contribute all of those certain qualifications will fail the international competition: other countries will serve as “*talent magnets*” ((b) The Boston Consulting Group, 2015). and countries of origin of these emigrating talents will face a worrisome brain drain (cf. (b) The Boston Consulting Group, 2015).

Companies have to quickly become aware of their employees work desires on the global scale. MNEs need to reassess their corporate GTM strategies and all applied tools in practice. As unfolded in previous chapters one of the biggest challenges for companies is to understand their workforces wish for “[...] *appreciation for work that go beyond money*” ((b) The Boston Consulting Group, 2015).and to find a consistent way of showing it to remain successful in GTM (cf. (b) The Boston Consulting Group, 2015).

Individual talents deceive themselves by believing they have the best possible job opportunities and work conditions waiting only for them. In reality the competition remains and even grows as highly skilled global talents are very much open to job mobility around the globe. The better the position, the more solid the economy and benefits in that country, the more job seekers are likely to compete (cf. (b) The Boston Consulting Group, 2015).

Highly skilled talents are facing “[...] a much freer flow of talent in the workplace of the future.” (cf. (b) The Boston Consulting Group, 2015). Either they are willing to work abroad (for some time at least) facing new challenging job opportunities in international business, or they have to suffer from limitations in their career path (cf. (b) The Boston Consulting Group, 2015).

### **3.4.2. The hidden potential of global talents for MNEs**

In Chapter 3.4.2 the author analyses some very particular areas of hidden talents that bear the potential to be discovered by MNEs and to get opened up to the global labor market.

#### **3.4.2.1. The challenge of implementing sustainability stronger in GTM**

Business environments still have the ability to change rapidly in our global corporate world. To date sustainable GTM and IHRM likewise do not have the certainty to their hypothetic assumptions on future talent requirements on a long term perspective. The understanding of sustainable GTM as a part of the corporate strategy has the potential to support the MNEs (economic) viability, to operate investments reasonably, to further develop global corporate strategies and to incorporate the talent creativity within the MNEs (cf. Ehnert, 2009: p.180 f.).

The biggest hidden potential in the opinion of the author lies in attracting the right talents to the MNE. Some of the most important operational stages for attracting talents and ensuring their start at the MNE in the most efficient way will be discussed in the following sub-chapters:

### 3.4.2.2. Reaching out globally to an estimate of 75% of passive talents

At the operational stage of attracting potential talents to an MNE there still lies huge hidden potential for the corporations: Kelly Services states in their quarterly report Number 1 of 2015 that only 61% of global companies are reaching out to passive job seekers within their recruitment process. A global breakdown of the amount of passive candidates who are open to a new job opportunity, but do not actively search for it is estimated by Kelly at a 75% (cf. Kelly Services 2015). One has to consider that those 75% are not purely talents, but however an enormous opportunity for MNEs to find their matching employee beyond the classic job market (cf. Kelly Services 2015).



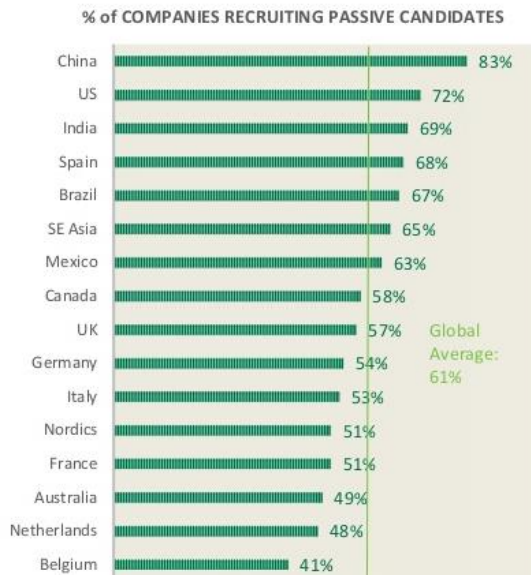
Figure 2.8

Figure showing 25% of global candidates searching actively for a new job (Source: Kelly Services 2015).

Table 2.1 reveals the different approach to passive candidates throughout the different economic regions. China has an outstanding role leading with 83% of companies actively recruiting passive candidates. The USA and India follow China as second and third rank with a 72% (USA) and 69% (India) of active companies in the passive candidate recruiting matures (cf. Kelly Services 2015).

Table 2.1

Table showing average 61% of global companies approaching passive job candidates (Source: Kelly Services 2015).



Surprisingly most European countries fall even below the global average of 61% (cf. Kelly Services 2015). This fact might arise because there is no stringent necessity, or because the cultural mind-set is not yet open enough to recruit future (talented) employees rather progressively.

### 3.4.2.3. The importance for employers of onboarding their newly attracted talents

Onboarding is the process when the employer establishes a relationship with the newly hired employee in the time period that starts after signing off a new employee's contract and his first day of work. This is an essential time period for the MNEs as up to 40% never start the job, because they decide to work for another employer (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p.188).

This loss causes dramatic costs to the MNE by starting the recruiting process partly again and might even more cause some knowledge gaps in the no longer securely filled position of the lost new employee.

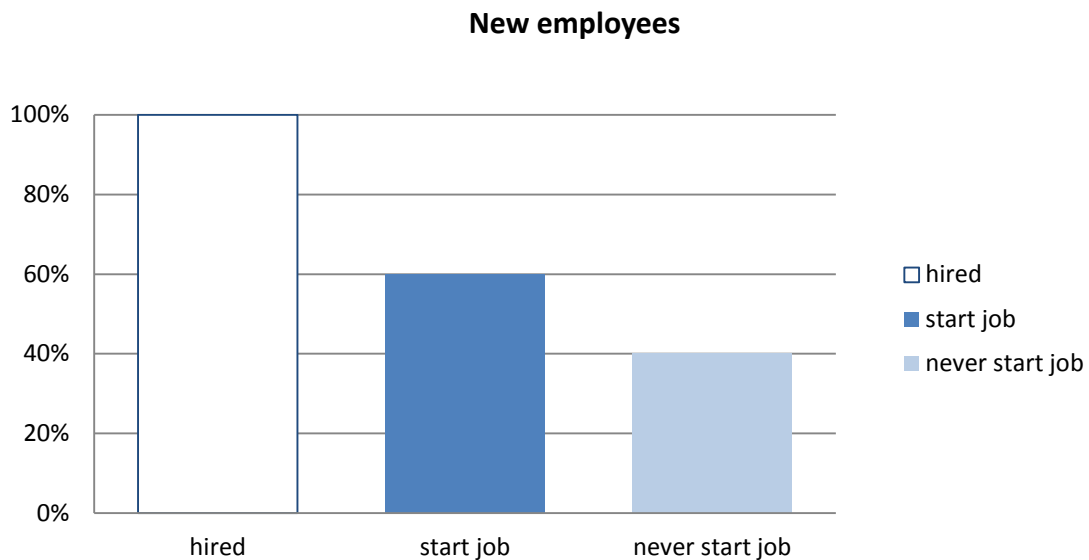


Figure 2.9

Figure showing 40% loss of hired employees for MNEs before they actually start their new job (Source: authors own, based on: Jäger, *et. al.*, 2015<sup>2</sup>: p. 188).

A foresightful employer would rather take advantage of the time (that sometimes last several months) until the new talent joins the MNE and integrate him already as a full and valued member within the organization. This could be done by pre-introductory training, info data, networking or mentoring. In the end the newly hired talent is already in a strong relationship with the new corporation and its staff and even more already educated in corporation specific operational procedures (cf. Jäger, *et. al.*, 2015<sup>2</sup>: p.188).

According to the Kelly Global Workforce Index (KPGI) in Q1 2015, globally 55% of employees confirm that their “[...] *current employer has a planned approach to onboarding*” (Kelly Services 2015). Only 45% of those employees endorse that this onboarding process impacted their own view of the company in a positive way. EMEA regions once more rate with the lowest rank in both measurements compared to the Americas and APAC regions. They rank even below the overall global average (cf. Kelly Services 2015).



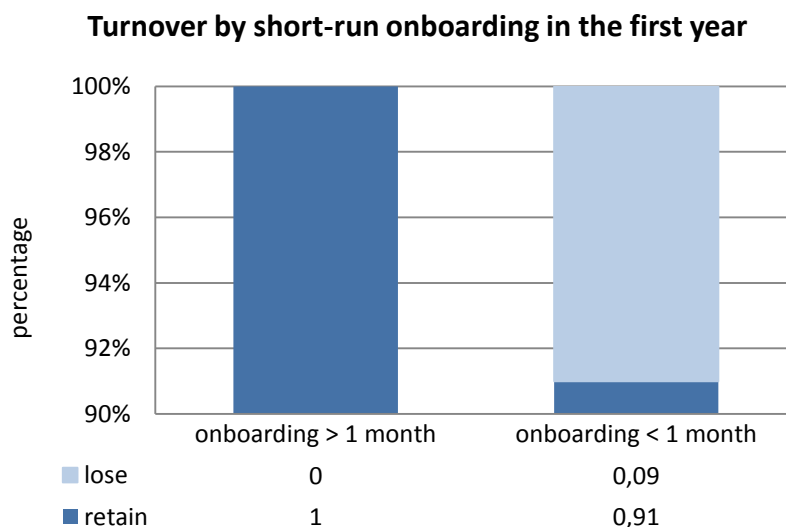
Figure 3.0

Figure showing changing length of onboarding programs by MNEs from the year 2012 to 2014 (Source: Kelly Services 2015).

Onboarding has been cut down drastically in the time period applied to new employees: one concerning trend shows that companies that onboard 1 day only have more than doubled from 7% in 2012 up to 15% in 2014. MNEs that allow their corporate onboarding a time period of between one to three months or longer than three months have decreased drastically from a total of 61% down to 37%. In 2014 the majority of MNEs onboarded their new employees from one day to maximum one month at a total of 54%, compared to 39% in 2012 (cf. Kelly Services 2015).

Table 2.2

Table showing 9% loss of employees in the first year by too short onboarding. (Source: authors own, based on: Kelly Services 2015).



The downside in reducing the intensity and timeframe of a sustainable cooperate onboarding bears the risk of higher turnover: employees do not get all necessary corporate knowledge and - insight to perform their job requirements effectively and thus successfully. The report proves that MNEs that have programs running one month or shorter are more likely to retain only 91% of their newly hired employees within the first year of employment (cf. Kelly Services 2015).

#### **3.4.2.4. Research analytics on loss of talent – how to release and retrieve in the future**

Another interesting area for future research is to examine the career paths or career progressions of talented individuals. To what extent and for how long can an individual sustain his or her talents to remain in the organization's talent pool? (by McDonnell, 2011, cited by source: Tarique, *et al.*, 2012).

There is considerable data that can help researchers understand how to develop talent but we don't know much about the decline of talent. How long does an individual's stay in the talent pool? What are the organizational and individual level consequences when the talented individual leaves the talent pool? (by McDonnell, 2011, cited by source: Tarique, *et al.*, 2012).

How to develop an exit strategy for talented employees who are no longer useful to the organization is another important area for future research. The research on skill obsolescence can be very useful here (by Allen, *et al.*, 2012; Von Loo, *et al.*, 2001, cited by source: Tarique, *et al.*, 2012).

What kind of actions MNEs ought to take care of during the development- and retention phase of their talents becomes clearly evident looking at the rising sociocultural needs of the talents, which has been evolved in Chapter 3.2.4 - Trends driven by talents.

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## 4. GTMs FUTURE PROSPECTS AROUND THE GLOBE

*„The essence of strategy is choosing what not to do.“ ((a) Brainy Quote 2015)*

Michael Porter, US-American economist (born 1947)

Chapter 4 is dedicated to the author's perception on GTMs future prospects worldwide.

In Chapter 4.1 the author evaluates on how the trends (discussed in Chapter 3.2.) might influence GTM in the future – positively or negatively. A red-flag list categorizes on how well trends in GTM appear to being met and incorporated at MNEs. The author's approach is based on all prior research.

Chapter 4.2. contains the author's recommendation for a GTM playbook based on the five must-haves on how MNEs ought to handle GTM for a prosperous and sustainable economic future. The author will also include the assessment on potential perspectives for talents, economies and nations.

Chapter 4.3. - The new understanding of future GTM - and 4.4. - The future implementation of GTM - reveals the author's recommendation for MNEs for "A new era of GTM" and how to implement the coherent managerial strategies, operational methods and supportive tools.

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### 4.1. Checklist on current application of trends in GTM at MNEs

In Chapter 3 the awareness emerged that global work trends evolve quickly and in a strong way in the global corporate world today and in the future. No MNE should ignore their major influences on their business.

In Chapter 4.1..1 the author develops a basic GTM framework by analyzing which desirable results the five challenging global drivers (see also: Chapter 3.2.1.1.) bear for MNEs GTM and how they should be incorporated into GTMs best practice.

Chapter 4.1.2 addresses a trend analysis of the trends discussed in Chapter 3.2 categorized by their characteristics, opportunities and risks for GTM. Finally a red-



flag list shows the status-quo of the trends incorporation in GTM as perceived by the author.

In Chapters 4.1.3 and 4.1.4 the author sums up the main goals of MNEs and the main needs of talents in GTM.

#### **4.1.1. Corporate GTM framework combining all three components**

The challenge by (A) the big five global trends have been discussed in Chapter 3.2.1.: new behaviors, technologies, millennials in the workspace, mobility and globalization. Those will be the main challenging global drivers in human capital and thus GTM for the next decade and maybe longer.

By Table 2.3 the author put up a framework for the new corporate GTM categorizing (B) GTMs desirable results (for MNEs and talents) and (C) GTMs best practice for achieving those results. GTM has to deal smartly and considerately with the big five drivers in the best possible way in order to achieve its desirable results in corporate GTM.

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First GTM has to support the MNE in being and remaining the (1) most attractive employer to the current talents and potential future ones to join the corporation. In order to achieve this the MNE has to provide strong corporate relationships and a plain value proposition.

By this the MNE has set the base for its (2) best fit global corporate talent pool: this talent pool has to foster its high-potential employees. In this way the company will be able to have the best fit amount of talents in the right corporate locations with the best fit skills.

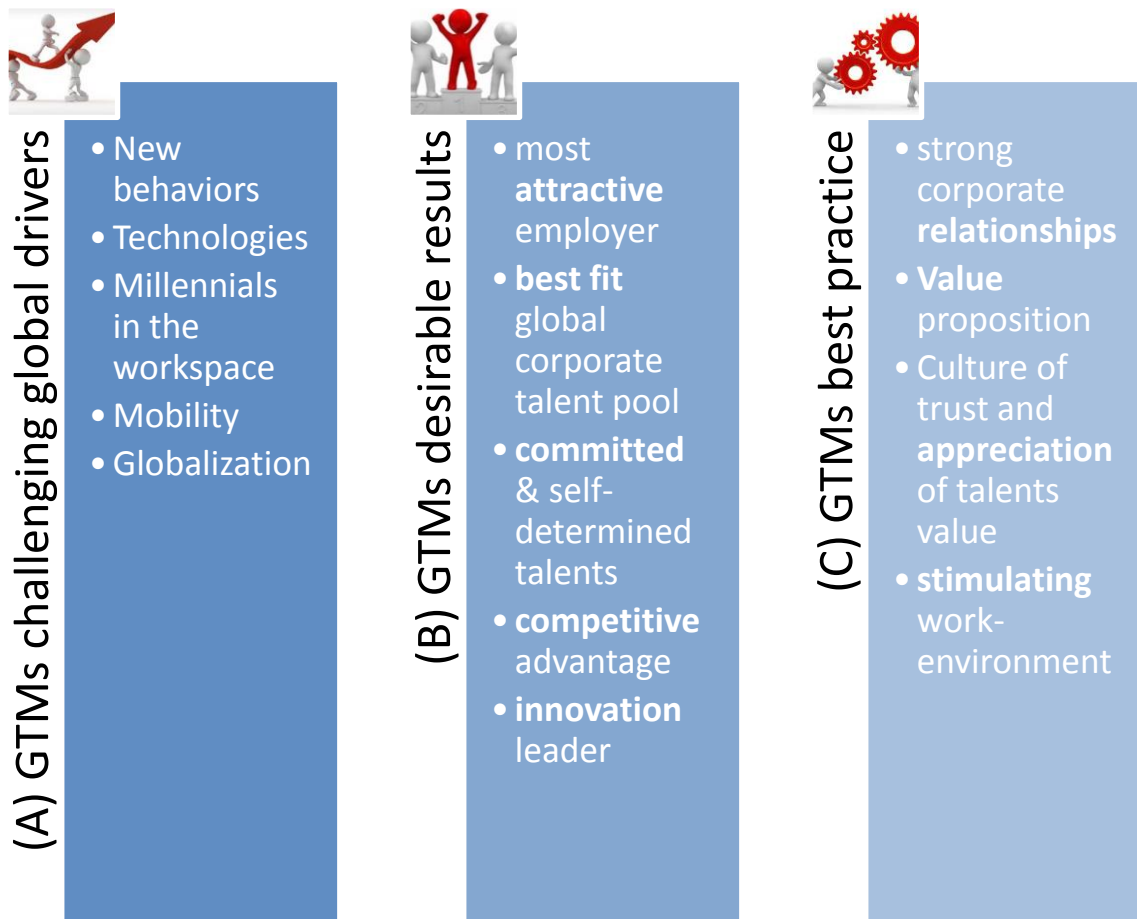
By the company's openness to provide room for development of their talents abilities the MNE will gain (3) committed & self-determined talents. A culture of trust and appreciation of the corporate talents value is essential to the MNEs successful performance.

On the long run the MNEs talents policy gets amply rewarded by the companies (4) competitive advantage towards their business competition.

The stimulating work-environment encourages becoming an (5) innovation leader in the MNEs branch.

Table 2.3

Table showing the authors framework for new GTM - based on the authors perception on GTMs challenging global drivers – desirable results and best practice for achieving those results (Source: Authors own 2015)





### 4.1.2. Analysis of trends influence on GTM

The following trends analysis is based in the research of Chapter 3 and reveals the authors classification of where the trends stand today at GTM: a red flag stands for necessary actions to be taken immediately, orange represents already incorporated trends in the GTM, that have to be farther developed by MNEs in order to remain competitive.


It is obvious from the red-flag listing that megatrends have much worse and critical ranking (- mainly red flag -) as they are more difficult to actively influence or even get control of by the MNEs.


Table 2.4



Table showing the authors trends analysis categorized by their characteristics, opportunities and risks for GTM. A red-flag list shows the perceived status-quo of the trends incorporation in GTM (Source: authors own).


TRENDS ANALYSIS	Characteristics of trends	Opportunity for MNEs GTM	Risks for MNEs GTM	Status-quo
<b>Megatrends</b>				
New Work	Complex trend  Interdependent, interconnected and interacting with numerous other work trends	Applies likewise globally  One system in GTM can meet the trend of New Work around the world	GTM gets lost in complexity of this trend  GTM risks to lose the focus on the most important influence factors by this trend on the MNE	
Labor shortage	Tremendous scarcity of human capital in most of largest economies, whereas abundance in others	Labor shortage will lead to more global labor force migration which is the chance for MNEs to get abundant talents of one region to another region lacking those talents	Economic power shift to other areas  Unpredictability of actual global labor force migration in time, demography and geography	

Corporate culture challenge	Employees are rather driven by socio-cultural factors than only by adequate salary payments	Different cost distribution for employers from salary payments to other corporate benefits for appreciation of engaged talents work  Better work atmosphere drives corporate efficiency	Challenge for everyday business – has to be actively lived by employer  Difficulties in filtering the factor relevant enough for the MNEs benefit and to incorporate necessary actions	
Migration	Openness of job applicants to migrate abroad for better job opportunities	Opportunity to close gap in allocation of global workforce capacity  Balancing worldwide distribution of global human capital	Mismatch of migration to most preferred nations to move to with already projected surplus of human capital (e.g.: USA) and not to countries where lack of labor force exists (e.g.: Germany)  No unhindered movement of labor from and to some countries in the world	
Skill mismatch	Imbalance in global human capital by scarce high-skilled employees facing abundant low-skilled workers	MNEs create their own competitive advantage by providing company-specific qualification programs and career development plans to talents ensuring committed employees to their corporate success plans	Incorporating timeframe and rising cost for quickly upskilling an urgently needed corporate qualified labor pool	

<b>(B) TRENDS ANALYSIS</b>	Characteristics of trends	Opportunity for MNEs GTM	Risks for MNEs GTM	Status-quo
<b>Work trends</b>				
Creativity economy	Employers open to disruptive innovation by curious, experimental talents who want to work beyond the already known discover and develop new innovative (technical) applications	Adopting technologies quicker than the competitors  Gaining competitive advantage by innovation  Innovative business growth	Slow growth in revenues in the beginning of the process of disruptive innovation  Clear definition by employer of how much curious engagement is desired by talents on the job	
Female shift	Substantial growth in female workforce  Shift of female talents from social to economic competences, and from unskilled towards high-skilled and even top management jobs  Higher level of education increases	Tremendous talent pool opening up to MNEs  Diversity enhancement by better gender mix throughout branches, as women urge into higher-skilled job positions	Legal female quotas and gender diversity claims might lose the best, rather than the gendered talent out of sight  Traditional male ruled branches might not be prepared enough for the quickly changing gender mix  Some MNEs and countries legislations have to better support mothers working fulltime	
Contextualization	Problem-solving competence of talents irrelevant of branch  talents are able to apply newly acquired knowledge according to the given project context	Contextualization opens up branch borders and fosters multidisciplinary projects	Diminishing of branch specific experts  Superficiality by missing experts might cause risks for project success  Higher number of multifaceted jobs challenges talents to quick adjustment	

Flexicurity	<p>More flexibility and security for talents at work</p> <p>More flexible and inclusive labor market</p> <p>Protection of labor conditions and social security of talents and more flexible work environments at MNEs</p>	<p>Flexibility and security seem to be in opposition, but reveal a stimulating and sheltered work environment to talents</p> <p>Employer gain more flexibility by the growing work flexibility of their talents</p> <p>Talents commitment rises by securer workplace</p> <p>Cost savings for employer by flexible work schemes and workplace environment</p>	<p>Flxible employment hindered by strong labor work legislations in some countries</p> <p>Missing global unification of Flexicuritys new ways of employment</p>	
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<b>(C) TRENDS ANALYSIS</b>	Characteristics of trends	Opportunity for MNEs GTM	Risks for MNEs GTM	Status-quo
<b>Talents trends</b>				
Softer factors	<p>Rising importance to talents of attractive work environment, interesting job content and motivating opportunities on the job</p>	<p>provide a good company reputation and image by fostering a strong, appreciative corporate culture and favorable work atmosphere</p> <p>invest in inspiring leaders with highly developed soft factors towards their employees</p>	<p>Keeping the balance between corporate relationships and professional work</p> <p>Rising level of involvement by MNEs enhances corporate cost spending</p>	
Diversity shift	<p>Changing needs of talents over their work- lifecycle in individual career development, job security and corporate relationships (with colleagues or superiors)</p>	<p>Develop a lifecycle plan for employees taking changing needs into account and supporting their current interests and talents</p>	<p>Risk of losing individual perspective on differing needs from set-up corporate lifecycle plan</p>	

Participation	Talents wish to co-create the corporate world on the strategic, and operational level	MNEs benefit from direct insight and best possible improvement inputs by end-user	Clear boundaries between participation and management necessary to secure efficiency of participation processes	
	Talents shape their own corporate career by co-creating GTM IT-systems	Participation drives commitment, diversity and innovation of talents  MNEs that encourage agility of talents, will benefit from rise in their ambitions, ability and achievement (See also Chapter 2.1.4.)	Management ought to have open-mind attitude and strong communication skills (due to more direct one-to-one discussions with participating talents)	

### 4.1.3. MNEs goals

In the authors perception the MNEs main goals by using GTM are gaining a competitive advantage over their corporate business rivals, becoming an innovation leader within their branch and to hold committed and self-determined talents within their global corporate human capital pool.

### 4.1.4. Talents needs

In Chapter 3.2.4. talents corporate needs for a holistic development became clearly evident. MNEs no longer ought to ignore the requirements by talents neither for providing “softer” factors, nor the diversity shift in job priorities depending on the talents age and position, nor their desire to participate in the co-creation of the corporate landscape (e.g.: IT-application systems).

## 4.2. Authors recommended playbook for the five must-haves for a sustainable future GTM

The following Chapter reveals the authors recommendation for a playbook in GTM based on the framework for GTMs desirable results (see Chapter 4.1.1.) and the prior analysis of global work trends, MNEs goals and talents needs (see Chapter 4.1.2.– 4.1.3.) The author would like to advert to the fact that this new GTM

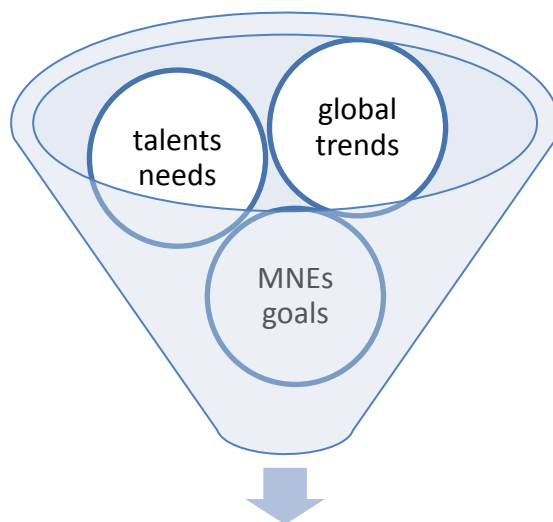
playbook is not representing an improved version of the traditional GTM since the 1990ies, but a completely new managerial and performance measure due to the most recent shifts in global trends, talents needs and MNEs goals.

#### 4.2.1. The set-up of a playbook for future GTM

The author's playbook is being set up on the foundation of three main pillars (see Chapter 4.1.2. – 4.1.3.):

1. Global (work) trends
2. MNEs goals
3. Talents needs.

Those three represent the main drivers for GTM (after the five biggest drivers for future work trends of Chapter 3.2.1.1.). Taking all three pillars into account is crucial for a smart new or adapted implementation of GTM at MNEs.



The authors recommended GTM playbook

Figure 3.1

Figure showing the three main triggers for the author's recommended GTM playbook (Source: authors own).

Mixing global (work) trends, MNEs goals and talents needs together leads to the deliverable of a playbook for future GTM as assessed by the author based on all



prior research: the author develops the playbook revealing impacts on the corporate scale, but also on the bigger global (- economies, nations and branches -) versus the individual (- the talents -) scale.

The following recommended playbook is based on the prior analysis of those three main triggers.

### **FIVE MUST-HAVES for future GTM**

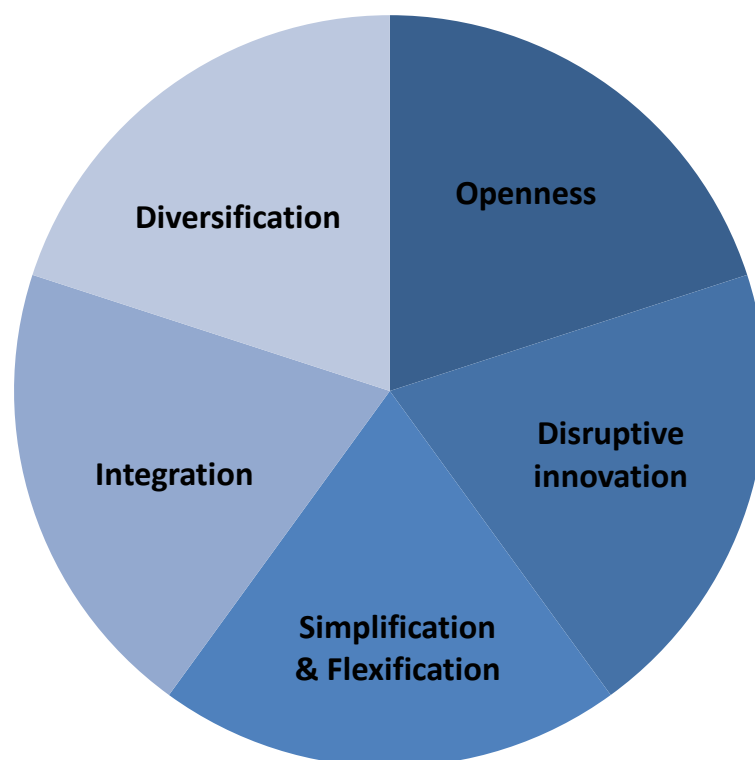


Figure 3.2

Figure showing the authors recommendation for five equally crucial must-haves for a sustainable GTM in the future (Source: authors own).

The author adverts to the understanding of this recommendation as a basic modular assembly system.

Each of the five modules is equally relevant for the success of GTM. All five modules operating equally appropriate together will secure a sustainable base for

a prosperous GTM and a thriving superordinate corporate business. In case one module is missing, GTM will not be able to operate efficiently or at all.

The author will illustrate the significance of each module and its stakeholders, and at which definite time it has to be established. Eventually the author will reveal the positive impact on GTM as opposed to the inadequate use or complete lack of a module might negatively affect GTM and the whole corporate organization.

#### 4.2.2. The Playbook - explaining the five equally crucial must-haves

The following conclusion of each module of the playbook provided by the author is seen as essential for a beneficial application and a sustainable GTM in the future:

##### 4.2.2.1. Openness

Table 2.5

Table showing the authors assessment of openness as relevant module for the GTM playbook (Source: authors own).

### OPENESS

The MNE - or strictly speaking its GTM and strategic board - requires remaining open and curious at all times and on all hierarchical levels to observe new trends in the global workforce or economic changes.

This openness has to get support from courageous corporate decision making stakeholders who are open and ready to try new strategies, operative tools or technologies in GTM.

The MNEs also ought to be open to talents, that are on the other hand open to actively change, innovate, participate and co-create the corporate environment.

### Significance

In times of significantly quick changes in the global human capital, the MNE will only remain competitive by acting before trends establish themselves globally. Reacting to already established trends might threat the MNE to lose its

competitive advantage towards other MNEs.

**Stakeholders** MNE from the top - to bottom business line: board, GTM-leaders, GTM-team and all talents.

**Establishment** Openness has to be part of the corporate culture towards talents. It has to be actively lived on an everyday base in the MNE.

Onboarding is the ideal starting point for the MNE to act as a chaperon of Openness.

However employees and the employer himself shall get motivated on a regular base to refresh their openness.

This can be achieved e.g.: by intern voluntary competitions without any borders to creativity. In reward the MNE gains new perspectives, innovative ideas and in the best case new performance tools to incorporate in the business line.

The employees on the other hand gain rewards by award presentations, recognition of their contribution to shaping the corporate organization, or even leading the implementation team of their brilliant invention.

**Impact - positive** The positive impact is undeniably reflecting on a respectful cooperate culture and a productive and (self-) driven work atmosphere. Both sides – employers and employees –benefit from openness of all human capital within the MNEs.

**Impact - negative** Negative impacts by scarce or lacking openness could evolve in a corporate innovation slowdown and thus the decline of the MNEs profitability on the long run.

Employees might gloom about the missing possibility to participate in shaping the enterprises structure, lack the extra

portion of recognition and resign from their employer in order to realize their full potential at another MNE that fully appreciates openness as integral component of the corporate culture.

#### 4.2.2.2. Disruptive Innovation

Disruptive innovation (Figure 3.3) gives a completely new impulse to managerial strategies leading into GTMs future: employers recognize that GTM as it has been used in the last 25 years since the “war for talent” started has to undergo a radical change in some of the MNEs or even an innovation from scratch in other MNEs.

Alert employers know that the individual talents needs have to become their main focus in GTM, rather than their own corporate management by objectives (MBO). Those attentive employers also conceive that a smart and sustainably managed talent pool will automatically lead to reaching their business targets.

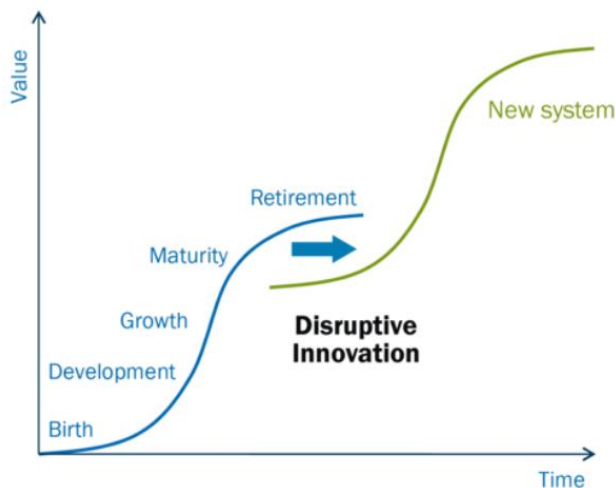


Figure 3.3

Figure showing the goal of implementing a new system by disruptive innovation in GTM as relevant module for the GTM playbook (Source: Altran 2013).

The authors' recommendation for MNEs is to comply with the following three-step plan to apply disruptive innovation to their existing GTM:

- (1) The employers have to aim to truly understand what makes their talent happy in the working environment (see also Chapter 3.2.2.3 and 3.2.4).
- (2) In the next step employers need to define SMARTER goals (Table 2.6) in order to achieve their talents work satisfaction. SMARTER stands for specific, measurable, acceptable, realistic, timely, enjoyable and reevaluated.

Table 2.6

Table showing the definition of SMARTER goals of disruptive innovation in GTM (Source: authors own).

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### **SMARTER goals of the new GTM**

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**Specific:** Goals in the new GTM have to be clearly determined by the management team (- board and GTM-leaders) before communicating them to the GTM team and talents. Only specific GTM-goals make them measurable and controllable throughout their whole operational-cycle.

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**Measurable:** Supportive IT technologies and performance tools measure the output of GTM: if MNEs do not measure their pro- and regress in the new GTM, they will presumably fail in managing it.

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**Acceptable:** Goals have to be accepted at all times by employers who manage them and talents who perform them.

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**Realistic:** goals have to remain realistic and feasible for the timeline planned. The employer has to consciously admit flexibility and openness to changes within the program to keep it on a realistic track.

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**Timely:** The GTM goals must get structured by a specified time frame. It defines the overall lifecycle, urgent milestones and completion date. Timed goals are supporting progress measures over defined time periods. Subitems have to remain flexible to adapt quickly to possible changes in operations.

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**Enjoyable:** Goals shall not only be realistic, but enjoyable in order to perform

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them in a motivated and thus successful way for employers and talents likewise.

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**Reevaluated:** GTM circumstances and requirements might change periodically and most likely require adjustments of goals accordingly. Regular GTM-team discussions, reviews and revisions ensure that the changing needs of corporate GTM are always being considered.

- (3) Finally the employers are requested to implement all essential measures to manage, measure and control their SMARTER goals at all times and analyze them on a regular base to improve them wherever and whenever necessary.

MNEs who comply with this three-step plan will be able to lead their new GTM into an increase of appreciated value over time by disruptive innovation.

Table 2.7

Table showing the authors assessment of disruptive innovation as relevant module for the GTM playbook (Source: authors own).

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## **DISRUPTIVE INNOVATION**

Disruptive innovation in the case of GTM - starting into a sustainable future - implies that organizations have to allow the process of developing new GTM strategies, tools and technological applications in order to replace existing ones that do not work well or at all. By this overall disruptive innovation on GTM MNEs will be able to gain a competitive advantage by growing appreciation value over time.

The time slot for admitting this disruptive innovation is right now and shall not be missed by MNEs, as the turning point for GTM has already been reached in the last five years to get completely revolutionized on all performance levels.

Talents accommodate their employer in this dramatic change

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with their readiness and openness (See Table 2.6) to transform GTM and thus improve their individual career path within the corporate organization.

The most important awareness for MNEs is to understand that they will no longer be able to recruit their talents actively in the future. Very soon the shift will be completed in which employees are mainly being passively recruited by a strong and positive employer branding (See also: Chapter 3.2.2.3).

Foresightful employers will support disruptive innovation by fostering employer-employee relationships - by all necessary strategies, tools or technologies - as those will certainly be more valuable to the MNEs in future GTM than purely knowledge-skills of talents (See also: Chapter 3.2.2.3).

#### Significance

The significance of GTMs disruptive innovation is highly powerful: MNEs that are able to usher GTM into a new era will remain on the bright profitable side as opposed to their competitors that do not allow this kind of disruptive innovation within their organization.

They have understood that it is their compulsive responsibility to prepare their organization in the best possible way to significantly increase their attractiveness to talents. As evolved in Chapter 3 talents will chose their employers in the future, not the other way around. MNEs that are not prepared in the best possible way by a GTM that meets all future requirements will lose their talent pool to competitors and find no more replacement.

#### Stakeholders

Stakeholders in the case of disruptive innovation are clearly all decision makers of the board, SHRM- and GTM-team.

**Establishment** The management team (board, SHRM, GTM) has to decide on the new managerial performance measures for starting the new era of GTM within the organization. Specialists of diverse business fields support them in developing all necessary tools and technologies.

**Impact - positive** As mentioned above MNEs allowing disruptive innovation of GTM to happen, will – in the best case - take over the lead of profitability in their business branch (See also line: Significance).

**Impact - negative** All drastic change within an organization causes big objections from all stakeholders involved. The MNE has to apply a very considerate corporate culture in unison with implementing all GTM innovation.

Cost for the overall corporate disruptive innovation on GTM will be difficult to calculate. A generous contingency might be one way to provide security on the financial aspects.

As the new era of GTM evolves literally everything (strategies, processes, tools, technologies, some stakeholders and talents) will be new: trial and error will accompany the overall process of the disruptive innovation on an everyday base. This dynamic requires a profound commitment of all people involved and a high flexibility and creativity to change or adopt worked-out strategies.



### 4.2.2.3. Simplification & Flexification

Table 2.8

Table showing the authors assessment of Simplification & Flexification as relevant module for the GTM playbook (Source: authors own).

<p><b>SIMPLIFICATION &amp; FLEXIFICATION</b></p>	<p>MNEs have to make sure they simplify &amp; flexify their GTM. Today's business environment claims for more speed, more flexibility and a higher ability to lead in uncertain times, than it has ever before.</p>
<p>Significance</p>	<p>Blurred GTM - positioning within the organization, complex GTM-strategies, complicated IT-systems, far too much big data, rigid workplaces and working hours demonstrate an underestimated obstacle to the corporate business progress: some changes take place quicker than MNEs are able to react to it in any way. The only answer to face this huge challenge for GTM is to set-up a simple and flexible new GTM. This kind of GTM is acting proactively ahead in consideration of the impacts of the new work trends (see also Chapter 3.3), rather than react to the already existing changes.</p>
<p>Stakeholders</p>	<p>The decision makers of the MNEs board, SHRM and GTM.</p>
<p>Establishment</p>	<p>Simplification &amp; Flexification have to get established by corporate business compliances within the organization by the decision makers as mentioned above. Those compliances make sure the same regulations apply to all talents throughout the MNE.</p>
<p>Impact - positive</p>	<p>Simple and flexible structures are more easy to use, manage and adjust. Each party involved using those structures will benefit from those advantages by better time management,</p>

performance efficiency, stimulated innovation and cost savings.

E.g.: architectural workplace design meeting the new ways of flexible working will provide large savings on operational real estate costs for the employer on the one hand and admit more informal meeting places which stimulate creativity as well as any break boosts the employees' productivity.

**Impact - negative**

Negative impacts by scarce or lacking simplified and flexified structures in GTM could provoke insufficient depth in certain crucial areas. It is the responsibility of the stakeholders to adjust any areas that require less simplification or flexification in order to achieve better results from running them to the full extend.

**4.2.2.4. Integration**

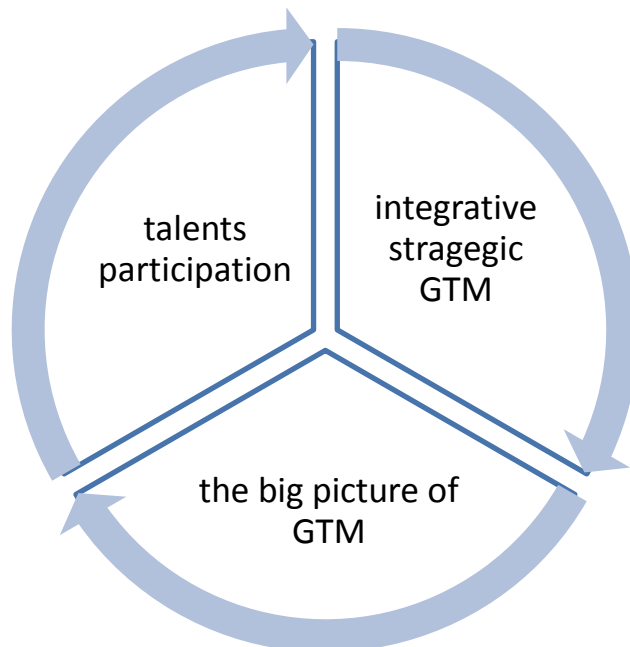


Figure 3.4

Figure showing the authors assessment of the virtuous GTM circle of integration - as relevant module for the GTM playbook (Source: authors own).

Integration forms a virtuous circle for GTM by three main components as assessed by the author: talents participation in GTM, GTM as an integrative strategy being a part of the corporate strategy and finally the big picture of GTM in the global sociocultural and economic context (See also: Chapter 3.3).

Table 2.9

Table showing the authors assessment of three equal levels of integration as relevant module for the GTM playbook (Source: authors own).

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## INTEGRATION

1) GTM is of significant importance to MNEs sustainable success. Thus it is crucial to **integrate GTM** directly into the corporate strategy management board. There both strategic decision maker parties have to decide together on a clear corporate strategy of GTM that pursues the corporate mission.

2) **Participation of talents** sustains the success of GTM as talents being in the performance process of GTM experience themselves the benefits and downsides evolving from the strategic decisions taken in the boardroom for the corporate GTM. The board and top GTM are expected to stimulate talents direct participation for positive feedback and innovative proposals. Talents who are aware of being able to actively participate are more likely to relate to the corporate GTM culture.

3) MNEs always have to be aware of **the big global picture**: once a corporation successfully establishes a shift towards sustainable work conditions supported by GTM, employees will gain in happiness on the job and in an ideal case even in better general health. Eventually the MNEs economic viability is given by its efficient workforce.

The big picture shows that also nations and (global) economy benefits from smart GTM: unemployment rates are likely to decline, while economies are likely to flourish thanks to the satisfied, healthy employed workforce.

Far-seeing countries and trade assassinations will launch all necessary laws to support their companies' economic drive by sheltering new labor rights consistent with the new ways of working. Nations have to provide a stable balance between a lasting economic boost and sustainable human work conditions.

Significance	The overall significance that results from the interconnected virtuous GTM circle is an appreciable economic drive under sustainable human work conditions.
Stakeholders	Stakeholders are represented from top to bottom business line as well as comprehensively nations and economic trade associations.
Establishment	The establishment of the virtuous integrative circle of GTM has to be performed on all three levels likewise. In case they are not equally developed and in use, the others might face major obstacles to their efficiency.
Impact - positive	The advantage from Integration is economic prosperity to the MNEs and globally to trade and a satisfied, healthy and employed human capital.
Impact - negative	Disadvantages form a non-existent or non-efficient Virtuous GTM circle are sinking profits at MNEs and rising global unemployment rates by declining global economic growth.

#### 4.2.2.5. Diversification

Table 3.0

Table showing the authors assessment of diversification as relevant module for the GTM playbook (Source: authors own).

**DIVERSIFICATION** MNEs have to encourage diversity within their workforces' talent pool. Several groups of human capital have been overseen a lot in the past, though a high potential for extending the corporate talent pool can get unlocked by opening those up to challenging job positions: e.g.: female employees (see also: Chapter 3.2.3.2) and older employees (50 years and above) who both come more and more onto the job market.

Young (college and university) graduates should be put into responsible jobs right after finishing their degree: they are highly-skilled and extraordinarily driven to translate their knowledge into best practice. Some of them are even over-qualified at young age: multiple degrees and professional experiences by several traineeships during their studies (cf. (a) ORF 2015).

Talents from completely different branches bear their potential in the ability to contextualize. Their strength is their creativity in solving problems. (See Chapter 3.2.3.3)

**Significance**

Diversity has an enormous potential talent pool for the future and is able to close the existing skill-gaps of current talent pools:

- (1) pushing corporate culture relationships upfront by inherent female sociocultural abilities,
- (2) getting a full cross-generational picture,

(3) solving problems better and quicker than the competition would do,

(4) adding up to the MNEs openness by showing respect for diverse workforce groups,

(5) gaining further competitive advantage by being able to identify customers' needs by representatives of diverse groups of people within the own MNE.

**Stakeholders** MNEs board and SHRM have to authorize diversification and anchor it by corporate legislation. GTM is performing it.

**Establishment** Once the board specifies (a certain) diversification (quota) together with the SHRM, diversification has to be supervised in its execution phase by the GTM. The boardroom and SHRM will remain in charge of monitoring the adherence of the diversification standards performed by GTM periodically and adjust them wherever necessary.

**Impact - positive** The positive impact by diversification of the MNEs global human capital is to provide a continuous knowledge pool of corporate talents.

**Impact - negative** Negative impacts by scarce or lacking diversification within the corporation might evolve in bad employer branding, thus lower attraction for (maverick) job-seekers and a loss for the companies creative innovation in the long term.

### **4.3. The new understanding of future GTM**

Based on all prior research the author feels deeply confident that a new era of GTM is awaiting the global corporate business world. MNEs have to step back

from existing definitions, strategies and performance tools and open their mind innovating GTM.

Vigilant MNEs have already accepted that the turning-point of former GTM to a new era of GTM has been reached by creative destruction of the traditional GTM.

Those MNEs have already put all necessary actions to be taken into their strategic planning or even into a best practice performance. The main drivers for GTM–globalization, demographics, need for competencies and their supply and demand (see Chapter 2.1.2) - have not changed, but got intensified and diversified triggered by a much more global world than in the beginning of GTM in the 1990ies of the last century.

MNEs have to be cautious towards the shift in (particular) trends among those drivers (see Chapter 3). Mutual dynamics e.g.: in Flexicurity - flexibility versus security - (see Chapter 3.2.3.4) is no discrepancy among the new GTM, but a logic reaction to the global trends.

By reframing the challenges to GTM into opportunities and strengths for a newly structured GTM, the MNEs are able to tap the full potential and become the innovative leader of their branch by the most potential global workforce.

In the following chapter the author will recommend future implementation measures for GTM on the managerial, operational and technological level. Work and human capital trends as discussed in the prior Chapter (see Chapter 3.2) will be the point of reference and compared with the perceived positioning of GTM practices in the past.

#### **4.4. The future implementation of GTM**

In the authors opinion professional and precise managerial set-up of GTM is the linchpin of an entirely successful future GTM operation in an MNE. Prior research data substantially support this theory by week figures of IHRM in GTMs strategic incorporation, leadership and readiness in certain trend driven areas (See also Chapter 2.1. and 3.1).

#### 4.4.1. Managerial strategies

The first managerial strategy for successful GTM implication is the clear positioning and definition of GTM within the corporations. Only once they have been set and widely communicated to all stakeholders in the MNE - from the board to the individual talent – further managerial goals, strategies, and supportive tools for GTM operations can be developed.

##### 4.4.1.1. Facing Global Talent Challenges (GTC)

GTM at a particular MNE will only be able to set up and implement successful future strategies once the Global talent challenges (GTC) are clearly understood.

*“GTC include managing a firm to ensure just the right amount of talent, at the right place, at the right price, and at the right time when at times there may be shortages of talent and at other times surpluses of talent. These are all 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 longer term“* (Berndt, 2010: p.216).

As revealed in the prior chapters GTM gets strategized *“consistent with the strategic directions of”* (Berndt, 2010: p.217) the MNE and furthermore consistent with the *“degree of inclusiveness chosen by the MNE (regardless of size) in a dynamic, highly competitive global environment.”* (Berndt, 2010: p.217). GTM is effectuated by *“HR actions including: planning and forecasting, obtaining, selecting, motivating, developing, retaining, reducing, and removing the individuals based on their competency and motivation levels”*. (Berndt, 2010: p.217).

The recent survey of Deloitte in 2015 about the *“Global Human Capital Trends 2015”* (Deloitte University Press, 2015) goes more into detail and points out ten specific and relevant global *“talent challenges”* (Deloitte University Press, 2015: p.3 et seqq.) that intervene in future GTM as shown in Table 3.1 (cf. Deloitte University Press, 2015: p.3 et seqq.):



Table 3.1

Table showing 10 global talent challenges by Deloitte as defined in 2015 (Source: Deloitte University Press, 2015: p.3).

Figure 1. The 10 trends in the 2015 *Global Human Capital Trends* report

<b>Leading</b>	<p><b>Leadership: Why a perennial issue?</b> Companies are struggling to develop leaders at all levels and are investing in new and accelerated leadership models.</p>	<p><b>Learning and development: Into the spotlight</b> Companies are actively exploring new approaches to learning and development as they confront increasing skills gaps.</p>	
<b>Engaging</b>	<p><b>Culture and engagement: The naked organization</b> Organizations are recognizing the need to focus on culture and dramatically improve employee engagement as they face a looming crisis in engagement and retention.</p>	<p><b>Workforce on demand: Are you ready?</b> Companies are taking a more sophisticated approach to managing all aspects of the workforce, including the hourly, contingent, and contract workforce.</p>	<p><b>Performance management: The secret ingredient</b> Organizations are replacing traditional performance management with innovative performance solutions.</p>
<b>Reinventing</b>	<p><b>Reinventing HR: An extreme makeover</b> HR is undergoing an extreme makeover to deliver greater business impact and drive HR and business innovation.</p>	<p><b>HR and people analytics: Stuck in neutral</b> Too few organizations are actively implementing talent analytics capabilities to address complex business and talent needs.</p>	<p><b>People data everywhere: Bringing the outside in</b> HR and talent organizations are expanding their HR data strategies by harnessing and integrating third-party data about their people from social media platforms.</p>
<b>Reimagining</b>	<p><b>Simplification of work: The coming revolution</b> Organizations are simplifying work environments and practices in response to information overload and increasing organization and system complexity.</p>	<p><b>Machines as talent: Collaboration, not competition</b> The increasing power of computers and software to automate and replace knowledge workers is challenging organizations to rethink the design of work and the skills their employees need to succeed.</p>	

Graphic: Deloitte University Press | DUPress.com

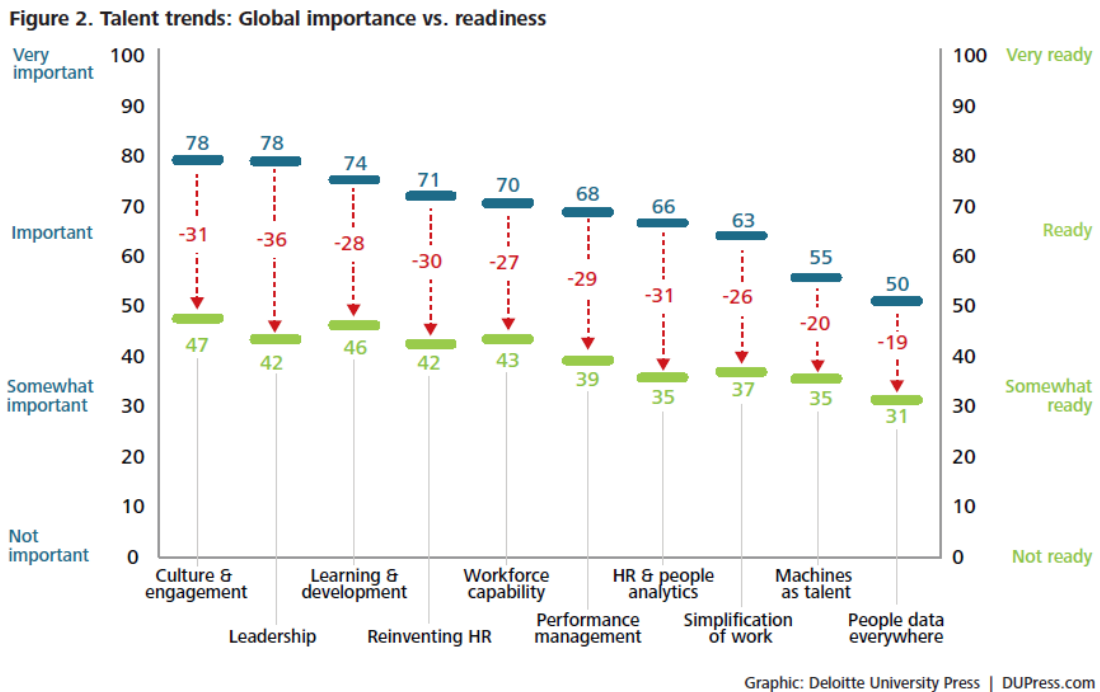
Table 3.2 by Deloitte shows the enormous gap between the global importance of each challenge versus the readiness for facing it by MNEs (cf. Deloitte University Press, 2015: p.4).

The biggest discrepancies evolve first: in “leadership” (-36%), second: in “HR & people analytics” as well as in “culture & engagement” (both -31%) and third: in “reinventing HR” (-30%) (cf. Deloitte University Press, 2015: p.4).

The least divergence due to the survey's findings respondents see in "people data everywhere" (-19%), followed by "machines as talent" (-20%) and terminated by "simplification of work" (-26%) (cf. Deloitte University Press, 2015: p.4).

Table 3.2

Table showing the varying global importance versus the global readiness for talent trends (Source: Deloitte University Press, 2015: p.4).



The results are all together alarming, as there are vast voids of -19% up to -36% between the valued importance level and the actual corporate readiness, but no surpluses in any of the ten relevant areas.

By its importance clearly the most work in IHRM and furthermore in GTM in MNEs is waiting to be accomplished in both challenges of the "leading" sector: a vast gap is present in -36% in leadership and followed by -28% in learning& development.

Secondly corrections and improvements in the second sector of "engaging" have to be put into practice: divergence is led by "culture & engagement" by -31%, "performance management" by -29% and "workforce capability" by -27%.

To come in last are the sectors “reinventing” (by -30% for “reinventing HR”, -31% for “HR & people analytics” and -19% for “people data everywhere”) and finished off by the sector “reimagining” (by -26% for “simplification of work” and by -20% for “machines as talents”).

#### 4.4.1.2. Positioning of GTM

GTM's positioning ought to get integrated smartly and precisely as the interactive interface between the corporate board and global strategic human resource management (GSHRM). Managerial decision takers have to urgently pass the traditional hierarchical linear structure of GTM finishing the process line off after the board and GSHRM.



Figure 3.5

Figure showing the non-integrative strategic positioning of GTM in corporate management (Source: authors own).

Integrated and interactive structure of future GTM after 2015:

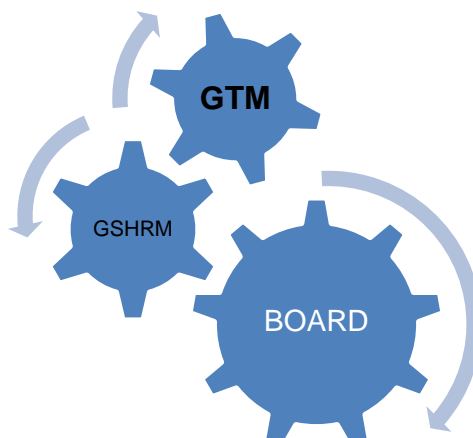


Figure 3.6

Figure showing the authors recommendation for strategic integration of GTM in corporate management (Source: authors own).

Global strategic human resource management (GSHRM) and its integrated part of GTM have to work closely together with the corporate management board on a regular base. It is crucial to the success of both to remain in a permanent interchange to secure the MNEs performance and financial success. Only a strong relationship between the board and HR account for their efficient workforce and – in the economic sense - for remaining, or gaining a competitive advantage in the global economy (See also p.48).

The author is a firm believer that those interactive and integrated work processes are absolutely crucial as the first step and a solid foundation in setting-up a smarter GTM for the future within any MNE in any industry.

#### **4.4.1.3. Cultural approaches and decision-making strategies**

The biggest asset of an MNE is their existing talent pool (See also p.34). MNEs and countries governments have to start their initiatives to fight against the global workforce crisis now. The challenges of this global workforce crisis consist of: overall labor shortage, huge skill mismatch, migration and a big cultural challenge (See also Chapter 3.2.2). Today the turning point has already been reached. Companies and countries require working together on a solid people strategy, consisting of four major initiatives due to BCG in 2015 (cf. (b) The Boston Consulting Group, 2015) - that the author agrees to:

- (1) **Workforce planning** for supply and demand for different job and skill requirements. This planning will “*become more important than financial planning.*” ((b) The Boston Consulting Group, 2015).
- (2) **Attraction planning** for (highly) skilled employees in order to make use of their full potential: e.g.: generation Y, women and retirees.
- (3) **educate and upskill planning** for the existing work force
- (4) Realize and notably foster an **appreciation and relationship culture** by the countries and MNEs as employer in order to achieve retaining the best employees within the corporation and the own country. (cf. (b) The Boston Consulting Group, 2015).

(5) The author believes a fifth necessary initiative to be added: **sustainability management**, focusing on the implementation and fostering of sustainable measures in GTM on all levels and for all stakeholders (See also p.37, Ehnert).

Table 3.3

Table showing five key initiatives in people strategy (Source: authors own, based on (b) The Boston Consulting Group: 2015).

**People strategy**

(1) Workforce planning	Supply and demand for different job and skill requirements
(2) Attraction planning	Unfold full potential of skilled employees
(3) Skill planning	Optimize existing workforce
(4) Recognition culture	Retain valuable employees by strong appreciation and relationship culture on daily base
(5) Sustainability management	Manage the corporate talent pool as the most valuable asset of the MNE in the most sustainable way possible

The fourth and fifth initiative (- appreciation and relationship culture and **sustainability management** -) are probably the most important ones: if MNEs and governments do not change their attitudes towards employees as crucial and potential resources for future growth, but as assets and costs (cf. (b) The Boston Consulting Group, 2015), they have already surpassed their chance of turning the future workforce challenges into their own benefit.

The author believes that once the base of the people strategy is well established at the MNE, organizational linkages and location planning will easily and intuitively arise from it.

#### **4.4.2. Future operational stages**

The author reckons future operational stages remain dependent on the three main trigger for GTM trends, talents and MNEs. An overall formula for MNEs remains to innovate also operational stages due to the external and internal factors: in general it seems evident from the prior research that all stages lack behind in their innovative processes.

#### **4.4.3. Future GTM tools**

A similar perception - like the author revealed for operational stages - applies to future GTM tools: interdependent with the set-up of the best fit GTM stages, tools are ample amenable to change. In some cases adjustments of existing tools might be sufficient enough, in other ones overall innovative implementations of tools might be more useful. This task is one of the main challenges to MNEs for defining their playbook of (new) GTM tools.

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## 5. SUMMARY

„*Strive not to be a success, but rather to be of value.*“ ((c) Brainy Quote 2015)

Albert Einstein, German physicist (1879 - 1955)

In this final chapter of the Master's Thesis the author takes a look back where GTM came from: a general conclusion approaches advantages, disadvantages and synergies in GTM.

The chapter will conclude by an overall summary on the crucial potential for a successful corporate future of MNEs summarizing the output of this Master's Thesis literature research and the authors perception on a new era of GTM for its prosperous future.

### 5.1. Value add and competitive advantage to MNEs by GTM

There is still very few substantial research data of the positive outcome on an organizational or individual level by GTM in general. Significant value for the organization of an average of four times more productivity can be generated by effectively managed top performers regardless of industries or geographical areas concerned. Employees, who pursue a repetitive job, are two to three times – employees in creative or specialized jobs even up to six times more productive, than average performers without any GTM emphasis. (cf. Collings, *et al.*, 2015: p.210 f.)

PwC state in their 18<sup>th</sup> global CEO survey in 2015 under the key findings on diversity, that “*Talent diversity and inclusiveness are ... seen as ... crucial competitive capabilities*” (Price Water Cooper: 2015).

85% of the interviewed CEOs of MNEs believe that those factors have crucially improved the bottom line of the enterprises business outcome in today's competitive global environment (cf. Price Water Cooper: 2015). The survey of 2015 underlines the scarcity of data analytics as only 46% of CEOs confirm that their organization use those in order to provide “*a better insight into how effectively skills are being deployed*” (cf. Price Water Cooper: 2015).

## **5.2. The downside and losses to MNEs by GTM - the aim to sustain the talent pipeline**

IHRM and later on GTM were a logical strategic answer to the worldwide internationalization of economic life and globalization of entrepreneurial activities ever since the 60ies of the last century: liberalization of markets and regulations around the globe made new, large economic zones and trade areas possible. Innovation created new supportive technologies, communication, IT- and transportation systems. The downside to this globalization wave raised tougher economic competition, higher pressure on cost efficiency in production and labor force and hence encouraged outsourcing or offshoring to cheaper emerging markets (cf. Festing, *et al.*, 2010: p. 51).

In order to gain competitive advantage over the global business competition IHRM and GTM are responsible for guaranteeing access to boundless business networks. They have to provide a pool of internationally and intercultural highly trained and qualified employees (mainly on the managerial job level). Lastly they ought to secure multinational knowledge transfer within the organization (cf. Festing, *et al.*, 2010: p. 51).

The downside to an unsatisfying GTM or the lack of it is a resulting high turnover of employees. Turnover negatively influences direct and indirect cost, ROI (Return of Investment) and knowledge transfer. Only an efficient GTM is able to provide long-term productivity of intern global talents by contributing its efficient management (cf. Festing, *et al.*, 2010: p. 51).

## **5.3. How to bundle synergies and overcome barriers to GTM**

Barriers to GTM are complex and thus challenging in their exceptional positioning in the global context. Some of the main barriers have been identified by a “*survey of more than 1,300 executives worldwide*“ by Guthridge, *et al.*, in 2008 (by Guthridge, *et al.*, 2008; cited from Berndt, 2010: p.224).



Generally summarized those barriers are:

- (1) obstructive organizational structures
- (2) uninformed or indifferent management
- (3) missing linkages between GTM and corporate (competitive advantage) strategies
- (4) missing recognition for HR actions across other professions within the MNEs (cf. Berndt, 2010: p.224).

Positive results of several MNEs overcoming the obstacles mentioned above have been manifested in the survey of Guthridge, *et al.*, in 2008. The main triggers for success seem to result from “*commitment, leadership and involvement of the very top management*” and “*improvement of the HR department’s impact*” (by Guthridge, *et al.*, 2008; cited from Berndt, 2010: p.224).

#### **5.4. Overall summary**

GTM has always been and still is multifarious in all ways (managerial, strategic, operational, tools, technologies). Most likely GTM will remain developing in that way: there is not one unified implementation of GTM worldwide that is applicable for all MNEs homogeneously. GTM occurs in a wide variety across the global corporate world still highly dependent on each MNEs business culture and its mission of an organization (See also p.25).

GTM is going to remain crucially relevant and economically beneficial for MNEs of any size - even MNEs employing less than 10.000 employees (See also p.42). In Chapter 2 (p.17-20) the beneficial output on rising revenues and profits of MNEs has been quantified in remarkably figures. The starting point for using GTM in the future remains in higher profits to any MNE that succeeds it managing GTM precisely, profoundly and highly professional as opposed to MNEs without GTM.

Nations, trade unions and MNEs are challenged to maintain a sustainable competitive advantage in today’s global economy. One supportive measure is a satisfied global workforce managed by the corporate GTM departments.

The new work world differs dramatically from the former strictly hierarchically lead organizations: today the work environment is much more agile and flexible due to the limitless trading zones.

Corporations have to understand the needs of their human capital for strong and long lasting employer-employee-relationships and for an open business culture of value proposition. Two mayor desires of the self-paced talents are (1) active participation in the development of GTM and (2) appreciation of the talents work-performance.

Employers need to provide their global talent-pool a talent-orientated environment that is no longer only employer focused. The employers also have to provide their talents with a sincere relationship of trust and a culture of approving individual and creative freedom and finally of transparent recognition of the talents contribution to the MNEs success.

The change within the global work-world applies to different career paths and types of talents - not only to talents moving abroad (expatriates and frequent flyers), but it also affects talent working at the HQ of an MNE at home or multinational cross-border project teams. (See Chapter 6: Appendix)

Countries and trade unions are foresightful to support MNEs with a well-performing GTM.

The time is now or never to admit the value of GTM to economic prosperity and even more to a sustainable work society around the globe. It is the responsibility of every stakeholder in GTM to see the global big picture and to participate in the best possible way to make this global work environment worth living for the forthcoming generations: GTM is one precious puzzle piece to achieving this aspiring goal.

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## APPENDIX

### Further terms in GTM

#### Global career

Global career in an MNE is defined by a career path that *“takes place in more than one region of the world, either sequentially or concurrently”* (Festing, *et al.*, 2010: p.50). The term includes various kinds of jobs interacting globally within the MNE – in the traditional way this meant only long term expatriates send abroad for one to five years, but in the new modern interconnected world of today there is a much broader understanding of working global as work contact is no longer restricted to direct, personal connectivity abroad, but more importantly to a virtual connectivity across various markets, cultures and time zones. Those careers include project wise short term workers abroad, dual-career couples (who follow their own career path independent of the partners career) or Flexpatriates that commute between a permanent home base and two, or more work places wherever needed. This trend towards more Flexpatriates evolved mainly by very costly deployment and compensation for MNEs of the emitted employees. Flexpatriates are seen to be better adapted to the requirements of the global work environment (cf. Festing, *et al.*, 2010: p. 50 f.).

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#### Different talents in MNEs

- Expatriates
- Flexpatriates  
e.g.: International commuting/Frequent flyer/Euro-commuting
- Dual-Career Couples
- Non-Internationals (working global at home) (cf. Festing, *et al.*, 2010: p. 50 f.).

### **AD: 3.3.1. A comparative outlook of the three fastest growing economic regions and their potential impact on GTM in the future**

#### **The USA**

##### Politic context

The U.S.A. represent the oldest consistently sound presidential democracy in the world, set up as a federal state. Its fundamental structures have not been changed ever since their establishment by the Constitution in 1789 – the oldest one worldwide still in use (cf. Americanet 2015).

The U.S.A. are divided into 50 states and the District of Columbia. American Indians have a special status in the US-American society as well as their territories are governed differently (cf. Americanet 2015).

The US-American political system stands out from other democracies by its strict division of powers into three areas: the executive area is represented by the US president; the legislative Congress is split up into the Senate and the House of Representatives; and finally the adjudicative that is ruled by the Supreme Court (cf. Americanet 2015).

The US-American people are represented by the two-party-system of Democrats and Republicans to the greater or lesser extent. Democracy in the USA is a profound part of the inhabitants' every-day life. Freedoms of religion or speech and equality have a much higher standing in the USA compared to e.g.: European democracies. Another differentiation between US-American and European democracy lies in its orientation towards a democratic capitalism rather than a socialist democracy (cf. Americanet 2015).

##### Social context

US-American individuals reflect the political understanding of their democracy (as described above) in in their strong self-reliance and the higher restraint of the state in any private matters (cf. Americanet 2015).

The working paper by the IMF from April 2015 deals with “recent U.S. labor force dynamics” (cf. Balakrishnan, et al., 2015: p.1):

After 2007 the U.S labor force participation rate (LFPR) fell dramatically and only recovers slowly, but in general the LFPR will continue to decline due to the given aging of the US-population. BY this implication workforce demand and supply drift apart and produce a labor force scarcity for the years to come. Macroeconomic policies are important in order to stimulative and reacquire full employment in the U.S. Macroeconomic measures and national work policies will be necessary to exterminate the still prolonging disadvantages of the recent economic crisis onto the labor market “(e.g., *loss of skills, discouragement*)” (Balakrishnan, et al., 2015: p.2).

#### Economic context & Business environment

The USA is the economic hegemon representing the largest worldwide economy (cf. Smialek 2015) with an annual GDP (PPP) of \$16.8 trillion at 1.9% growth in 2013 (cf. Index of Economic Freedom 2015: p.449).

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The USA has a population of 316.4 million. The official unemployment rate was at 5.9% in September 2014. The labor market represents the most free labor market worldwide (98.5%). It is primarily regulated by the state (cf. Index of Economic Freedom 2015: p.449 f.).

Though the open market economy of the USA is the global economic hedgemon, its economy could perform better. A helpful boost in the energy industry “*made the U.S. the world's largest producer of oil and natural gas*” (Index of Economic Freedom 2015: p.449).The average tariff rate is 1.5 percent and the foreign direct investment (FDI) inflow \$187.5 billion (cf. Index of Economic Freedom 2015: p.449 f.)

The author believes that the distinct self-reliance of US-American people is a key factor for **GTM**: it is freer in the USA due to the high autonomy of employees, while in other regions supportive regulations by the state might drive GTM to better outputs.

## The Republic of India

### Politic context

The Republic of India represents the world's largest democracy. In the recent election in 2014 814 million Indians were eligible to vote (cf. Mahr 2014).

### Social context

The Republic of India had a population of 1.25 billion inhabitants according to the Worldbank by the end of the year 2013 (cf. The Worldbank 2015), ranking as the second-most populous country in the world - right after the People's Republic of China. India represents around 17.5% of the world's population and is forecasted to be the most populous country in the world by the year 2028 (cf. World Population Statistics 2014).

For **GTM** among MNEs it is crucial to conceive that India is going to represent 20% of the overall workforce worldwide within the next 10 years. This number will imply 100 million new jobs answering India's tremendous demographic growth (cf. Lingenheld 2015).

Further interesting by demographics is the comparatively low age of 27 of the average population, standing for a very young, increasingly educated workforce introducing themselves onto the (global) labor market: onto Indian national companies as well as onto subsidiaries of MNEs. By 2020 India is expected to take over the second rank among the world's higher educated graduates, right behind hegemon China. By holding 12% globally, India will assign the US to the third place globally (cf. Lingenheld 2015).

### Economic context & Business environment

The Republic of India is certainly going to take over the lead from China driven by its unbelievably growing demographics, and become the global leader in economic growth by 2017. Due to last year's elected Prime Minister, Narendra Modi, India has a new strong leader. Concerning economic developments he has successfully decreased the high interest rates down to 7.75% in January 2015 and is in charge

of various structural reforms, e.g.: reducing the high inflation rate down to the targeted 6% by the beginning of the year 2016. Supportive to all business lines was the drop of oil prices in 2014, as India imports 80% of its national stock. Securing a more fertile business environment is important to attract capital by investors, as the lack in nation-wide subsidiary infrastructure still remains an essential obstacle to India's fast growing economy (cf. Lingenheld 2015).

## **The People's Republic of China**

### Politic context

The People's Republic of China states itself as (1) *“The Communist Party of China is the country's sole political party in power.”* (The Constitution of China 2004) and continues further in (2) *“The socialist system led by the working class and based on the alliance of the workers and farmers is the fundamental system of the People's Republic of China.”* (The Constitution of China 2004). To conclude in (3) that *“All rights belong to the people”* (The Constitution of China 2004) and in (5) that *“The organizational principle for the state organs is democratic centralism.”* (The Constitution of China 2004).

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Seen from the outside China can be cautiously categorized as an open market ruled in socialism with Chinese cultural characteristics (cf. The Economist 2015).

### Social context

China's demographic is undergoing major changes: its working population is going to decline by nearly 4 million due to its large share of older, non-working population. In 2014 the labor pool of China contained 915.8 million people. By 2025 the contribution to the national economic growth by Chinas labor pool will decline, opposing to its driving effect during the years 1995 - 2015. The Chinese employee shrinkage involves the advantage of low unemployment figures on one hand, but on the other hand arises disadvantages in Chinas export competitiveness that pushed the nation's economic expansion throughout the last 30-year ( cf. South China Morning Post 2015).

**GTM** should pay attention to the demographic shift in the labor force on the long-term; an immediate labor shortage is not predicted. The authorities will be challenged by the call for improving work conditions. Family life, that used to be restricted by the one-child policy since the 1970s, has been liberalized for certain families to a two-child policy in 2013. Arising challenges from this restriction have been a demographic overflow of male population, and its fiscal expenditures on the bachelors' pension funds. Alarming sociocultural impacts of China's family policy are rising divorce rates and increasing sexual violence towards the female population (cf. South China Morning Post 2015).

### Economic context & Business environment

The People's Republic of China represents the world's second-largest economic power, but the fastest growing economy by world standards Q1 2015 (cf. Smialek 2015). *"The danger" [...] in China's tremendous economic growth over the next decades is that it "will seek greater power in the world as a substitute for fundamental changes at home."* (The Economist 2015). The Economist's forecasts China is going to take over the economic lead from the USA (measured in GDP) by the year 2021 (cf. The Economist 2015).

The OECD report from November 2014 forecasted a slow GDP-growth from 1.4% in 2013 to 1.8% by the end of 2014. The explanation is a low demand in upstream industries due to the property market correction. Economic growth is expected to decline further down to 7% by 2016. The state counteracts this decline by infrastructure investments, social housing projects and supportive urbanization (cf. OECD 2014).

Regarding the nation's labor force, the service sector is expected to continue growing, thus require increasing job creation nationwide (cf. OECD 2014).