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## Should Your Talent Management Strategy Be Regionalized?

### About the Author



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### Introduction

As an HR professional, are you currently facing the need to create a global talent strategy? Have you ever questioned whether your approach to talent management should be regionalized?

Recent research has provided us with a unique opportunity to explore talent management practices and strategies among companies worldwide, delving deeply into what has become a critical component of the role of HR leaders today in every country.

In this market, the last few years have taught us that implementing a talent management strategy means more than just a system upgrade or process improvement exercise. The most impactful talent strategies include business goals and ownership, executive leadership, and a deep understanding of the role of your organization's talent in creating business impact. During the summer of 2009, halfway through one of the most difficult years in recent global economic history, Bersin & Associates and StepStone embarked on a collaborative effort to provide companies with a complimentary Talent Management Strategy self-assessment tool<sup>1</sup>.

More than 550 organizations in over 20 countries took advantage of this online Talent Strategy Assessment. Offered in five languages, the assessment asked 19 critical questions focused on business alignment, leadership, technology and process integration. Organizations utilized the tool to compare the strengths and weaknesses of their talent management practices against organizations

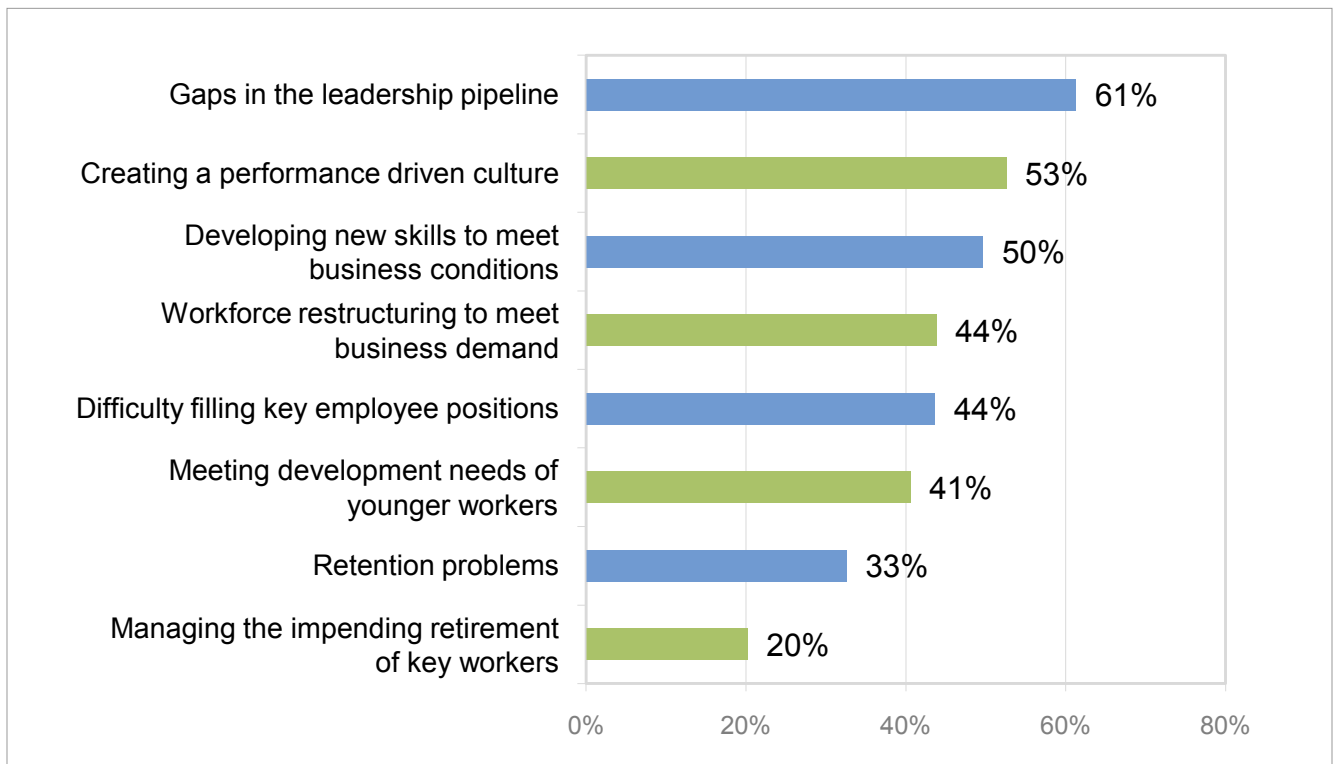
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<sup>1</sup> For more information, please visit <http://www.talentstrategyassessment.com/en/>.

that Bersin & Associates qualified as having high-impact talent management practices.

One of the first items we analyzed concerned the top-rated talent challenges facing this international audience. We found that this audience was primarily focused on filling critical leadership positions, and meeting changing business and performance needs.

Figure 1: Top Talent Challenges – International Market



Source: Bersin & Associates, 2009.

The analysis of aggregated assessment data, coupled with insights from Bersin & Associates and Stepstone consultants, offered unique insights into talent management practices across individual countries and industries, including the following:

- In any country, business alignment and business ownership of the talent management strategy is critical.
- All regions and industries are facing challenges with data collection, integration and analysis.
- Both cultural and economic factors affect regional approaches to talent management.
- Measurement is a critical best practice, and is focused on employee engagement, turnover metrics and internal mobility in most regions.

## The Importance of Alignment

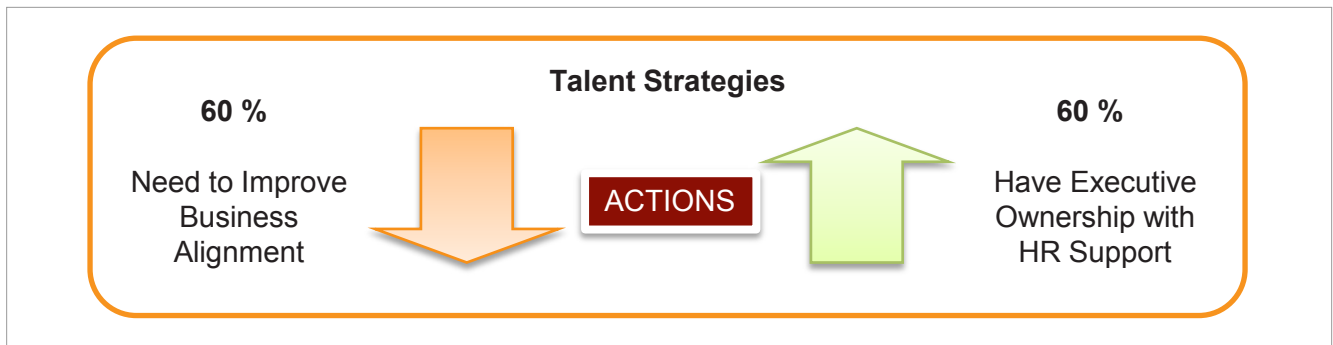
We were surprised to find that many participating organizations reported high levels of executive support – and yet they did not believe that their talent strategies were tightly aligned to their business strategies. More than 60 percent of organizations indicated that their talent strategies were either not aligned with their lines of business or they were working on increasing this alignment. In contrast, more than 60 percent of the organizations noted that either an executive or line-of-business leader was accountable for their talent management outcomes, though HR was responsible for management and implementation. This contradiction could be due to the trend of business leaders speaking about talent strategies, but not always aligning their words with actions, such as resourcing and funding.



### KEY POINT

More than 60 percent of organizations indicated that their talent strategies were either not aligned with their lines of business or they were working on increasing this alignment.

Figure 2: Executive Ownership with No Business Alignment



Source: Bersin & Associates, 2009.



#### KEY POINT

According to Bersin & Associates research, 53 percent of executives believe their organizations do not have a clear HR or learning and development (L&D) strategy.

Indeed, the small percentage of organizations that reported high levels of both business alignment and executive / business ownership were more likely to have talent management practices resembling those of high-impact talent management organizations.

Improving your organization's business results through addressing talent challenges is the real value of high-impact talent management practices and strategies. In the most recent Bersin & Associates Talent Management Factbook<sup>2</sup>, we found that, despite tremendous investments in talent management, 53 percent of executives believe their organizations do not have a clear HR or learning and development (L&D) strategy.

#### Driving toward Integrated Processes

Although executive ownership and business alignment are important, other factors (such as process integration) contribute to effective talent strategies. Using data from the online assessment, we looked at 13 critical processes that require integration efforts when applying high-impact best practices and reviewed the overall maturity of these practices among all participants. The maturity is based on a red-yellow-green scale, for which:

<sup>2</sup> For more information, 2009 Talent Management Factbook: Best Practices and Benchmarks in Talent Management, Bersin & Associates / Karen O'Leonard, July 2009. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or [www.bersin.com/tmfactbook](http://www.bersin.com/tmfactbook).

- Red – Indicates below industry standard;
- Yellow – Indicates on average with industry standards; and,
- Green – Indicates above average and in-line with high-impact talent practices.

For example, 43 percent of companies were assessed as having high-impact enterprise performance management practices. An aggregated view of the scorecard ratings is illustrated in Figure 3.

Figure 3: Market Scorecard on Critical Process Integration

	Integrated Efforts	Green	Yellow	Red
1	Enterprise Performance Management	43%	41%	16%
2	Cascading Goals	42%	35%	23%
3	Enterprise Succession Planning	39%	37%	24%
4	High-Potential and High-Performer Strategies	34%	33%	33%
5	Internal Recruiting Capabilities	11%	62%	27%
6	Integrated Performance Management	28%	48%	24%
7	Accessible Employee Profile	22%	42%	36%
8	Talent Planning	12%	50%	38%
9	Workforce Planning	14%	29%	57%
10	Employer Branding	29%	29%	42%
11	Enterprise Required Development Plans	24%	34%	42%
12	Competitive Compensation	11%	25%	64%
13	Career Paths	14%	26%	60%

Source: Bersin & Associates, 2009.

 ANALYSIS

Workforce planning, career paths and enterprise learning development plans are often associated with highly mature talent management strategies.

 KEY POINT

The biggest talent challenges are leadership gaps, creating a performance-driven culture and meeting changing business conditions.

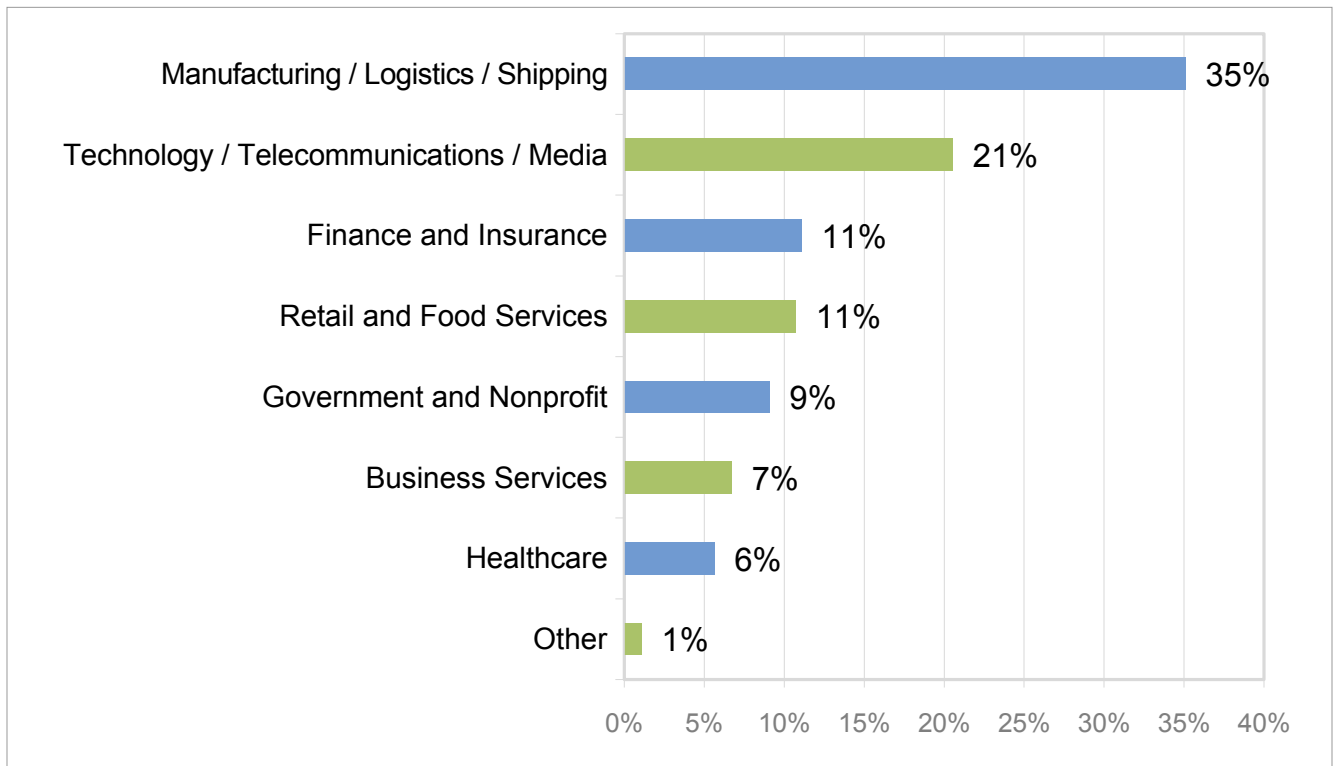
To summarize the current state of the market, practices highlighted in green are areas in which most companies are doing well; those highlighted in yellow are indicative of areas for improvement; and practices highlighted in red are those about which companies are struggling the most. As you can see, there has been a great deal of focus placed on enterprise processes (such as performance and succession planning), with almost 40 percent of the organizations scoring in the green in this research. Workforce planning, career paths and enterprise learning development plans are often associated with highly mature talent management strategies – and were the areas with the greatest opportunities for improvement. More than 40 percent of the responding organizations scored heavily in the red for these areas.

### Business Impact

Obtaining the fullest business impact from employee planning and development efforts traditionally requires a great deal of collaboration across the HR organization, as well as effective HR data management. When you consider the biggest talent challenges (which are leadership gaps, creating a performance-driven culture and meeting changing business conditions), it is concerning to see gaps in critical areas such as planning and development.

The participating industries also provided insights into the business needs of these organizations, which helps us to better understand the talent challenges that they are facing. We have categorized the industries into eight overall markets (see Figure 4).

Figure 4: Participating Industries



Source: Bersin & Associates, 2009.

**ANALYSIS**


Organizations need to rethink their approaches to integrated talent management for populations that are less likely to be sitting in front of a computer or engaged in career discussions today.

The highest level of participation came from those industries affected most deeply by the current economic challenges – manufacturing, technology and financial services. This data also supports a trend we see in shifting the talent management discussions into the realm of hourly workers and craftsmen, versus the traditional highly skilled professionals (mainly in the financial services, technology and business services industries in which critical talent discussions have focused over the last few years). Both demographics and globalization are pushing this shift – and are requiring organizations to rethink their approaches to integrated talent management for populations that are less likely to be sitting in front of a computer or engaged in career discussions today. Business impact will be critical for the survival of many of these organizations.

## Case in Point: Large Global Manufacturing Organization

A leading global manufacturing organization with 23,000 employees faced the challenge of ensuring that it had the right person in every post across its operations in the Asia-Pacific region. For senior management positions in particular, this depended on careful succession planning. The company prefers to fill senior positions by drawing on talent from within the region. However, competition for top talent in Asia-Pacific is fierce and, like other companies in the region, the manufacturer was struggling to find suitable candidates. The company felt an investment in integrated talent management would improve its recruiting, development, assessment and succession of leadership positions.

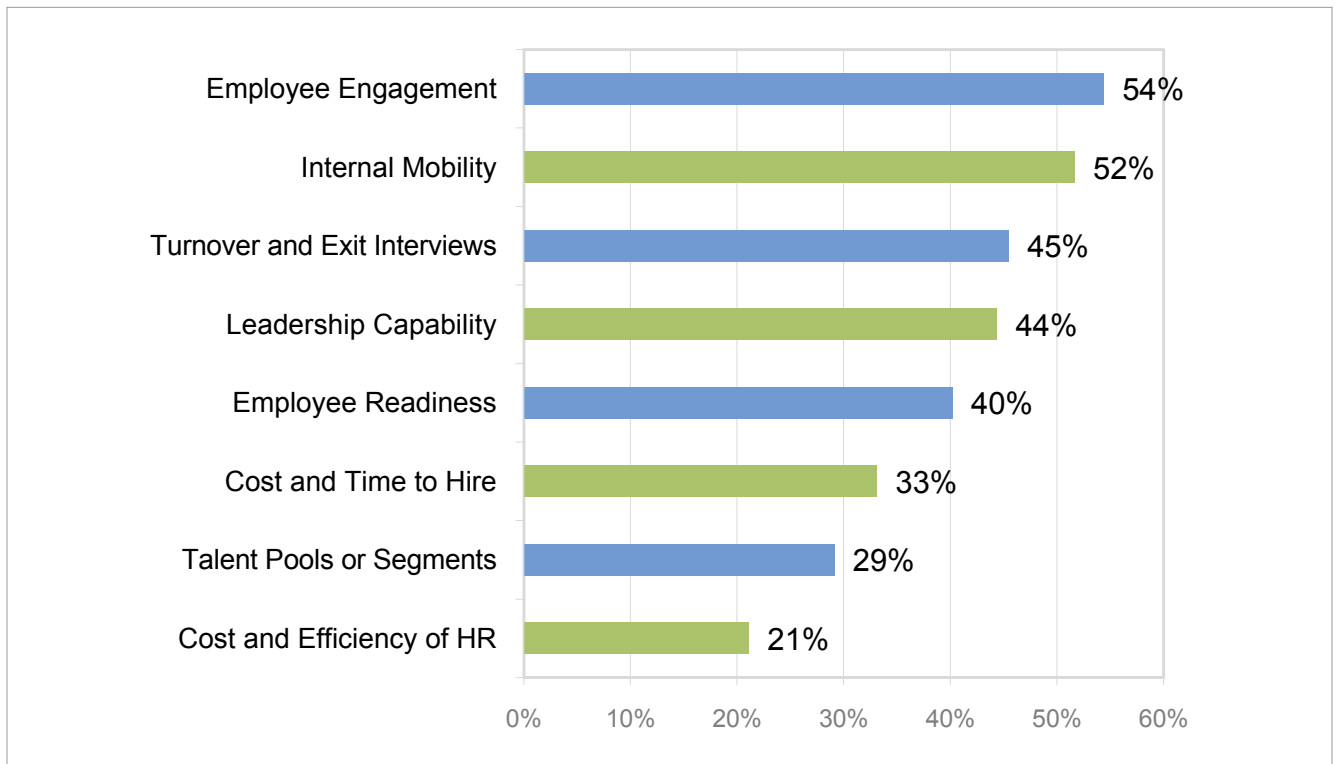
“We can now identify and prepare successors more easily, which helps us ensure business continuity and drive sustainable growth.”

Regional HR Manager,  
Large Global Manufacturing Organization 

Measuring the business impact of talent management efforts is often affected by both the industry, as well as regional cultural aspects, for these organizations. Overall, the top three measurements identified by the entire assessment population included:

- Employee engagement (surveys);
- Internal mobility; and,
- Turnover and exit interview.

Figure 5: Top-Rated Talent Management Metrics



Source: Bersin & Associates, 2009.



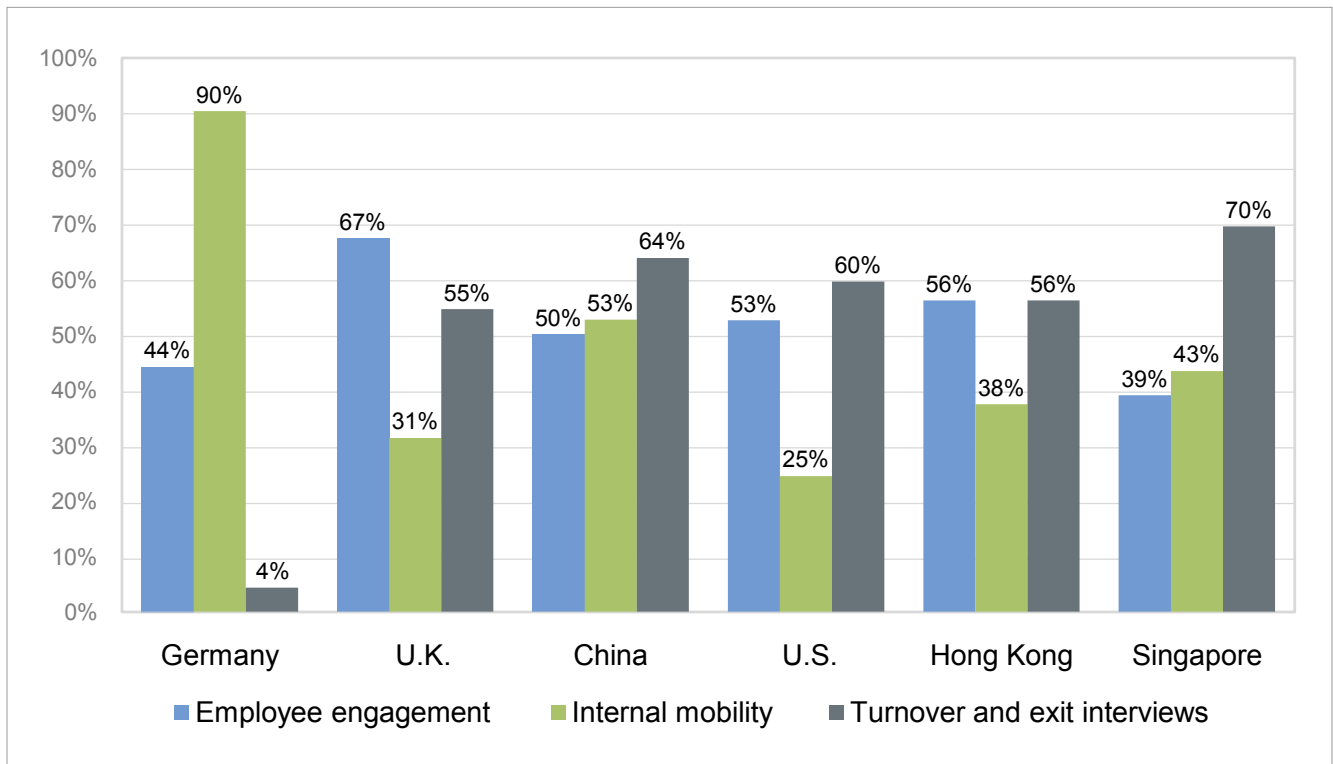
#### KEY POINT

Many organizations are focusing on internal mobility this year, going so far as to include this in strategic initiatives.

Turnover rates and employee engagement data are commonly used as critical measurements for talent management efforts, but internal mobility was a surprise. Even when we took out the relatively large manufacturing population, we found that internal mobility was still in the top three measurements metrics. Many organizations are focusing on internal mobility this year, going so far as to include this in strategic initiatives. In the current economic environment, organizations are increasing their utilization of internal talent, building capabilities through experiences and moving high-performers<sup>3</sup> into low-performing, yet critical, business areas within the organization. Internal mobility is crucial to meet these changing business needs.

<sup>3</sup> A "high performer" is an employee who is a key contributor, demonstrates high performance, is capable of a lateral move, may be qualified for a broader role within the same profession; and, has reached the potential to move "upward" in a management capacity.

Figure 6: Top Three Talent Management Metrics (by country)



Source: Bersin & Associates, 2009.

The measurement of internal mobility is most highly ranked by Germany and China, while the U.K., U.S., Hong Kong and Singapore seem to have more emphasis on employee engagement metrics and turnover rates (see Figure 6).

Talent management measurement is still considered an immature practice, lacking standards around what to measure, as well as how to manage the measurement process. Bersin & Associates' research<sup>4</sup> shows that a clear measurement strategy defined by your business leaders not only ensures success but also aligns both HR and business leaders on the same critical outcomes.

<sup>4</sup> For more information, 2009 Talent Management Factbook: Best Practices and Benchmarks in Talent Management, Bersin & Associates / Karen O'Leonard, July 2009.

## Data Management and Analytics

The number one challenge we find most organizations have with measurement is access to clean and usable data. It is clear from these respondents that organizations from all countries and industries are still struggling with data management and analysis. In several of the talent management areas highlighted for opportunity (such as workforce planning, career paths and competitive compensation), we know that data capture, management and analysis are critical to obtain the full business impact from these areas (see Figure 7).

Figure 7: Bottom Five Critical Processes from Market Scorecard

	Integrated Efforts	Red	Yellow	Green
9	Workforce Planning	57%	29%	14%
10	Employer Branding	42%	29%	29%
11	Enterprise Required Development Plans	42%	34%	24%
12	Competitive Compensation	64%	25%	11%
13	Career Paths	60%	26%	14%

Source: Bersin & Associates, 2009.

Sophisticated analysis efforts with clean data inputs, along with well-managed employee and job profiles, are required to implement these areas well.

## Regionalized Talent Management

Although we had responses to the original assessment from more than 20 countries, we focused on eight countries with large enough response rates to show regional trends – specifically, on just how different or alike they are in their talent management practices.

Regionally, we found critical differences in how organizations have been addressing talent management, even though most of these organizations were aligned, concerning the top three talent challenges they are facing. Figure 8 outlines the greatest differences in their lowest- and highest-rated process areas.

Figure 8: View of Regionalized Talent Management Maturity

Region	Greatest Talent Challenges	Red Process Areas (below industry standards)	Green Process Areas (high-impact practices)	Insights and Contributions to Talent Maturity Ratings
Germany	<ul style="list-style-type: none"> <li>• Changing business conditions</li> <li>• Difficulty filling key positions</li> <li>• Workforce restructuring</li> </ul>	<ul style="list-style-type: none"> <li>• Executive ownership</li> <li>• Workforce planning</li> <li>• Internal acquisition</li> <li>• Career planning</li> </ul>	Employer branding	<ul style="list-style-type: none"> <li>• High levels of manufacturing responses (which mirrors the German market) with traditionally less focus on career planning and development</li> <li>• Highly regulated HR community</li> <li>• Culture of planning and structure</li> <li>• Facing upcoming demographic challenges</li> </ul>
China	<ul style="list-style-type: none"> <li>• Developing performance-driven culture</li> <li>• Gaps in leadership and key positions</li> </ul>	<ul style="list-style-type: none"> <li>• Succession planning</li> <li>• Career planning</li> </ul>	Talent measurement	<ul style="list-style-type: none"> <li>• Traditionally hierarchical approach to succession and career planning</li> <li>• Traditionally a culture of strong central control</li> <li>• Traditionally a culture of measurement analysis and reporting</li> </ul>
U.S.	<ul style="list-style-type: none"> <li>• Changing business conditions</li> <li>• Gaps in leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Workforce planning</li> <li>• Career planning</li> </ul>	Employer branding	<ul style="list-style-type: none"> <li>• Recent economic downturn has required a focus on workforce planning</li> <li>• Prior to the economic challenges, the hiring market had a lack of talent in key roles</li> <li>• Traditionally a hierarchical approach to career progression and succession</li> </ul>

Source: Bersin & Associates, 2009.

Figure 8: View of Regionalized Talent Management Maturity (cont'd)

Region	Greatest Talent Challenges	Red Process Areas (below industry standards)	Green Process Areas (high-impact practices)	Insights and Contributions to Talent Maturity Ratings
Hong Kong	<ul style="list-style-type: none"> <li>Gaps in leadership</li> <li>Developing performance-driven culture</li> </ul>	<ul style="list-style-type: none"> <li>Employer branding</li> <li>Career planning</li> </ul>	<ul style="list-style-type: none"> <li>Development plans</li> <li>Cascading goals</li> </ul>	<ul style="list-style-type: none"> <li>Culturally Hong Kong is often similar to the U.K. market and has a strong culture of setting performance expectations</li> <li>Concerns in the future market with available leadership and key talent in the hiring pools</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>Gaps in leadership</li> <li>Changing business conditions</li> <li>Meeting development needs of younger workers</li> </ul>	<ul style="list-style-type: none"> <li>Career planning</li> </ul>	<ul style="list-style-type: none"> <li>Cascading goals</li> <li>Performance management</li> </ul>	
France	<ul style="list-style-type: none"> <li>Gaps in leadership</li> <li>Workforce restructuring</li> <li>Developing performance-driven culture</li> </ul>	<ul style="list-style-type: none"> <li>Internal employer profiles</li> <li>Executive ownership</li> </ul>	<ul style="list-style-type: none"> <li>Development plans</li> <li>Cascading goals</li> </ul>	<ul style="list-style-type: none"> <li>Highly regulated HR community</li> <li>Strong culture of employee entitlement</li> <li>Government requirements often drive development and goal reviews</li> </ul>
Sweden	<ul style="list-style-type: none"> <li>Changing business conditions</li> <li>Difficulty filling key positions</li> <li>Meeting development needs of younger workers</li> </ul>	<ul style="list-style-type: none"> <li>Internal employer profiles</li> <li>Career planning</li> </ul>	<ul style="list-style-type: none"> <li>Ownership of talent management</li> <li>Development plans</li> </ul>	<ul style="list-style-type: none"> <li>Strong culture of leadership and business acumen</li> <li>Cultural expectations of development through a larger organizational structure</li> <li>Culture with less movement among companies</li> <li>Large influx of younger employees entering the workforce</li> </ul>

Source: Bersin & Associates, 2009.



## ANALYSIS

Bersin & Associates research shows that an executive lead approach or a line-of-business ownership with HR implementation approach creates greater business impact for organizations.



## KEY POINT

Career planning and compensation are consistent challenges across all regions.

The goal of this effort was to obtain a better understanding of the similarities and differences for the implementation of talent management across various countries and industries.

In reviewing the initial data, we saw a clear pattern among many German-based organizations that were struggling with developing and implementing talent management within their companies. More than 62 percent of German-based companies responded that either HR alone or a line-of-business person solely owned their talent strategies. Bersin & Associates research<sup>5</sup> shows that an executive lead approach or a line-of-business ownership with HR implementation approach creates greater business impact for organizations. French respondents have similar talent management ownership challenges. This misplaced ownership has indeed contributed to some of their struggles in aligning talent planning, internal recruiting efforts and career management with the business strategy. Compared to industry best practices, this places them squarely in the red.


Several countries were facing challenges with viewing their qualifications and data on internal employees for organizational opportunities, including the U.K., France and Sweden. We continue to see this challenge increase around the globe as companies begin to focus on reallocating talent versus purchasing talent.

Career planning and compensation are consistent challenges across all regions. Challenges with planning, development, recruiting and data varied among different regions. On the positive side, it is clear that improved talent management technology capabilities have enabled many of these regions to lay the groundwork for strong performance management and candidate outreach efforts.

<sup>5</sup> For more information, 2009 Talent Management Factbook: Best Practices and Benchmarks in Talent Management, Bersin & Associates / Karen O'Leonard, July 2009.

## Case in Point: Large FORTUNE 500 Construction Organization

Since the deployment of StepStone's solution as its global system (both for employee development and for performance management), the FORTUNE 500 company's talent and development team can easily and efficiently track and report on these areas globally. According to the head of talent management,

"We can make smarter decisions and make them faster. Previously, we couldn't tell who'd had what training; now we can. And by tying that together with performance management, we'll be able to tell whether it's had the appropriate results." 

There is no doubt that regionalizing your approach to talent management will provide better business impact, allowing you as the HR professional to take into account the cultural and economic factors facing those regions. An important step will be to figure out what is critical to standardize across the company and what elements are best for regionalization.

### Key Recommendations

Based on your talent and business challenges, critical takeaways from this research that should be reviewed and applied to most global or regional talent strategies include the following.

- Develop executive and business alignment through global governance and executive ownership.
- Focus on the most critical enterprisewide talent needs to help prioritize talent strategy efforts – but leave room in your strategy to address regional differences, such as cultures of hierarchical succession planning and government measurement needs.



## ANALYSIS

The HR organizations that understand the opportunities and strengths in their approaches to talent management will be best-prepared to meet the talent challenges brought on by the changing economic market.

- Clearly define enterprise standards for employee and job profiles that can be utilized in multiple systems and across borders.
- Investing in process integration efforts does affect your ability to meet your company's talent challenges, especially those that require performance improvement and development needs.
- Identify consistent measurements, but ensure they are meaningful at all levels of the organization (i.e., internal mobility is a powerful metric for line managers).

## Conclusion

As the need to manage talent globally continues to grow and organizations find that they are often facing similar challenges (both from a process and technology perspective), it is clear that taking out a few moments to reflect on where we are today and where we want to be is critical in moving forward on this journey.

The HR organizations that understand the opportunities and strengths in their approaches to talent management will be best-prepared to meet the talent challenges brought on by the changing economic market.

If you are interested in obtaining your own personalized talent management assessment, you can find the complimentary assessment on the Internet at <http://www.talentstrategyassessment.com/en/>.

According to Ruth Cane, organizational development manager at Oxfordshire County Council,

"The talent management self-assessment was very user-friendly and helpful in clarifying the fact that, whilst we have a number of projects and processes in place, there is a lot we can do to make our talent management arrangements more strategic." 