

Global management programmes can help win the escalating 'talent war'

*As global talent is a key success factor for multinational corporations, investments made to attract and retain talent are large. **Domitille Bonneton, Stephanie Katja Schworm, Marion Festing and Maral Muratbekova-Touron** show how talent management practices can help retain high performers and high potential, who like other commodities have become even more scarce in these times of economic crisis.*

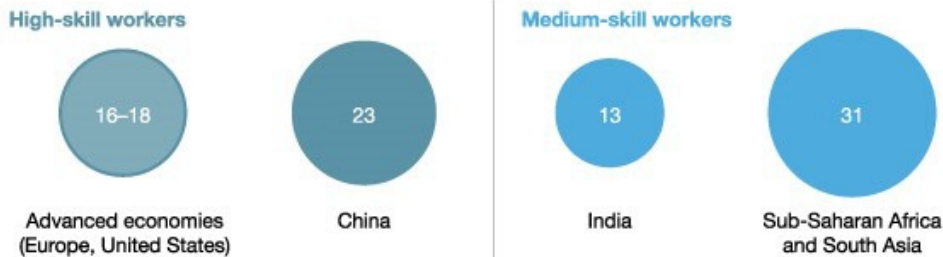
Attracting and retaining the right talent in the right places is one of the key success factors for companies in the competitive landscape of a global economy. With good reason: these high-achieving individuals are [up to eight times more productive](#).

However, qualified talent is scarce and many employers have to cope with the so-called "war for talent", a term initially coined by a group of McKinsey consultants, based on the research and the [eponym book](#) they published. "The war for talent shows no signs of letting up, even in sectors experiencing modest growth," Claudio Fernandez Araoz, Boris Groysberg and Nitin Nohria [wrote in the Harvard Business Review](#) in 2011. According to a global study they conducted, only 15 per cent of companies in North America and Asia felt they had enough qualified potential successors to fill their top jobs, and the picture was only slightly better in Europe. McKinsey is still riding that wave, painting a similar picture in [a 2017 article](#) and [talking about a new \(data-driven\) war for talent](#). "Globalization and the rise of artificial intelligence, paired with a new generation of consumers who desire more personal, intuitive brand experiences, are forcing companies to rethink their approach to talent management (TM) and acquisition. But today's employers are struggling to keep them on board," [Margaret Rogers confirmed more recently](#) in the Harvard Business Review. Despite "the economic carnage wrought by the pandemic," it has only [intensified this phenomenon](#), expected by some to [continue through 2031](#), with [a potential shift in power away from companies toward the workers](#).

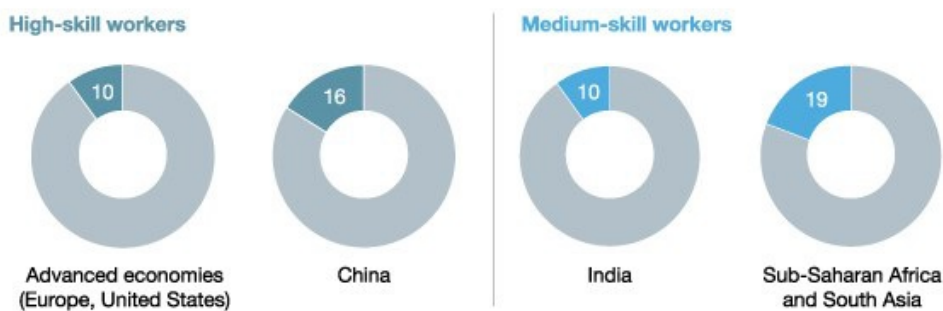
Figure 1. Predicted shortage of talent by 2020

Almost one-third of senior leaders cite finding talent as their most significant managerial challenge.

Predicted shortage of talent by 2020, millions



Predicted shortage of talent by 2020, % of total demand



Notes: "Failure to attract and retain top talent" was the number-one issue in the Conference Board's CEO Challenge 2016.

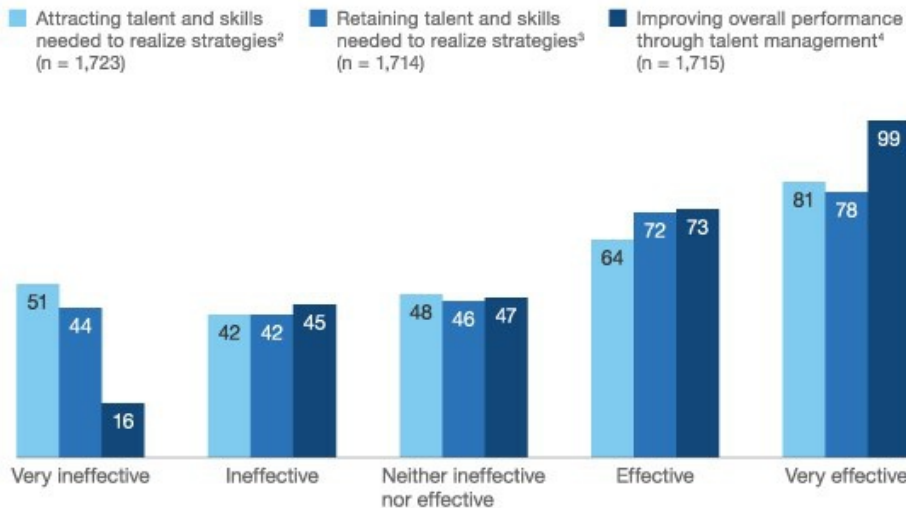
Source: The Conference Board, McKinsey & Company.

Companies and economies in many parts of the world [have identified](#) TM as one of the major challenges and consequently invest huge sums in it. This is especially important for multinational corporations (MNCs), which are faced simultaneously with strong global competition and local labour market challenges when filling their key strategic positions with future leaders. Economic expectations with respect to TM activities are high. For example, [the Boston Consulting Group states that](#) firms with strong TM are characterized by faster revenue and profit growth. More recently, a [McKinsey Global survey](#) confirmed the positive effects of talent management on business outcomes.

Figure 2. Performance of organisations against talent management effectiveness

The abilities to attract and retain talent, in addition to having an effective talent-management program, support organizational outperformance.

Respondents whose organizations have performed somewhat or much better than competitors over past 3 years,¹ based on effectiveness of talent-management practices, % of respondents



Notes: Figures were calculated after removing respondents who said "don't know." Respondents were asked how successful their organizations are, compared with competitors, at attracting talent and skills needed to realize their strategies. Respondents were asked how successful their organizations are, compared with competitors, at retaining talent and skills needed to realize their strategies. When asked how effective their organizations' talent management has been at improving overall performance, 4 per cent of respondents said "very ineffective," 19 per cent said "ineffective," 35 per cent said "neither ineffective nor effective," 38 per cent said "effective," and 5 per cent said "very effective."

Source: McKinsey & Company.

The first explanatory framework of its kind

However, the discussion around TM has thus far been driven mainly by the US context and research regarding MNCs' return on investment in terms of talent management activities, which were as scarce as qualified talent.

This is why in the course of our research [published](#) in The International Journal of Human Resource Management, we developed a conceptual framework explaining the complex relationship between TM programmes and talent retention as a key performance indicator from a career perspective. We suggested a career perspective because career-related practices are at the heart of TM. They have been studied very little in previous research within the frame of TM. Yet in this specific context, career management is crucial as individual careers have significant potential to serve the strategic purposes of organizations as investment in organizational career management is beneficial not only for the individual, but also for organizational performance.

The framework we developed to explain the underlying mechanisms that contribute to the influence of the perceived intensity of talent management practices on the intention to stay in an organization, is the first of its kind. We tested it in one MNC and thus provided first-hand empirical evidence from Europe on *how* global TM actually influences talents' intention to stay based on several sources of information. Sources included 141 questionnaires completed by talent and a comparable control group, as well as information coming from several interviews with HR managers (highly valuable to conceptualize talent), and insights taken from written material.

We showed that talent management practices have a positive effect on talent's intention to stay and that career-related aspects are key factors in retaining this talent on a global scale.

This is in line with the findings of the [McKinsey Global survey](#), which claims that "employee experience—specifically, the HR function's role in ensuring a positive experience across the employee life cycle" is a driver of effective talent management (and thus of company performance). As well as with some talent management practices: Jean Martin and Conrad Schmidt, from the Corporate Executive Board's Corporate Leadership Council (now a subsidiary of Gartner), [cite examples](#) of MNCs "regularly taking the temperature" of their top talent and "paying careful attention to their satisfaction" (Shell with "career stewards", Novartis a dedicated checklist) in China, "where finding and retaining talent is especially challenging."

Managerial implications

The results of our study lead us to propose the following recommendations for TM programmes in MNCs:

First, we suggest the development of talent both "on the job," by creating international job assignments and providing the opportunity for talent to work in different subsidiaries and different countries, and "off the job," through practices such as training modules, where all participants create and strengthen their internal talent network.

Second, our study shows the crucial role of individual career success for talent retention, and so companies should continue to invest in career-related TM practices. We contribute to emphasizing the strategic roles of both career management and TM in relation to an organization's performance.

Our third recommendation concerns the "after-TM programme" period. According to some comments in our survey, talent who appreciated greatly participating in the TM programme were disappointed by the lack of career planning and development after they had finished. One talent even quit the company. It is important to keep promises; otherwise, as stated by another one, the talent pipeline that took years to build may be destroyed within only a few months. Therefore, it is important to monitor career progression, job changes, and promotions, and investment in talent development should be continuous.



Notes:

- *This blog post expresses the views of its author(s), not the position of LSE Business Review or the London School of Economics.*
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