A critic review of talent management, the world mobility dilemma.

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1 Introduction, the new approach to Talent Management

In our globalized World to be successful business units have to face several forces shaping constantly their structure and strategy within an evolving environment. Today competition lies on global basis, companies have to compete against each other worldwide relying on a global pool of customers and employees. This competition pushes firms to optimize their resources and strive for innovation.

In this global environment economy has shifted from a production based economy to a knowledge based economy dominated by the service sector. This change has increased as never before the importance of human capital that it has been recognized as the most critical asset for today enterprises success. Companies are fighting in order to hire workers with high level of cognitive abilities, required in the complex employments of today intangible economy.

In last decades hiring human capital having the required skills has become more critical due to the shortage of talent, issue that has completely twisted the workforce market, even if the 2008 global downturn has lessened this scarcity, it seems to be back in full forces. Ernst&Young in its risk global report, lists at number five the risk of managing talent and skill shortages\(^1\).

This issue has been theorized for the first time in 1997 by a team of McKinsey consultants in their study “The War for Talent”. This study explains how firms are suffering a shortage of executive talent, and must compete to attract, retain and motivate the best people in order to guarantee the company's long-term competitiveness. In order

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\(^1\)Ernst&Young, Global report, Business pulse, Top 10 risks and opportunities in 2013 and beyond, 2013.
to do this firms resort to Talent Management policies that consists in planning and managing innovative strategies and policies to attract, recruit, develop and retain the best talents.

The origins of talent management should be located in the new global competitive scenario and in the human resource context. I have spotted out two groups of forces that have changed the competitive arena and have created the need for talent management: the talent in the global forces and the talent in the human resource forces.

With global forces I am referring to the global changes that have twisted the playground of the global economy as the already mentioned shortage of talent basically due to lower birth rates in developed countries, areas where most of talent resides, whereas in the developing countries the situation is definitely the opposite. So at global level there is an unbalance between national systems, the developed countries able to produce talent but affected by a poor birth rate and a moderate need for talent, and on the other side the national systems of the developing countries with a considerable birth rate and young population but with a poor ability of producing talent and a great demand for it, the consequence is a urgent need for talent in these developing economies.

The talent shortage in the developing countries is one of the major concern for MNEs executives, they are conscious that in the near future the big majority of world economic development will arise from the emerging market so they perceive the need for talent as a major risk in these areas. These unbalance is clearly showed in the next charts, showing the executives concern about talent worldwide associated with the quality of talent.

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workforce that in many emerging markets is very poor.

A further cause of the talent shortage is the new global competitive scenario, companies are pressured by increasing economy complexity, higher cost, higher competition, more stakeholders and new risks, all these factors increase the need for talented people.

Furthermore nowadays the economic scenario is so dynamic, many capabilities and
skills required by the business in the near future have not been developed yet, today the
demand for future talent is so unpredictable. Firms must develop talent faster than ever\textsuperscript{3},
because the pace of change of the new skills and capabilities required in the economy
is higher than the development rate for new skills and capabilities.

About the second group of forces the human resource forces, I see talent management
like the answer to the need of the HR department for being strategic inside the
organizations. Most companies see HR department as a pure administrative department
with support functions, on the contrary most successful firms see the HR department as
a strategic one.

Moreover today the most important resources are information and knowledge,
resources that belong to the individual, so the individual is the owner of the most
important assets and the champion of learning and innovation processes, features that
build companies competitive advantage\textsuperscript{4}.

So if we consider talent management like the answer of the HR department to be
strategic, this possibility arise thanks to the importance of the human capital in today
economy, talent management could be seen as the strategic optimization of the
resources managed by the HR department, the individuals, integrating them in the
company strategy and processes and treating them as a capital asset.

Workers that in the globalization and technological revolution era have gained
contractual power over the relation employer-employee. Today people have more choice
about how, where and when they want to work, the workforce market today is much

\textsuperscript{3}The McKinsey Quartely, Making a market in talent, N 2, 2006
more dynamic. Workers are aware about the importance of their capabilities, thanks to the technology, above all the internet that has reduced drastically the job search cost, workers are continuously comparing different job offers through the electronic job market.

In the U.S. 51% of employed workers search actively a new job, 35% of employees change their job at least every five years, 18% between 6 and 10 years, and this percentage will become more critical in the near future with the new generation, young talents are less interested in traditional job positions and see themselves as free agents, and on top of that, management practices have been too slow in responding to this new population of workers.

The following chart resumes the forces discussed above.

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Exhibit 3: Talent management's sources

After a literature review to understand why talent management have partially failed we should analyse its development rout. Talent management practices could help companies to be successful, but today little is known, there is not enough clearness.

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6. Jobtive job seeker nation study, An authoritative survey of the social, mobile job seeker, Jobvite, the pooling company Inc., 2014
about the definition, principles, scope and aims of talent management.

The first theories of talent management were focused on an exaggerated poaching of potential performers offering fast career development and great reward. The first theories were based on the fact that talent must be exploited rapidly in order to engage it and lead it to outperform and unleash its potential. A classic example in the literature is the case of Enron, defined as the last talent company, the company hired two hundred fifty M.B.A. graduates depicted as stars and put on fast track career, the result was that Enron went out of business.

Career is made by different stages, talent must have the opportunity to growth to make errors, change its ideas, attitude and behaviour and acquire the necessary knowledge.

If companies develop talent on fast track they can run to several risks. Managers should have the opportunity to make their errors to meditate upon them and to correct their actions. Furthermore they need time to build the capabilities that are essential to pass to higher levels of management, and is not always sure that for example a good line manager will become a good managing director, different levels of management require different skills and capabilities.

First theories of talent management also were criticized for the detriment of co-workers relationships, as a consequence of the focus on differentiation of performance in A, B and C players, in which A player's career must be fostered, B player must be helped in reaching the status A and C player must be turned out from the organization. This mechanism could create disruptive relationships and opportunistic behaviours inside organizations.

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9 M. Gladwell, The Talent Myth, 2002
10 Interview with Dr. Alberto Tagliaferro, managing director of Gruppo Sicura Srl.
An extreme talent management could be deleterious in the long run and it could damage seriously companies in several aspects, mainly financial due to its excessive and risky investments and in employees relationships, due to tension among colleagues basically as a consequence of different treatments\textsuperscript{11}.

Guaranteeing that all employees feel themselves evaluated and important for the company is one of the main HR tasks in order to increase the team spirit leading to organization's success. The division in A-B-C class could be dangerous, studies on the human psychology reveals that if people think to be smart they are more concentrated on appearing smart rather than striving on challenging activities to improve their performance, at the same level if people think they were born “stupid” they won't strive to improve themselves\textsuperscript{12}. Convincing your employees that are smarts or stupids could be the worst thing you have ever done.

Numerous researches in the stream of what is called Resource-Based View of the human resources remark that point, they observes as the competitive advantage reside at all level of the organization, all the employees are involved\textsuperscript{13}.

Talent management in last years starts to create its conceptual and intellectual boundaries and is gaining its deserved merit\textsuperscript{14}. Criticisms today should be addressed to practices and approaches taken by firms' strategists and theorized by scholars, and not toward the pure essence of talent management. A research written by the Boston Consulting Group\textsuperscript{15} explains how talent management is vital in future companies, but at the same time the current capabilities and competences are so few. Today talent

\textsuperscript{12} C. Dweck, Why smart people can be so stupid, Yale University Press, 2002
\textsuperscript{13} L.M. Chan, M.A. Shaffer & E. Snape, In search of sustained competitive advantage: the impact of organizational, competitive strategy and human resources management practices on firm performance, International journal of Human Resources Management N15, p 19, 2004
\textsuperscript{15} The future of HR in Europe, Key Challenges Through 2015, The Boston Consulting Group 2007
managers lack of proof practices and knowledge. Moreover the HR department is facing an internal crisis, in many companies it is striving to become a strategic partner in the executive board.

A research by the KPMG shows as we are in a new era for talent management\textsuperscript{16}, 59% of the interviewed executives stated that today is time for a new war for talent. An analysis of the first adopters of the original war for talent dogma, shows that such practices have not fostered companies' performance\textsuperscript{17}, 67% of the 106 enterprises have showed negative result, on the contrary only 23% have performed well. Looking at this chart we can say that 1999 talent policies have failed. If the central idea of talent management could be considered as an indubitable true now it is time for a new approach to talent.

The 106 first adopters after 15 years

\begin{figure}[h]
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\includegraphics[width=\textwidth]{chart.jpg}
\caption{AM Azure Ltd. 2013, What happened to the war for talent exemplars?}
\end{figure}

The research by KPMG International gives a clear overview about what are the difficulties that talent management is facing. The researchers spotting out five risk

\textsuperscript{16}KPMG international Ltd, Time for a more holistic approach to talent risk, 2013
\textsuperscript{17}Survey by AM Azure consulting Ltd., what happened to the War for Talent exemplars? 2013
categories: capabilities, capacity, cost, connection and compliance.

- Capability: lack of skilled people in the internal pool, the inability in developing the skills required in the near future due also to the incapacity in offering attractive opportunities for top talent.

- Capacity: risks associated with the creation of a pipeline that can guarantee the succession in critical roles and risks with the retention of critical people on teams.

- Cost: inability to afford talent cost, the salary expectation from talent become too high and organizations have an insufficient budget for managing talent.

- Connection: international mobility policies strive to transfer talent between countries, the workforce is too homogeneous, unmotivated and disengaged.

- Compliance: talent management policies by business leaders are seeing more as an obligation rather than a strategic tool.

In order to gain its recognition talent management must overcome these difficulties through a new approach.

I think that talent management should be considered as an optimization process of the HR practices in order to hire, retain and motivate valuable performers creating a work environment where they can pay off. In the various articles and researches that I have read, talent usually is studied as a foreign body from the work environment, but performance of talent and environment are closely related, and cannot be considerate separately.

Work environment is a matter of setting: resources, organizational culture, networks and colleagues, and it is not obvious that great performers in one environment will
outstanding in a new one\textsuperscript{18}. It's time for a more holistic approach where the whole workforce and the relations inside it are important, the work environment should play as a talent catalyst.

Ernst&Young defines an holistic talent management policy as an \textit{aligned} and \textit{integrated} process. Aligned means that the organization's values and strategies are linked to the way talent is managed, for example if the company's values are innovation and team building, the company should evaluate this requirements in selection and reward, check their evolution during the performance review and focus its attention in the development of these skills.

Integrated means that the overall talent management practices are linked across the organization, the output of one process is the input of the next one in a self reinforcing circle. For example the data collected during the performance appraisal should be the input for organize the development activities, the development activities should be related with the career plan, and so on\textsuperscript{19}.

Summing up what has been discussed in this chapter, the principle of the new holistic approach to talent management are:

- Alignment with company values and strategy.
- Integration of the stages towards a unique process.
- Inclusiveness of all employees.
- Flexibility in the context.

\textsuperscript{19}Ernst&Young. Managing today's global workforce, Elevating talent management to improve business, May 2010
To analyse the effectiveness of the new approach I have fixed a context of reference. The studying context I have selected is the international one for two reasons, my university education has been always characterized by an international trend and this impulsively pulled me to develop my work thinking about a global context. Furthermore this environment is the most interesting and challenging due to its quick pace of change and the multitude of forces that dominate it. MNEs must face several challenges as cross-cultural context, different regulations, laws and market trends.

In order to have a narrower focus in my analysis I found the perfect linkage between talent analysis and global context in the expatriates management theory. I will use this topic as a holder in which I will develop my thesis. I will consider as unit of reference the traditional long-term assignment cause it includes all the challenges and issues related to the expatriation.

But at a glance data show that companies do not come out so easily in merging talent management and expatriate programs. At first sight could be easy to uncover many points in common, harder is to deeply understand how integrating them aligning companies strategy making Expatriates Talent Management effective.

Global mobility in MNEs for too much time has been considered only as an administrative department focus on compliance, tax and law issue, now it's time for global mobility to be a strategic resource for companies, focusing its practices towards the maximization of the company's objective and the expatriates' performance. Anyway this trend is slightly changing, in 2012 just 21% of companies managed in close relation global mobility functions and talent functions, in 2014 this percentage

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20 See appendix 1, Database
rose to 31%. Also the strategic importance of global mobility rose, in 2012 just 25% of the respondents confirm the strategic importance of world mobility, two years later 38%\textsuperscript{22}. However these data are in contrast with another survey by Brookfield, this study reports that companies are making less investment in formalized talent management practices that support global mobility, only 22% of respondents stated that they have a formal career management process for international assignees, in the previous year’s report this percentage was 9% higher\textsuperscript{23}. These data proves that companies consider global mobility as a talent management issue, anyway the topic does not seem to be already a pivotal point in the executive agenda, and in most of the cases the approach is not totally aligned, just some processes are put in practice.

Researchers and business practitioners should develop a clear vision of how connecting the two topics, formulating effective practices aligning talent, global mobility and business objectives.

In order to link these two topics I start my analysis with the aid of the chart suggested by Brookfield Global Relocation Services, this chart gives a basic overview about how to join talent management and expatriates programs, starting from this point my target is to develop a complete concept map with a deep analysis of each relation in the expatriate context, understanding the critic points and why this alignment has not been achieved yet.

I will do this through a literature review in order to build a theoretical background, gathering data from various surveys and reports, and interviewing HR managers and business practitioners in order to find the answers to my questions.

\textsuperscript{22}Cartus, Global mobility policy & Practices, 2014 Survey executive summary report
\textsuperscript{23}Brookfield Global Relocation Services, 2014 Global Mobility Trends Survey
Exhibit 5: Source: Brookfield Global Relocation Service and personal additions
2 Talent

First of all to manage the topic of talent is logically useful trying to understand what talent is, anyway exactly the definition of talent have caused to business practitioners several problems. A central point that have been highlighted during my interviews is that actually nobody has a clear image about what talent is, and maybe we will never have one. Talent is a so fleeting topic, rather than trying to find a final answer to this issue my intention is to create a theoretical framework useful to analyse talent in different management activities.

Each person has a different talent that could not be standardized and red easily. Many studies and academic works have tried to explain what talent is, splitting it in subgroups and trying to decode it with an explicit value in order to measure and classify it, while the main characteristic of talent is its unpredictability.

Within the literature interesting is the study of M. Cristina Mayers et al\textsuperscript{24}. Particularly effective is the distinction made by the authors among different approaches of talent in literature, these points of view are:

1. Giftedness.
2. Strengths.
5. Performance.

The first approach spots talent as a special gift an innate quality, the second is based on
the fact that every individual possesses some strengths that are particular characteristics of an individual that allow him/her to outperform, these abilities must be discovered and switched on. The third approach is very common in the HRM strategies, a competence is a particular measurable human ability that leads to a successful performance. The meta competencies are a set of human skills that facilitate individual learning, development and adaptability. 

The two last classification see talent as high potential and as high performance. Potential is an individual characteristic that is scarce and partially innate, that must be developed to outperform and become something more. Talent performance refers to the prediction of the future outcomes based on the evaluation of the past results. It is a common practice in companies, because it is more easy to evaluate the output of talent rather than the input and it is functional to several HR purposes as selection and performance assessment.

Another feature mentioned in many studies and books is the experience, T. Davis et al describe it as the knowledge gained through past job positions (collection of functions, responsibilities, goal setting and management activities), it could be taken in consideration as a rate of success. Often when people think to talent, they think to an ambitious young, but experience is fundamental, an individual through the experience have the opportunity to make errors, analyse situations and change his/her behaviour and attitude toward talent. Within the experience I want to include another characteristic spotted by the authors, the qualification, described as the academic

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26 Ulrich & Smallwood, 2012, What is Talent? Leader to Leader 55-61
27 Silzer, Church 2009 The pearls and perils of identifying potential, Industrial and organization psychology, Perspective on Science and Practice, 2, 377-412
28 Interview with Dr. Alberto Tagliaferro, Managing Director of Gruppo Sicura Srl.
achievement, professional qualifications and training.\textsuperscript{29}

Locating different talents within one of these categories could suggest if he have to seek or develop such talents through HR practices.

<table>
<thead>
<tr>
<th>Talent approaches</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Giftedness</td>
<td>Innate qualities</td>
</tr>
<tr>
<td>Strength</td>
<td>Personal characteristics that lead to outperform, must be discovered and switched on</td>
</tr>
<tr>
<td>Meta-competencies</td>
<td>Skills that facilitate individual learning, development and adaptability</td>
</tr>
<tr>
<td>Potential</td>
<td>Scarce and partially innate characteristic that need to be developed to outperform</td>
</tr>
<tr>
<td>Performance</td>
<td>Prediction of future performance based on past result</td>
</tr>
<tr>
<td>Experience</td>
<td>Past professional or academical experiences</td>
</tr>
</tbody>
</table>

Dr. Tagliaferro during the interview gave me another interesting view of talent that leads me to further considerations. He splits talent in three broad areas that agree with the above categories. These areas are innate abilities and qualities, these characteristics are necessary but not sufficient conditions to outperform, education and experience from which the recruiter can evaluate the commitment and effort that the individual has undertaken and estimate its knowledge, the last category is attitude and behaviour, a set of malleable features that can be learned. According to these categories a fundamental feature is the equilibrium among them, this aspect introduce the temporal dimension of talent, the equilibrium means that a talent to be effective must have a good base of intelligence and cognitive skills, must have had the opportunity to acquire a good education and face valuable experience, and must have a set of attitudes and behaviours.

\textsuperscript{29}T. Davis, M Cutt, N. Flynn, P. Mowl & S. Orme, Talent assessment, a new strategy for talent management, Chapter 1, Ed. Gower, 2007
aligned with the company's values, culture and business objectives.

This balance can be altered by the time, Dr. Tagliaferro individualized two important stages, the first one is the childhood, it is important to grow up in a balanced context to acquire the value of humbleness and to grow up open minded, to develop a positive attitude and behaviours and to have the possibility to access to the education system.

The second stage is the first employment, here the talent pass from being an accumulator of knowledge to being an actor, in this phase the individual must be humbly and open to follow the advices from his/her colleagues being incline to change his/her attitude and behaviours, it does not mean to become a photocopy of others but to shape his/her personality and skills through the observation.

So talent is not a stable feature, talent can change by the time. Time gives to individuals knowledge and experience, but also presents some critic moments that can unleash or destroy it. Reading through the lines I can say that talent to rise should be humble, open to learn from others, tries and tests its ideas and corrects its behaviours and attitude. The individual to be a talent must develop a sense of self-awareness, he/she should know his/her limits, capabilities, interests, he/she should be curious and drives his/her own career, according to Erchinger and Lombardo the ability and willingness to learn is an important sign of high potential.30

Talent is a collection of qualities and skills, some can be learned some not, some are clearly identifiable some must be discovered, anyway each one of us has a particular talent for a particular activity31, but not anyone could be able to achieve the state of

30R. W. Eichinger, M. M. Lombardo, High learners as high performers, Lominger in focus, 2004
outstanding talent, so a first distinction can be made between sleeping talent and outstanding talent. Sleeping talent is the result of the inclusive approach of talent management, according to this point of view anyone of us could become a talent if inserted in the right context with the right training and development opportunities, whilst outstanding talent refers to who is commonly called stars, individuals that found their self-awareness and gained recognition through outstanding performances, but they are a low percentage of the workforce. Many researchers and practitioners stress the point on the importance of hiring stars to outperform, but many doubts remain about the effectiveness of poaching them. Stars usually do not stay with the organization for long and their contribution is usually questionable, if they outperform in a business context is not sure that they will replicate the same success in another one, if they could outperform at first, in the worst scenario their presence might result in resentful behaviour and poor collaboration by the colleagues, leading to decreasing performance by the time. Collaboration is central to performance, the real talent is not the one that outstanding alone, but is the outstanding leader, the one that is able to increase the contribution of each one of the team, creating a climate of high performance with a sense of belonging, the one that puts the we before the me, the one who wakes up the sleeping talents.

And even if starts are a fascinating concept and can lead to outperforming company results, they are not a functional tool in order to guarantee the long competitiveness of the company. Companies should rely more on their supporting actor, the one who can guarantee a long term talent pipeline because maybe are less ambitious and more loyal.

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but it does not mean that they are less intelligent\textsuperscript{35}.

Another point that I would like to remark is the initiative as talent. In every interviews the practitioners stress the point upon proactivity, organizations are eager to have people that exploit the opportunities that the company provides in order to growth inside the organization. It is not anymore the company that individualizes their stars and higher performers, should be the individual that strive to enter in such mechanism. Companies should not single out anymore talent, instead talent should stand up alone as a natural consequence.

\textbf{2.1 The organization's talent}

After reading several lectures and paperwork my impression is that too much attention has been focused in finding talent in people and too few attention toward the promotion of the organization as a talent entity, a fabric of talent. Talent is important but more important is the system that manage talent, people's performance depend on the resources available, including the collaboration with colleagues and the infrastructure that supports their work\textsuperscript{36}.

Many studies reveal that a considerable number of companies is failing to exploit talent in the organization, companies do not know the type of strategy and policy to exploit talent and usually use old talent models\textsuperscript{37}.

I have found the potential reasons in a company's culture unfavourable to talent, a poor allocation of talent resources and a wrong HR system approach. If the design of these features is important, essential is the integration among them, culture, resource allocation and the infrastructure of HR system must be coordinated. A poor alignment of


these three groups will result in poor company's performance because of high time consuming costs, low credibility and employee dissatisfaction.

About culture companies should create an environment favourable to talent and their employees should embed talent management as a core value. In the common literature I have found four streams of culture that could help talent to arise inside the organization:

1. **Meritocracy** culture.
2. **Sharing information** culture.
3. **Training and development** culture.
4. **Evolving** culture.

A meritocratic culture helps organizations in promoting internal competition, respecting the dynamic environment of nowadays\(^{38}\). A successful case study is represented by the people management policy of Google. This case represent a really orthodox approach. In Google managers noted that HR department is the only department where the variable is the relationships among individuals and not data. Google managers start to drive their HR policy trough data analysis of performance in a system where meritocracy can't be argued, the result was an amazing workforce productivity\(^{39}\). Google also is one of the best company in aligning performance and reward, managers have high expectation from their employees and pretend outstanding performances that are rewarded accordingly. In Google reward is not a matter of entitlement or position.

One of the main challenge for companies if we talk about talent is to spread out this

\(^{38}\)The McKinsey Quarterly, Making a market in talent, N 2, 2006
\(^{39}\)J. Sullivan, How Google became the #3 most valuable firm by using People Analytics to Reinvent HR, Ere Media, 2013
asset across the organization. Successful companies have created an internal *sharing information culture* increasing the compliance of talented people, causing an open climate in which active participation is evaluated and increases the team spirit\textsuperscript{40}.

Talent without training and development will became a bunch of static skills, without the capitalization of the full potential of talent. Organizations to exploit at the best rate talent should develop a *training culture*. The integration between talent management and training system is perceived as a top target in the overall strategy. Talent should not be trained only in classroom or through learning management system, rather should be involved in many activities as mentor programs, coaching, online universities and many more. Successful companies teach to their managers how to train employees and engage employees in self-training, coordinating the development path with the future business needs\textsuperscript{41}.

As already mentioned, today global economy is an every changing context, HR departments should adapt the organization to this phenomenon promoting a company culture able to adapting itself positively in relation to the evolution of the economic environment\textsuperscript{42}. Successful enterprises instead of waiting changes they anticipated it or create it, the ability to innovate will be one of the most important talent skills of future leaders\textsuperscript{43}. Companies must overcome the fear of change and allow the agents of change to exploit their talent and maximize the benefit from the evolving scenario, this perfectly reflects on the definition of talent management practice that is a creative management oriented to finding new better managing solutions. The ability of being

\textsuperscript{40}Smidts, Pruyn & van Riel, The impact of employee communication and perceived external prestige on organizational identification, Academy of management journal, pp 1051-1062, N 49 Vol 5, 2001

\textsuperscript{41}J. Bersin, Talent management a training strategy, Key areas where training professionals need to focus its energies, Bersin and Associates, 2009


\textsuperscript{43}S. Foley, Agents of change, Corporate entrepreneurs LLC., 2014
able to adapt the company strategy and structure to the evolving environment is recognized as a source of competitive advantage for the enterprises of the 21st century.

The HR department is the chief player in shaping the organization's culture, it must achieve that all employees make the corporate culture their own culture\textsuperscript{44}.

About organization's structure companies should avoid hierarchical structures, because with this type of policy a poor reallocation of talent can occur, cause companies focus their efforts on the vertical career promotion of managers, rather than on a optimal reallocation of resources, with a silo structure the optimal allocation is bordered inside the silos\textsuperscript{45}.

Now it is time for a more democratic structure, if it is true that in the last years lower level employees have gained greater autonomy, they still have little or no voice in decision about company strategy and future directions. In that situation knowledge workers feel estranged from the organization, they enter in a vicious circle of cynical behaviour and low loyalty. Unfortunately today manager still not have at their disposition a successful democratic structure policy, managerial theory just point to the creation of a managerial structure that grew organically from their most important assets, the human capital. The new lymph of organizations should be the ideas, belief and actions of their people\textsuperscript{46}.

E.E. Lawler (2008) refers to HR-centric organization as a type of organization where the key feature of the structure are not levels and bureaucracy, rather is its ability to motivate and direct the behaviour of a knowledgeable workforce. Employees posses the

\textsuperscript{44}M. Losey, S. Mesinger & D. Ulrich, The future of Human Resources Management, 64 thought leaders explore the critical HR issues of today and tomorrow, New Jersey Wiley & sons, 2005

\textsuperscript{45}The McKinsey Quarterly, Making a market in talent, N 2, 2006

ability to self-manage, are well trained and the organization has a focus on internal career progression building a long term loyalty relationship. Leaders build consensus through an effective communication, and sharing the leadership when the opportunity comes and the individual has the appropriate knowledge and capability. With this type of structure the total reward is not just monetary, rather is a mix of leadership, knowledge, information and involvement, in this way people are more motivated, initiative takers and have an higher sense of responsibility\textsuperscript{47}, everyone is part of the game.

The last feature that must be aligned with talent is the HR system. A good starting point is the theory of the High Performance Human Resources practices (HPHR) focused on the human capital to enhance the performance, knowledge and capabilities of the employees. These practices touch the areas of training, internal career opportunity, communication and involvement\textsuperscript{48}.

If we analyse the pillars of the HPHR we can find many functional points with the desire result of talent management. These pillars are\textsuperscript{49}:

- \textit{Psychometric in selection} as talent is a fleeting characteristic a deep understanding of the candidate in selection is needed.

- \textit{Focus on training} enhancing the potential of talent and allow talent to acquire updated knowledge, substantial in the today every-changing scenario.

- \textit{Realistic job previews and adaptive appraisal system}, equity and flexibility in performance review results in higher motivation and business results.

\textsuperscript{47}J. Pfeffer & J.F. Veiga, Putting people first for organizational success, Academic of Management, p 41, 2009
\textsuperscript{48}L.M. Chan, M.A. Shaffer & E. Snape, In search of sustained competitive advantage: the impact of organizational, competitive strategy and human resources management practices on firm performance, International journal of Human Resources Management N15, p 22, 2004
\textsuperscript{49}P. Tamkin, High performance work practices, Ies research networks, 2004
•  **Regular appraisal and multi source of feedback:** most successful organizations use a multi source appraisal since many talent management activities involve several stakeholders inside the company.

•  **Individual performance related pay:** stressing the importance of performance recognition and payment based on performance, increasing the motivation of individuals to outperform. Motivation is the capstone of performance, researches demonstrate that rewards based on performance can induce people to perform better\(^\text{50}\).

•  **Use of team work:** to exploit cross skills and knowledge, favouring communication and peer performance appraisal.

•  **Job rotations:** useful to share talented people across units and positions, in this way talented individuals and future leaders have to face new business challenges, they increase their capabilities and expand their sphere of influence\(^\text{51}\).

The last step in order to be effective is to align and integrate the discussed features with the company's business strategy and objectives, companies should involve their workforce, adapt their structure and talent management system towards the achievement of the company's business targets.

Talent management rather than a specific department function is a matter of the overall organization. HR department should be the voice of talent running the business towards the excellence and should identify the individuals inside the organization that most embed the talent values and principles and can act as influencers, helping HR specialist to commit all the employees inside the organization in a long term prospective,


\(^\text{51}\)J.M. Cohn, R. Khurana & L. Reeves, *Growing talent as if your business depend on it*, Harvard business review, 2005
spreading the talent culture, strategy and system, and explaining to employees how to
deal with the talent tools.

More important of the individualization of talent champions is the buy-in of the
executive board. Talent managers must involve the executive level in the talent
management project, the executive buy-in is fundamental in order to motivate the
employees and show them that talent management has been taken seriously by the
organization.

To conclude a critics is addressed to the HR practitioners, if we are talking about talent
managed by HR professional we expect that they had the capabilities and knowledge to
manage this issue. Anyway data depict a different scenario, one of the main concern of
the executives boards is to re-skill, reorganize and transform the HR function, 25% of
the respondents to a survey set this problem as urgent and 52% as important. In the real
business world HR is still not ready to manage talent, and this trend is reflected in many

Exhibit 7: Integration and alignment of talent management inside the organization, the big picture
talent management activities\textsuperscript{52}. All the practitioners that I have interviewed confirm this trend, the consequence is that executives do not feel comfortable to leave to the HR specialist a fundamental issue as talent is, in that way the alignment between talent and HR system could be ineffective.

\subsection*{2.2 World mobility and talent management.}
Going back to the central point of this thesis, my question is: how is managed talent inside the world mobility policy? Based on the Brookfield 2014 Global mobility trends survey, 92\% of respondents stated that they standardized their policies on a global level rather than regional or divisional level, reinforcing the continues upward trend of the last decade.

![Exhibit 8: Methods of international assignment policy standardization, Brookfield, 2014 Global Mobility Trends Survey](image)

Few companies are planning this global standardization with some extent of flexibility, for example with the customization of the reward package according to the assignee's needs, or with the customization of the performance assessment considering the local context particularities\textsuperscript{53}.

\textsuperscript{52}Deloitte Consulting LLP & Bersin by Deloitte, Global Human Capital Trends 2014 Engaging the 21st-century workforce
\textsuperscript{53}Brookfield, 2014 Global Mobility Trends Survey

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But in most of the cases companies in last years used to arrange their assignment reward packages on the standard one size fits all. This decision was due to the huge number of expatriates for each company and to the cost pressure due to the global competition, a standard policy means a considerable saving for the organization, especially in this recent period of crisis.\(^{54}\)

But in today competitive workforce environment could be not sustainable anymore. The best world mobility strategies should be flexible and constantly evolving to match the particular requirements of different populations of talent (different generations, nationalities and genders) and the business as a whole, this would be possible tailoring the assignment duration, package, allowances and so on.

The good news is that some companies are trying to introduce some talent management processes inside the world mobility for a first integration and alignment of the two areas.\(^{55}\):

- Companies plan international assignment with the objective to develop future leaders with a global mindset and to develop high-potential employees by *rotational employee programmes* on a global basis. MNEs above all tend to send their best high potential employees to the emerging countries as these markets represent the future of the company and the best opportunities to growth.\(^{56}\)

- Companies utilize international assignment as an exciting career opportunity for best talents and to attract and retains talent. In a recent research has been estimated that in the organizations analysed an average 32% of new expatriates are top performers.\(^{57}\)

\(^{54}\)Remark of an HR practitioners during the event “Crown World Mobility Talk 2014, Madrid”

\(^{55}\)PwC, Talent mobility, 2020 and beyond, 2012

\(^{56}\)A. C., corporate HR director of an Italian MNE

\(^{57}\)PwC in collaboration with Cranfield University, Measuring the value of international assignments, 2009
• Companies as PwC and Habasit offer overseas assignment to young graduated talents in order to attract great human capital from the mobile millennial generation.

• Companies utilize international assignments for the development of the talent pipeline.

Furthermore the essence of the expatriate assignment is changing. In the past the common expatriate assignments were typical duration based, now assignments are more short-term purpose based, the focus of the assignment is now more strategical, company needs to have the right talent with the right skills at the right time on a global basis\textsuperscript{58}.

The integration of talent management and world mobility currently is showing some tensions. Companies are not able to create a consistent framework of talent policy in the management of the overseas assignments, at most they are able to integrate and align single parts of talent management, we are still far from the big picture.

Talent management practitioners should shape this integration and alignment bear in mind the principle of all MNEs processes, they must pursue the global integrity and local responsiveness of the HR strategies, they should understand when the value of the HR policies is driven by consistency and when the value of the HR policies resides on the local responsiveness, pursuing the standardization in the first case and local adaptation in the second\textsuperscript{59}.

But why companies are not able to integrate and align these two topics? The cause could be found on the culture and structure of the MNEs. If we think about the

\textsuperscript{58}PwC, Talent mobility, 2020 and beyond, 2012
\textsuperscript{59}D. Gartside, S. Gricioli & R. Richburg, How to manage a global workforce, Accenture, 2011
principles of talent management (integration, alignment, inclusiveness and flexibility) a
global standardization of the world mobility policies that involve the management at the
HQ the most, is not a sustainable solution for an effective global talent management. It
is a well-know issue that companies should adopt a global mindset in the definition of
their international strategies in order to be effective. This means that company should
involve all the stakeholders of the overseas assignment in shaping the talent mobility
management. But this depend also if the company have the necessary infrastructure, for
example an accountable HR department or practitioners in each unit or region\textsuperscript{60}.

To foster the organization towards a global mindset the commitment of the core-
management group with a global mentality is fundamental\textsuperscript{61}, this remind us the
importance of the executives buy-in for an effective talent management program.

Another problem is the nature of the world mobility, too frequently the world mobility
is managed as a logistic issue with a reactive approach that is in contrast with the
proactive approach of talent management. The causes can be traced back to the low
capabilities of the involved practitioners, but also because the need of several
assignment rises from unexpected requirements, in the global context it is hard to
predict the client's demand, and companies many times must react rather than pro-act to
this unforeseen demand\textsuperscript{62}.

Talent management practitioners and world mobility department should work together
for a strategical approach of the overseas assignment policy becoming interdependent,
involving also HR practitioners and decision makers and as already mentioned the

\textsuperscript{60}Interview with A.C., Head of corporate HR at an italían MNE
\textsuperscript{61}N. Athanassiou and D. Nigh, The impact of the top management team’s international business experience on the firm’s internationalization: Social
Networks at Work,” Management International Review 4, pp 157–181, 2002
\textsuperscript{62}Interview with Sara Beretta, HR specialist at Habasit Italiana SPA
higher level of management\cite{63}.

For example a study reveals that in companies with a strategic approach to world mobility, the HR or world mobility team discuss the mobility future plans quarterly or more frequently, in reactive companies it happens only when is needed\cite{64}, if the executive board take a decision about the world mobility without taking in consideration the world mobility department it will loss the opportunity of being strategic.

Anyway many surveys show that the alignment is still in a rudimental stage, lack of resources, time, executive involvement and HR capabilities impede the alignment. Organizations may have some policy in place as performance assessment during the assignment and global workforce pool, but we are far from an integrated talent management model based on formal practices\cite{65}.

The rudimental stage of the practical alignment between talent management and world mobility is accompanied by a poor literature support. One of the few studies that tries to put in order this unexplored topic is the work by J. Cerdin and C. Brewster\cite{66}. They individualized in the theory two streams of study, one is based on the segmentation approach of talent management and the other is based on the inclusive approach.

The first approach proposes a framework based on the three role of the expatriate:

1. Filling positions.

2. Organizational development through control and coordination.

\begin{flushright}
\footnotesize
\cite{63}KPMG LLP., A practical guide to integrate talent management and world mobility, 2014
\cite{64}Harvard Business Review & Ernst&Young, Strategic Global Mobility: Unlocking the Value of Cross-Border Assignments, Harvard Business School Publishing, 2014
\cite{65}Cartus, Talent management and the changing assignee profile, 2013 / Brookfield, 2014 Global Mobility Trends Survey
\end{flushright}
3. Expatriate development.

With this approach the intensity of talent management practices change among segments, the talent management policy is balanced with the importance of the individuals in the overall strategy.

The second approach agrees with the point of view of this work. The global approach finds its descriptive context in the broader matter of the global talent management, here expatriation is seen potentially as a valuable experience for all the employees in which they disclose their potential. Including the expatriation within a broader context of talent management requires a change of mentality by the world mobility towards a strategic approach in which the overseas assignment is seen as a tool to develop the human capital at global level.

From the operational point of view companies tend to organize world mobility talent management in parallel with the global talent management policy, the first topic is part
Companies can pursue two different kind of approach:

1. Centralized top-down or, the corporate HQ gathers information to organize its global talent policy, so local units have to follow the corporate centre guidelines.

2. Decentralized bottom-up, local units organize their own talent policy in order to answer to the local needs.

Obviously these two approaches are not univocal, companies usually rely on a intermediate policy where the corporate centre integrate, facilitate and control talent management practices to guarantee the global integration and the local responsiveness, for example a way to guarantee global commitment is to place in each location an expatriate manager beholden to the HQ. This manager must guarantee that the local unit meet the corporate standard and promote the local needs.

In this chapter I have analysed briefly the current situation of talent mobility programs inside MNEs, my objective for the next chapters is to analyse step by step the different stages illustrated by the Brookfield's chart, first presenting the general theories of talent management and then analysing how these theories should be allocated in the world mobility context. What I want to investigate is the current state of affairs and understand the reason why world mobility and talent management are not aligned and integrated.

But before concluding this chapter I want to underline the critic points present in this first part of my study that impede the correct alignment of Talent Management and World Mobility.

*Critic point 1:* HR and World Mobility practitioners do not have the capabilities to manage effectively talent at global level.
Critic point 2: Global competition demands for cost saving, but many talent management processes require customized policies to answer to the particular talent need, and this customization at global level presuppose a considerable investment.

In the next chapters other critics points will be underlined in order to understand the reasons of the misalignment.
3 The expatriate's roles, a changing nature

Since talent is an abstract concept is basic to know exactly the qualities we need for an expatriate assignment. In order to do this we must distinguish the different expatriate roles and reasons why a company plans an expatriate assignment.

The first distinction was made by Edstrom and Galbrath, they spotted three reasons for expatriate assignments:

1. *Fill positions:* transferring technical and managerial knowledge to a country where is not available.

2. *Management development:* giving managers international experience, developing their global prospective and fostering their career. This type of assignment is considered to be the fastest growing assignment over the next years and usually is used as a key tool for talent development, 79% of respondents to a recent survey stated that the assignment's purpose that will growth faster in the future are leadership and management skill development.

3. *Organizational development* in order to control and coordinate foreign branches through processes of socialization ,and the creation of a knowledge network between headquarter and subsidiaries to promote the corporate culture and sustain organizational structure and decision process.

These three types of reasons for arranging an expatriate assignment are not mutual exclusive, usually companies plan the assignment in order to realize more than one objective.

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67 Transfer of management as a coordination and control strategy in multinational organizations, Administrative Science Quarterly, pp 248-263, 1997
Data indicate that the major objective for an expatriate assignment is fill a skill gap (due to the shortage of talent in the emerging markets) and to develop the managerial or technical skills of the assignee and career progression issues, this data have a strong relation with talent management practices and represent an opportunity to exploit talent management in these fields.

Caligiuri (2010) gave to the discussed roles a more strategic focus. From the company strategic point of view the assignment can have three objectives and is planned with different future intentions:

1. Technical or functional assignment.
2. Developmental and high potential assignments.
3. Strategic or executive assignments.

Technical or functional assignments aim to fill a skill gap, development and career progression are not intended as primary goals.

The second kind of assignment is planned as part of a big picture, usually it is a stage of a bigger development plan, career enhancing plan, or global leadership development program and generally is arranged through job rotational assignments.

The strategic or executive assignment involve senior leaders that are deployed to achieve specific firm's business objectives, for example explore new markets, managing joint ventures or develop a specific department in a foreign branch. These assignees are characterized by individual with great capabilities and the aim of the assignment is not developmental.

The real practice shows that companies over the decades have utilized this three types of role with different intensity tracing three different eras. In the end of the last century the typical expatriate was mostly driven by big U.S. or european based multinationals to the new markets in order to run the business, the length of the assignment was between two and five years and the assignee was induce with attractive reward package. The following phase takes place between the past and this century and it was characterized with an increase in the number of expatriate assignments in the emerging markets in order to control further operations of the offshore branches and develop further departments, in this period companies started to explore the local pools in order to fill further positions. Today the expatriate assignment is in front of a new era, globalization is fostering the communication and relation between countries, global mobility is becoming the new normal.

Anyway the future is not so clear, from the survey collected an average 53% declares that world mobility will increase, but there is also who asserts that the number of

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69PwC, Talent mobility 2020, The next generation of international assignments, 2010
western managers moving to emerging countries will drop. According to the article wrote by L. Cipriani, since 2013 the general trend is in decline, the principal cause of this change is the end of the 2008 financial crises, that induced many western executives to seek fortune in emerging markets, but with the recovery of the developed economies many executives are coming back home\textsuperscript{70}.

More sensational are the measures taken against expatriates by some countries, countries as Oman, U.A.E. and Kuwait that are enacting regulation in order to cut expatriate workforce and increase job opportunities for their own citizens\textsuperscript{71}. In the article of J. Harper about Kuwait one British expat has declared “This is a big gamble as Kuwait will need to quickly train up a local workforce to do the roles foreigners have been doing for decades.” But local talent are so ineffective? I don't think so.

In the past the common expatriate as already sad was the executive, he/she was in charge to manage the plant and he/she had few external interaction, today also in emerging market business are mature and above all companies rely on this market for their annual revenue the most, half of CEO respondent to a PwC’s survey based in the developed economies believe that emerging markets are more important to their company future\textsuperscript{72}. Today subsidiaries include several complex department as marketing, branding, sales, these department require several external contacts with the community therefore an intimate knowledge of the local context is more important than other abilities\textsuperscript{73}, that is why local talent are earning importance over the expats. The ability to hire, develop and retain local talents in the emerging economies has become a point of

\textsuperscript{70}L. Cipriani, Demand falls for expat talent, The Financial Times, 2014
\textsuperscript{72}PwC, 15\textsuperscript{th} Annual global CEO survey, 2012
\textsuperscript{73}J. Vilet, Overseas Assignments? How Expatriate Assignments Have Changed For Good, TLNT the business of HR, 2013
competitive differentiation among MNEs\textsuperscript{74}.

What companies require in the future above all will be specialized technician that will spread worldwide the technologies knowledge, there is no need for managers with soft skills anymore\textsuperscript{75}. Of course this is not a worldwide true there are some particular cases, but managers from emerging countries already know how to deal with business, for example many young people from emerging countries emigrate to western countries to attend master courses or work experiences, in this way they acquire managerial and technical skills that take it back to the homeland later\textsuperscript{76}.

So the nature of the expatriate is changing, if time ago the expatriate was the western business man that goes to the emerging countries to run the business and teach how to work and how to manage a company to the local workforce, now the figure of the expatriates as we know is loosing its importance. Expatriates are the new normal and the skill-gap between them and the local talent is going to be filled up.

Critic point 3: The expatriate as we know is loosing importance and it has to face the competition of the local talent, and the soft skills are not required anymore in emerging countries.

\textsuperscript{74}PwC, 15\textsuperscript{th} Annual Global CEO Survey Report, Delivering results, Growth and value in a volatile world, 2012
\textsuperscript{75}Interview with Sara Beretta, HR specialist Habasit Italiana SPA, 2015
4 Recruitment

Hiring performing people is a substantial need for enterprises in both the national and the international market. Recruitment is defined as the creation of a candidate pool identifying a sufficient number of individuals fitting the characteristics required by the job position. Having a large and consistent candidate pool is the first step to achieve a strategic hiring policy that leads to organizational success. Best companies in recruiting use a strategy of market segmentation, dividing the candidate pool in different clusters in order to adapt the communication to each group.\(^7\)

Firms to arrange a successful pooling strategy must respect several requirements:\(^8\)

1. **Determining the current and future need of the company for skilled employees,** the recruitment should be proactive, it should attract people not just for the current needs but also for the future vacant positions.

2. **Organizations must be able to reach and attract enough candidates** with the desired skills and abilities, attracting only the interested population, minimizing both the under-qualified and the overqualified candidates.

3. **Have a clear vision of the skills and capabilities required** to be part of the pool.

4. **These attributes must be consistent with the organization culture.**

5. **After the recruitment has been done, assess the effectiveness of the recruitment strategies for further improvements.** Comparing the actual value of the pool with the desired one.

Remembering the shortage of talent and the increasing competition among companies

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\(^7\)Ernst&Young, Managing Today Global Workforce, elevating talent management to improve business, 2010

in order to attract it, if we talk about recruitment the objective of talent managers is to find new ways to overcome difficulties and attract valuable candidate. To overcome the talent shortage, managers should plan new strategies in order to exploit better the already existing talent pool and attract talent to their company, plan new methods in order to widening the candidate pool exploiting the opportunities that the global workforce market provides or create an internal pool for the optimal allocation of talented individuals that are already inside the company. These considerations lead to three different options for improving the talent pool:

- Creating a pool of potential internal candidates in order to optimize the allocation of talent through strategic reallocations.
- Planning policies and strategies in order to increase the company's appeal for talented individuals, tailoring the recruitment message to the different types of candidate.
- Exploiting the missing opportunities, discovering the underutilized “deposit of talent”.

My target for the following chapters is to inquire into methods and tactics in order to achieve this three objectives in the world mobility context.

**4.1 Recruitment of expatriates**

In recent years the expatriate workforce market have been shaped by alteration in the supply side and in the demand side. The supply side challenges are referred to the shortage of international managers, that constantly modify the global strategies of multinational companies. This shortage is caused by many forces, first of all a natural

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lack of talent as mentioned by the war for talent, and by many other issues, for example the dual career problem, due to the rising participation of women in the human force or family issue, or cross-cultural unadaptability.

In the recruitment of expatriates MNEs utilize different approaches: ethnocentric, polycentric, geocentric and regiocentric.

With an *ethnocentric approach* key positions are covered by managers from the headquarters or by parent country nationals. The reasons why a company follows this staffing policy are:

- Lack of talent in the host country.
- Need for controlling and coordinating the overseas subsidiaries.

A problem of this approach is the lack of opportunities for the host country nationals (HCNs) at global level, in the long run this can result in lower HCNs managers satisfaction.

With a *polycentric* approach MNEs give some extent of independence to foreign subsidiaries, usually expatriates are managed by HCNs and parent country nationals are rarely deployed to the overseas country.

A number of expatriates can be used to face the problems of integration between HQ and local branch that could arise with this approach. Expatriates should be used to throw down the barriers raising from cultural and language differences and conflicting national loyalties.

The *geocentric* approach is the most global one. Nationality does not matter to the MNE, headquarter and subsidiaries contribute jointly to the MNE's success with their
unique competences, the pool of reference is the global workforce. Here expatriate programs are used to create a global team in order to achieve a global perspective of business.

The last approach is the regiocentric one, it reflects the company organization and strategy. Pool staffing is divided in different zone (i.e. Europe & Africa, Americas, Asia & Oceania), a move manager is present inside each region.

These kinds of approaches are not univocal categories, a company can pursue a mixed strategy and modifying it over the time considering their current needs.

There are four main area which influence the staffing policy and can lead to different solution. These four main areas are:

- **Context specificities** described as the local characteristics of the headquarter and subsidiaries environment, companies when arranging their pooling strategies must consider the different cultural backgrounds and finding a balance between internal corporate consistency and sensitivity to local adaptation.

- **Company specificities** referred to MNEs characteristics as organization's structure, strategy, internationalization degree, corporate governance and culture.

- **Unit specificities**: describing the unit's strategy, role, importance, need for control and decision independence.

- **International human resources practices** like selection, training and development, compensation and career management.

Based on these variables the HR department organizes its staffing policy, anyway if we are talking about talent and global mobility as connected topic, data show how talent
practices and pooling of expatriates are still not aligned. In the 2014 Global Mobility
Trends Survey by Brookfield only 19% of respondents indicated they had a formal
candidate pool for international assignments, down 9% from last year.

The majority of pooling strategies are carried out at HQ level by informal approaches
that usually favour the parent nationals, if the target of a global talent pooling is to cover
the strategic positions on a global scale to foster the company's competitive advantage,
the classic ethnocentric approach is not enough. For a global talent strategies MNEs
must overcome the ethnocentric dogma and embrace a more global approach to talent,
finding new solutions beyond the ethnocentric bias\textsuperscript{80}.

All the companies that I have interview are aiming to achieve a global approach, what
counts today are the personal skills and knowledge, it is not anymore a matter of
nationality, and this trend is predicted to increase. Moreover the multiculturalism of the
pool is perceived as a strategical resource, in today global market fruitful knowledge is
everywhere\textsuperscript{81}.

To be effective the recruitment phase should respect the already mentioned principle of
the global talent management for global integration and local responsiveness, Scullion
and Collings (2011) suggest a hybrid model where the local line manager are involved
in the recruitment and selection of local talent with the potential to outperform in cross-
boundaries assignments, this allow the global corporate to maximize the potential of the
local pool that could be poor if managed by the HQ due to the long distance.

About the reasons to be included in the pool, the respondents to the Brookfield report,

\textsuperscript{80}D.G. Collings, Integrating global mobility and global talent management: Exploring the challenges and strategic opportunities, Journal of world business, N 49 pp 253-261, 2014

\textsuperscript{81}Interview with A.C., Head of Corporate HR at an italian MNE
stated that the willingness to go is the most important feature, underlying the importance of motivation, following the potential of the employee, topic strongly connected with talent development and in the third place the possession of particular rare skills, so a particular talent related to the technical and functional assignment.

There are examples in the business environment that take formally in consideration this willingness to go on an international assignment. Considering the internal pool, a good practice is to include in the annual performance appraisal a measure of the willingness and preparedness to go to an overseas assignment, and at the same time include those variables that could obstruct the international experience (dual career, children in studying age, career concerns etc)\textsuperscript{82}. This strategy embedded the proactive approach of talent management, and allow the HR department to create a pool of available talent.

So the main points for an effective talent mobility recruitment are:

\textit{Exhibit 11: Brookfield: 2014 Global Mobility Trends Survey}

There are examples in the business environment that take formally in consideration this willingness to go on an international assignment. Considering the internal pool, a good practice is to include in the annual performance appraisal a measure of the willingness and preparedness to go to an overseas assignment, and at the same time include those variables that could obstruct the international experience (dual career, children in studying age, career concerns etc)\textsuperscript{82}. This strategy embedded the proactive approach of talent management, and allow the HR department to create a pool of available talent.

So the main points for an effective talent mobility recruitment are:

\textsuperscript{82}Pwc in collaboration with Cranfield University, Measuring the value of international assignments, 2009
• Pursue the global consistency and the local responsiveness.

• Being proactive rather than reactive.

• Overcome the ethnocentric bias toward a global talent pool.

### 4.2 Internal vs external expatriate pool

The main differentiation in pooling is between *internal* and *external pool*, if companies consider candidates member of the organizations they are looking to the internal pool, if organizations are looking for talent outside the organization they are considering the external pool. These two options have different advantages: internal selection usually is preferred in order to minimize the risk of a poor selection decision, because of the lower uncertainty thanks to the proximity of the candidate with the organization, and employees are already familiar with the company's culture and structure. Companies also prefer internal selection in order to maximize the past and current investment in human capital\(^\text{83}\).

Data historically confirm this preference, and also in 2014 this fact has been confirmed.

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More tools can be used to gather information of the internal candidate than the external one. These tools are for example: interview between colleagues, performance history, career plans and so on.

On the other side external recruitment may be cost effective and allow companies to access to lacking competences and skills, finding new talents.

The following table sums up the advantage and disadvantage of the different approaches.

<table>
<thead>
<tr>
<th>Internal expatriates recruitment</th>
<th>External expatriates recruitment</th>
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<tbody>
<tr>
<td>Advantage</td>
<td>Advantage</td>
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<tr>
<td>- Improve motivations of current employees</td>
<td>- Bring into the company new talent and ideas</td>
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<tr>
<td>- Cost effective</td>
<td>- Allow the organization to find the required skills / abilities</td>
</tr>
<tr>
<td>- Easier assessment thanks to past performance</td>
<td>- Reduce training and development cost</td>
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<tr>
<td>- Allow to realize succession and promotion plans</td>
<td>- Provide cross-industry knowledge</td>
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<tr>
<td>Disadvantage</td>
<td>Disadvantage</td>
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<tr>
<td>- Candidate may have a limited perspective</td>
<td>- Increase recruitment cost</td>
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<tr>
<td>- High pressure on training and development</td>
<td>- Low motivation of internal labour force</td>
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<tr>
<td>- Internal political conflict for promotion</td>
<td>- Require adjustment</td>
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Exhibit 13: Internal vs external talent pool

4.3 Internal selection: a talent marketplace

Talking about talent, HR centric companies focus on the human capital development, when are selecting internally, they must pursue the best allocation of resources to give to talent the best opportunity to develop and unleash its potential. The target is to develop a pool of high potential internal candidate available to go on a international assignment aligned with the business strategy, the creation of the pool must be proactive.
in order to create an available talent pipeline\textsuperscript{84}. In order to do that firms might create a company's structure and culture favourable to talent optimization. As explained in chapter 2.1, culture, organization's structure and HR system are fundamental for an effective talent management. An interesting example of effective talent practices for recruitment is to create an internal talent marketplace. The final aim of a talent market place is to allow managers in finding and moving the desired talent inside the organization and making available to talents a range of possible assignments through job posting, the final objective is to freely move talent stuck in the silos and units.

In order to make efficient this policy talent managers could leverage more on the individual, the talent relocation must be consequence of the personal initiative rather than the result of top-down orders, this is important for two reason: to prevent career advancement through personal relationship and undesired assignments\textsuperscript{85}.

In one of the company that I have interviewed employees have at disposition an intra-net web-based platform where they can look for assignments around the world, and managers through the performance appraisal system can recruit internal talent worldwide.

Each branch manager can put an advertisement of the vacant job to this web platform. The job advertisement include a description of the work duties and tasks, a list of skills and abilities required and the values expected for this job.

This application could have the potential to create a global talent pool, connecting


\textsuperscript{85}The McKinsey Quarterly, Making a market in talent, N. 2, 2006
through the web distant talents and units. But how the reality is?

MNEs have difficulty to create a heterogeneous pool as they have not enough talent coming from all the organization's units, above all in the executive positions. These situation impede the correct creation of a desired multicultural international cadre\(^\text{86}\).

Furthermore in MNEs usually subsidiaries are competitors among them and usually are punished by HQ if they don't achieve determined result, as a consequence they are not inclined to share their talent globally cause it could undermine their success\(^\text{87}\). This situation impedes the creation of a global talent pool and the perfect allocation of the human capital across units, the sentences the right talent in the right position at the right time wherever he/she comes from will be never achieved with these circumstances.

Anyway the example showed presenting to all employees the vacant job positions allow the company to overcome the resistance of local managers. All the employees inside the organization can explore the available opportunities. All the companies that I have interviewed have a similar structure in place, anyway managers are eager to have at their disposition more global employees willing to go on an assignment, the proactivity of the employees is definitely evaluated and as already underlined it is a sign of potential talent (p. 21).

\section*{4.4 Recruit talent through employer branding}

Best companies in order to attract talent use a well though out Employee Value Preposition, this tool aims to improve the company's appeal, tailoring the recruitment message to the different types of candidates.

\(^{86}\)P. Reilly and T. Williams, Global HR, challenges facing the function, Ed. Gower, 2012

The target of the EVP is to guarantee that the majority of the workforce displays the right behaviour to achieve the business objective as a natural consequence, this because the EVP is based on the cohesion of the company’s culture, mission, values and vision with the current and future employee beliefs, underlying the importance of the relation employee-company context.

In the recruiting phase the EVP in order to be effective needs to be transmitted to the future employees, this process is called Employer Branding Strategies, this refers as the perception of the company as good employer and a great place to work by both current and future employees, and it is represented by the economic and psychological benefits rising from the employment.¹⁸⁸

Effective Employer Brand strategies need specialists with different background above all HR, marketing and communication practitioners, the collaboration among these departments is fundamental in order to arrange a cohesive message that the firm wants to transmit. The starting point is to talk in detail about the desires of the target pool and explain what it is like to work in the organization, this represents also a mechanism of self-selection, candidates already know what the company is looking for.¹⁹⁰

In the expatriates program a good employer branding strategy should attract potential talented expatriates through an integrated and strategic approach, going beyond the simple monetary reward, above all because an international assignment has a bigger impact on employees' life.

Companies trough their EVP strive to fill the vacant strategic positions in the global

¹⁸⁹B. Van Leeuwen, J. Pieters & T. Crawford, Building Philips’ employer brand from the inside out, Strategic HR Review 4, 16-19
¹⁹⁰Hudson RPO, How to Launch a successful employer brand, July 2014
context. Organizations through their EVP should communicate:

- Why the company is a great place to work in the global context.
- Attract the individuals that adapt easily to an expatriate assignment and have the right managerial and technical characteristics.
- What are the reward of the overseas experience.

In the global context a company should demonstrate to be the best employer in various countries, arranging different strategies for each national context, for example Pepsi&Co in the U.A.E. create a flexible work environment that is really rare in the region, according to its workers flexible working hours and summer reduced hours in order to be the best employer in the country and attract the desired human capital.\(^9\)

About the second point Caligiuri (2010) gave some hints in order to understand who are these suitable candidates. She defines this category as *culturally agile talents* that are individuals open to diversity and international experience. Caligiuri individualized these talents as functional individuals in order to create a pipeline of future global professionals.

In the opinion of Caligiuri companies to attract these talent have to: offer employee development opportunities that include international assignments, organize global project teams as virtual or global team composed by members of different nationality, offer global leadership development programs and highlight the organization’s global image.\(^9\) These objectives could be reached effectively if the internationalization of the company is embedded in its culture and structure. There are many examples of


\(^9\) P. Caligiuri, *Does Your Employee Value Proposition Translate Globally?*, 2012
enterprises with a successful world mobility strategy thanks to a culture of internationalization where the international assignment is seen as a tool to foster the competitive advantage\textsuperscript{93}.

About the rewards a topic remarked frequently is the relocation support, aiming to make the move as smooth as possible. The relocation assistance includes: dealing with visa and administrative documents, settling-in service, home and school search, spouse assistance and so on.

But if we look at the data (appendix database), the first concern for employees is about their career, many individuals see the international assignment as a developmental opportunity and a tool to foster their career.

Furthermore a big part of assignees is willing to go on an overseas assignment for improve its financial situation, it is a common practice to give a high cash reward to the assignees.

But a kind of personal reward that usually culturally agile talents described by Caligiuri values most, is the emotional side of the assignment, they are enthusiastic to live in a new culture, changing lifestyle and discover new things.

Considering all these different attraction features to attract an employee to embrace an international assignment I have individualized five categories: cash-reward, emotional-reward, relocation benefit, development opportunities and career progression. All these categories are directed to the enrichment from the material and immaterial point of view and to a better future status.

\textsuperscript{93}Pwc, Measuring the value of international assignments, 2006
According to the scheme companies should communicate a set of relocation benefits in order to answer to the candidate concerns, a set of emotional and monetary reward and provide career progression plan and development opportunities. Companies through this communication should cause inside candidates a set of expectation about their future career and financial situation, about the enrichment from the professional and emotional point of view and about the excitement of going to a challenging experience.

In the global workforce are present a multitude of interconnected talent pool, talent management practitioners must consider the EVP as a flexible tool, the one-size fit all is an outdated concept for talent management. This means that they must modified the message based on the selected pool, for example a young candidate will be more
interested in the excitement part and career opportunity of the assignment on the contrary an individual in his/her middle age will be more interested in spouse assistance and cash reward.

4.5 Widening the talent pool

Researchers and scholars in their works refer to many missing opportunities that could allow managers to widen the expatriates candidate pool historically dominated by western white men. HR managers through a careful research could find new deposits of hidden talents and put in action HR practices in order to attract them. In a recent Manpower survey 25% of respondents declare that they are seeking⁴⁴ talent in new untapped sources.

![Distribution of talent pool](image)


Female expatriates pool

Looking at the previous pie chart we can disclose as a huge part of talent is underused, and within this part women are an important percentage. The under-use of of women's talent represent a missed opportunity. In expatriate assignments as shows the exhibit 17, the percentage of expatriate women is very low compared with the male counterpart.

⁴⁴Manpower Group, The talent shortage continues how the ever changing role of HR can bridge the gap, 2014
Gender inequalities in recruitment, development and retention deny women reaching similar goals likely talented men$^{95}$.

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2010</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>79%</td>
<td>81%</td>
<td>76%</td>
<td>79%</td>
</tr>
<tr>
<td>Female</td>
<td>21%</td>
<td>19%</td>
<td>24%</td>
<td>21%</td>
</tr>
</tbody>
</table>


About expatriate assignments the main factors against female talent are basically cultural. Adler in his research$^{96}$, pointed out three main issues explaining why women expatriates are so few, the author depicts these problems like myths since he undermined the credibility of each theory.

The first myth is created by the social norms imposed by the past. The myth concerns the fact that women have been depicted as not interested in international opportunities, but this is clearly an external factor rather an internal one.

The second myth refers to the reluctance of managers to select women for international assignment, seeing it as a risky operation due to the surrounding environment. But the reason why this happens, it is the scarce presence of women in organizations' executive levels, therefore male directors have total control on female expatriate careers$^{97}$. Data show how much unbalanced is this ratio in managerial positions, for example the share of women among non-executive directors of large listed company in the EU27 is 17,6% and the senior manager rate is even lower just 11%$^{98}$.

The last myth claims that women could not be effective in other cultural contexts due


$^{96}$N.J. Adler, Women do not want international careers: And other myths about international management, Organizational Dynamics, N. 13 pp 66-80, 1984

$^{97}$M. Janssen, T. Cappellen & P. Zanoni: Successful female expatriates as agents:positioning oneself through gender, hierarchy and culture, 2013

$^{98}$Women and men in leadership position in the European Union, 2013, European commission- Directorate-General of Justice
to the culture prejudice of male managers against female managers. Adler in his studies shows as this problem is not well-founded, because in unfriendly cultural contexts women expatriates are associated with male expatriates as foreigners.  

In order to solve this unbalance an example of good practices has been provided by the research of A. Tatli et al. This study introduces the gender quotas in talent management practices, quotas are not the solution, but they can demolish the barriers that impede women to exploit their talent widening the talent pool.

Anyway data in world mobility are not so encouraging, based on the result of a Ernst&Young survey, only 6% of respondent declared that they are encouraging members of minorities group to go on assignment.  

**Eastern talents**  

Analysing the pie chart in the exhibits 16 not just women are a missed opportunity, we can disclose another wide group, this group is the east talent pool. The exhibit 18 shows as this fact represents a big opportunity for talent seekers.

Improving talent pool in developing markets appear one of the best solution in order to fill the gap between demand and supply of talent, for western companies this fact has also an economic side, as they focus their effort for future growth in these markets.

A clear example of eastern talent are the east-west-east pioneers. Young Asian professionals that had the opportunity to study in western university an then have come back to their home country, capturing these talents means acquiring highly educated

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100Ernst&Young, Your talent in motion, Global mobility effectiveness survey, 2013

101The global talent index report: The outlook to 2015, Heidrick and Struggles, 2013
talent with an easier cultural adaptation in eastern markets\textsuperscript{102}.

Companies also arrange what is called a \textit{reverse transfer}, that is a type of assignment where a talented individual from an emerging market are usually moved to a developed country on a short-term basis in order to gain valuable skills to bring it back to the origin country\textsuperscript{103}.

In one of my interview the HR specialist explain me how they are able to find local talents highly determined to success, he was surprise by the improvement of the local talent in last years and in his opinion for many aspect as motivation and willingness to move they are better than western talents\textsuperscript{104}.

But in the future the recruitment of these talents will be harder, in developing countries local companies are increasing their appeal, due to sensation of national pride and cultural proximity, consequently these companies are new competitors in the local workforce market and are inflating the local pay market, making lower the advantage

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{chart.png}
\caption{Global distribution of talent pool, individuals with college/university education by region, Booz&Co Global talent innovation, strategies for breakthrough performance, 2009}
\end{figure}

\textsuperscript{102}Talent mobility 2020, The next generation of international assignment Price Waterhouse Coopers, 2010
\textsuperscript{103}PwC, Talent mobility 2020 and beyond, 2012
\textsuperscript{104}Interview with A.C., Head of HR corporate of an italian MNE
for cheap local talent\textsuperscript{105}. In three years between 2007 and 2010 the willingness of chinese talents to work for a chinese employer has passed from 9\% to 28\%.

\textbf{Millennials, the future leaders}

Another opportunity to widen expatriate talent pool are the millennials, a relatively new workforce of people born between the 1980 and the 1995, a generation with completely new characteristics ready to overrun the workforce.

In 2014 millennials have taken the lead in the workplace\textsuperscript{106}, so for managers it will be essential adjusting companies' strategies and processes to this new type of employees, because they have completely different needs and desires then former generations.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{millennials_workplace}
\caption{Millennials take lead in the workplace, Gallup tracking, 2014}
\end{figure}

The main characteristics of millenials that should be considered are\textsuperscript{107}:

\begin{itemize}
\item Their willingness to travel.
\item The importance of a good work-life balance.
\end{itemize}

\textsuperscript{105}Heidrick & Struggles, The global talent index report: The outlook to 2015, 2013 - The Boston Consulting Group, Decoding Global Talent, 2014

\textsuperscript{106}Administrative professional Today, Vol 40 Issue 5, 2014

• Their claim for a significant reward that often is not monetary.

• The search for rapid advancement, they are always eager to acquire new skills facing challenges, they prefer working in teams and are characterised by an open communication108.

Millennials want to work for companies that support innovation, develop their skills as leaders and have a positive impact on society and environment109.

So considering the shortage of executive, it will be fundamental to adapt company talent management strategies to this new predominant workforce, gaining the top executives of tomorrow.

This generation is the more globally-open ever, 71% of millennials taking part to a PwC survey said that they want and expect an overseas assignment during their career110. Companies should play on these predisposition, for example Habasit organizes early overseas experience on short-term basis for millennial rookies in order to give them a global mindset in a stage where they usually don't have family or responsibility ties.

4.6 Conclusions on talent pool
These different talent pools and recruitment mechanisms described are not mutual exclusive. Companies use a mix of them, dividing different pools is useful in order to understand the general characteristics and aspirations to attract them through a suited message and strategy.

But analysing this chapter we can unclove further critic points.

109Deloitte Touche, Big demand and high expectation, The Deloitte millennials survey, 2014
110Pwc, Talent mobility, 20120 and beyond, 2012
Critic point 4: Usually companies do not have a formal pool of expatriate talents and have a reactive approach rather than proactive.

Critic point 5: The approach to talent pooling is usually influenced by an ethnocentric bias. Companies must avoid the ethnocentric approach because it undermines some principle of the talent management as the democratic structure (it is unfavourable to the HCNs), and the perfect allocation of the resources (its focus is on a limited part of the talent population).

Critic point 6: MNEs have not enough talent in the units worldwide, in order to create an effective multinational pool cadre.

Critic point 7: MNEs' units are in competition among them, they are not inclined to share their talents.

Critic point 8: Usually the executive board of MNEs is dominated by western white men, this lead to a bias when it's time to consider minorities in the talent pool.

Critic point 9: The competition for cheap local talent in the emerging market will be greater in the future due to the rising attractiveness of companies based in the developing market.
5 Selection of talent

Once the organization has planned a strategy in order to attract a pool of talented individuals the next step is the selection, described as the the collection of data and information about candidates in order to select the most suitable individual for the job.

This step in talent management always have been considered of vital importance because suddenly affect the failure rate or success, a poor selection could be disastrous.

L.A. and D. R. Berger (2011) in their book suggest to consider five screening activities:

1. Identify what are the basic features that describe the job position.

2. Analyse what great talent posses with an higher rate than average performers.

3. Investigate how outstanding talents look at themselves.

4. Identify with an in-depth analysis what are the capabilities that really make the difference in the job position (core competencies).

5. Analyse the motivations that lead talent to take in consideration the job position.

These steps should be used in order to create a competency model strictly tailored to the company's context. HR department must create a list of likely skills and knowledge for the job position, finding a limited set of important features. To do this they can resort in many activities, as management group discussion, former talent interview, peer evaluation and so on.

Another interesting point of view notes that in order to be effective companies should make their selection considering above all those attributes that are difficult to change
through training and development activities\textsuperscript{111}, thinking about talent definition, companies should consider qualities as giftedness or strengths first. So talent management practitioners must divide the qualities that are common in the workforce and that describe a minimal standard from those that differentiate the candidate from the average and lead to the competitive edge.

Once these features have been individualized is common practice to include them in a matrix, where the selected capabilities are related with the strategy, vision, mission and values of the company.

Competency models is one of the most important tools in talent management, it is the link among different practices, for example it is used in selection and performance review, it is considered for evaluation about career development and to evaluate employees' potential and arrange training. Competency models are the common language among talent management practices.


\begin{center}
\textit{Exhibit 19: Centrality of competency model}
\end{center}
When these data are collected the following stage is the proper selection, this phase is made by three steps:

1. **Forecast**: Use information of past and current candidate features in order to predict the future performance (performance appraisal/potential analysis).

2. **Decision**: Using the information collected to take a decision about candidates.

3. **Information supply**: provide information to candidates about the organization, the job place and conditions.

About evaluation variables the generally accepted theory and practice distinguish between three categories that need to be assessed\(^{112}\):

- **Attitude**: motivation, values, opinions, interests and behaviours.
- **Skills**: the abilities and competences in performing a determined activity.
- **Knowledge**: the acquired knowledge and capability through experience.

In the next chapter through a literature review I will focus my attention on the most valuable characteristics for an expatriate candidate that should be included in a competency model.

### 5.1 A competency model for expatriates

The expatriate selection should be directed to the maximization of the assignment success, that is generally accepted as a mix of three aspects:

1. Adjustment in the host-country.

2. Expatriate performance.

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\(^{112}\) T. Davis, M Cutt, N. Flynn, P. Mowl & S. Orme, Talent assessment, a new strategy for talent management, Chapter 4, Ed. Gower, 2007

Talent managers must focus their efforts in finding assignees with those characteristics that optimize these areas of success. The selection is a critical phase as mobility managers have to face rising cost in the global mobility arena, usually the cost for an expatriate is two to three times the assignee’s annual salary\textsuperscript{113}, therefore a poor selection can be deleterious.

Before starting with the selection, an important target for MNEs is to create a global competency model, a common idea of talent among different branches is fundamental in order to plan coherent talent management policy as succession plan, career plan, and to coordinate the expatriate selection and expectation between branches.

In the selection of expatriates few companies adopt a scientific selection method, the majority still rely on informal tools. The 2014 Global Mobility Trends Survey by Brookfield indicates that just 21\% of the respondents rely on formal assessment tools for selection. The informal selection always have had an important role in the overseas assignments, in their study Harris and Brewster explain how internal expatriates selection usually starts at informal level with casual conversation among managers\textsuperscript{114}.

When a formal assessment is pursued, it presents different options: usually selection policies are managed by the HR department, also to resort to an external provider is a common practice, less frequent but important too are self-assessment tools and formal assessment managed by the business unit.

HR practitioners should involve all the stakeholders of the vacant position in a mental

\textsuperscript{113}Tower Watson, A Global Talent Mobility Study, Regional Differences in Policy and Practice, 2012

\textsuperscript{114}H. Harris & C. Brewster, the coffee machine system: How international selection really works, International journal of human resources management, Vol 10 N 3 pp488-500, 1999
exercise in order to individualize the key features for the expatriate assignment success, the validation of the competency model by the key stakeholders is a key factor to maximize the global commitment.

Anyway data show that the involvement of several stakeholders is not a common practice yet, 30% of companies respondent to a survey declare that they request the approval to the involved host business unit, 19% to the host HR, 17% to the home HR, 13% to the corporate HR. This data depict as the situation is not integrated globally and as HR departments have little decision power\textsuperscript{115}.

Looking at the result of my interviews I can say that in companies with lower international experience the selection is made at HQ level, in companies with a long international experience where the structure of the company include also HR practitioners at unit level a degree of commitment can be pursued. The presence of accountable HR managers at subsidiaries level involved in the global dynamic it is fundamental in order to enhance the commitment among units in selection.

\textsuperscript{115}Brookfield Global mobility trend survey 2014

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{candidate_assessment_tools.png}
\caption{Candidate assessment tools, Brookfield: 2014 Global Mobility Trends Survey}
\end{figure}
Researches and empirical studies upon expatriate selection

In business literature the success rate of expatriates is a common topic that have been studied by many scholars. Ronen individualized five categories for assess the expatriate's success, these categories are:\textsuperscript{116}:

- Job factor.
- Relational dimension.
- Motivational state.
- Family situation.
- Language skills.

\textit{Job factors:} technical and managerial skills, administrative competences and familiarity with company operations.

Particularly important for expatriates is the \textit{stress-management} skills, a set of managerial ability that can be learned. Going to an expatriate assignment means also facing different stressful situations, the ability in managing stress minimize turnover and increase expatriates performance and adjustment\textsuperscript{117}. It allows assignees to engage in goal-oriented tasks despite the pressuring situation, with workload and time-pressure typical of the expatriates assignment of the global era. This quality is so important that has been identified as one of the best discriminant between average and outstanding expatriates\textsuperscript{118}.

\textit{Relational dimension:} commonly considered as the most important predictors of the

\textsuperscript{116}S. Ronen, Training the international assignee: training and career development, Goldstein, 1989
\textsuperscript{117}Mary G & Peter Y. Chen, Selection of Expatriates: Decision making models used by HR professional, Human resources planning Vol 28 pp 15-20, 2005
expatriate's success, most of the literature concentrate its attention on these features. Many studies cite the *five personal traits* as features that lead to assignee success and highly adaptation in the work and non-work life in the host country, the expatriate assignment is by definition characterized of a new set of relationships, situations and problems that managers do not use to deal with in the home country 119.

These five characteristics are: extroversion, agreeableness, openness, neurotic character and conscientiousness.

<table>
<thead>
<tr>
<th>Features</th>
<th>Definition</th>
<th>Effect</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extroversion</td>
<td>Talkative, energetic, open mind individual</td>
<td>Accepted easily by host country nationals and prone to knowledge sharing</td>
<td>Fosters adjustment, reduce turnover, and favours job performance</td>
</tr>
<tr>
<td>Agreeableness</td>
<td>Individual is kind and friendly</td>
<td>Build positive relationship through flexible behaviour</td>
<td>Better cross-cultural adjustment related to improved performance</td>
</tr>
<tr>
<td>Openness</td>
<td>Broad interest and inventive</td>
<td>Willing to adapt personal behaviour</td>
<td>Better performance and adjustment</td>
</tr>
<tr>
<td>Neurotic</td>
<td>Emotional stability</td>
<td>Low anxiety</td>
<td>Better adjustment and performance</td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>ability to organize and plan</td>
<td>Ability to organize and goal-oriented</td>
<td>Likely to complete job expectation</td>
</tr>
</tbody>
</table>


In one of her studies P. Caligiuri shows how individual's openness, flexibility and ethnocentrism are personal traits that are very difficult to modify through an overseas assignment, for these reason she suggests to consider above all these characteristics during the selection stage in accordance with the principle of considering innate

119 P. Caligiuri, The big five personality characteristics as predictors of expatriates desire to terminate the assignment and supervisor rated performance, Journal of personal psychology, Vol 53 pp. 66-87, 2000
qualities first in selection.\textsuperscript{120}

<table>
<thead>
<tr>
<th>Job Factors</th>
<th>Relational dimensions</th>
<th>Motivational state</th>
<th>Family situation</th>
<th>Language skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical skills</td>
<td>Tolerance for ambiguity</td>
<td>Belief in the mission</td>
<td>Willingness of spouse to live abroad</td>
<td>Host-country language</td>
</tr>
<tr>
<td>Managerial skills (particularly stress-management)</td>
<td>Behavioural flexibility</td>
<td>Congruence with career path</td>
<td>Adaptive and supportive spouse</td>
<td>Non-verbal communication</td>
</tr>
<tr>
<td>Administrative competence</td>
<td>Non-judgementalism</td>
<td>Interest in overseas experience</td>
<td>Stable marriage</td>
<td></td>
</tr>
<tr>
<td>Familiarity with host-country and HQ operations</td>
<td>Cultural empathy and low ethnocentrism</td>
<td>Interest in host-country culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interpersonal skills</td>
<td>Interest in acquiring new patterns of behaviour and attitudes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Exhibit 22: Features for expatriate selection*

**Family situation**: the family situation must be taken very seriously. It represents an additional source of stress for the expatriate and is one of the first cause of expatriates early return. Despite this considerable issue, only 16\% of respondents to a Tower Watson's survey consider family circumstances in selecting candidate for expatriate assignment.\textsuperscript{121}

**Motivation**: motivation state and the interest in the foreign culture is a fundamental feature in order to create new social contract by the expatriate and at the same time

\textsuperscript{120}P. Caligiuri & V. Di Santo, Global competence: What is it, and can it be developed through global assignments?, Human resource planning, pp 27-35, 20
\textsuperscript{121}Tower Watson, A Global Talent Mobility Study, Regional Differences in Policy and Practice, 2012
enjoy the experience.

**Language skills:** It is important that the assignee has some working language knowledge, but actually more important are the non-verbal communication abilities in order to be effective, and being aware that each culture has its own non-verbal communication.

Another frequently quoted characteristic in literature is the intelligence as a mean to measure success. Common literature recognized that successful global leader must possess three types of intelligence\(^{122}\):

- **Rational and logic-based verbal and quantitative intelligence.**
- **Emotional intelligence** (EI).
- **Cultural-intelligence** (CI).

The first type of intelligence refers to the ability to comprehend the context that rounds us and take profit from the experience. This type of intelligence is the most deep in our soul and can be considered as a giftedness as it is really hard to develop it.

Emotional intelligence is a biologic characteristic of each individual that can be developed and essentially drives our emotions and the way an individual receives and assesses the informations.

The last kind of intelligence is the ability of individuals to interact and manage themselves successfully in a cross-cultural context, thanks to their ability in understanding and analysing cultural differences and similarities\(^{123}\). An individual with high cultural-intelligence easily prevent mistakes and adapt his/her behaviour to the

\(^{122}\) I. Alon, J.M. Higgings, Global leadership success through emotional and cultural intelligence, Business Horizons 2005 No 48, pp 501-512

\(^{123}\) Early & Ang, Cultural-intelligence individual interaction across culture, Palo Alto, CA Stanford University 2003
particular situation that he/she is going to face in different cultural contexts and as a consequence reduces turnover.\textsuperscript{124}

Cultural-intelligence can be developed through cross-cultural courses and international experiences.\textsuperscript{125} According to R. Takeuchi et al. previous international work-related experiences facilitate expatriate general adjustment and work adjustment\textsuperscript{126} that lead to better performance, it is a relatively common practice to consider candidate previous international experience as a good predictor of easier adjustment\textsuperscript{127}.

But actually who should be in charge for the selection? Even in that case company should pursue the global consistency and the local reactivity weighting these two business necessities according to the specific situation. For example select an expatriate through a home country competency model for an assignment in a host country where the performance domain is completely different could be ineffective.

So organizations should considered a set of globally standardized competencies consistent at global level but could be culturally inconsistent for some location, or a set of capability model locally crafted guaranteeing the local adaptability but creating different conflicting models at global level.

The best approach is to create a hybrid capability model where a set of competencies are globally standardized and another group of competencies vary accordingly to the local conditions, answering in that way to both the need of global consistency and local responsiveness\textsuperscript{128}.

\begin{itemize}
\item \textsuperscript{124}Essays Uk, The effect of cultural intelligence on expatriates and leadership, 2013
\item \textsuperscript{125}J. Eisenberg, H.J. Lee, F. Bruck, B Brenner, M.T. Claes, Can business school make student culturally competent? Effects of cross-cultural management courses on cultural intelligence, Academy of management learning & education, 2013 Vol 12 No 4 pp 603-621
\item \textsuperscript{126}R. Takekuchi, P. E. Tesluk, S. Yun & D P. Lepak, An integrative view of international experience, Academy of Management Journal, Vol. 48 N. 1 Pp. 85-100, 2005
\item \textsuperscript{127}Brookfield: 2014 Global Mobility Trends Report.
\end{itemize}
Anyway from my interviews companies do not seem to be interested in a hybrid approach for several reasons. In Habasit assignments are characterized by highly technical talents, hard skills are the more important for the evaluation, they prefer to focus on few core competencies that deeply impact the competitive advantage.

Furthermore the concern about cross-cultural shock is steadily decreasing, the world is more flat and moreover in the mature emerging markets local people used to have relationship with foreign people, they already know us very well, people everywhere is more global, of course there are some exceptions but the general trend has been shaped\textsuperscript{129}.

The sore point of this chapter are:

\textit{Critic point 10}: Companies usually do not involve all the interested stakeholders in the selection process, this could lead to low commitment upon the assignment.

\textit{Critic point 11}: Companies usually do not use formal assessment process, this inhibit the creation of a capability model, and do not guarantee formally the global consistency and local responsiveness.

\textsuperscript{129}Interview with Sara Beretta, HR specialist at Habasit Italiana SPA
6 Retention of talents

As already discussed the first tool to retain talent is to hire people that share the company's values and culture, but after this stage companies must retain people in a day-by-day relation.

Within the theory of the talent retention two topics are usually cited, the *psychological contract*(PC) and the *employee value exchange*(EVE).

The two terms refer to the condition of the relationship between employer and employee, and the related instrument in order to improve it and satisfied the employer expectation on performance and the employee expectation on reward.

The psychological contract is an earlier approach of the EVE, the concept have been formalized by Rousseau that defined the PC as an individual's beliefs regarding the mutual obligations between the employee and the employer, rising by explicit contracts or implicit agreements. The PC keeps in use until the individual perceptions of the promises and obligations of both parties match with the individual expectations\(^{130}\).

From an organizational point of view Guest and Conway distinguish between two source of PC the human contract makers and the structural contract makers\(^ {131}\). The human contract makers are the recruiters, coaches and above all the direct manager of the employee\(^ {132}\), these figures play an important role in communicating and exchanging reciprocal obligation with the worker. The structural contract makers are the human resources management practices, an example of structural makers is the performance appraisal, as it can be seen as an opportunity to fix and review expectations with the

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\(^{130}\)D. Rousseau, Psychological contract in organizations, understanding the written and unwritten agreements, pp 34-54 Sage publications Inc., 1995

\(^{131}\)D.E. Guest & N. Conway, Communicating the psychological contract an employer perspective, The public sector and the psychological contract, IPD research report, 2000

The PC from a talent management point of view is important because tries to create an organization of people-building rather than people-using, the relation is no more lead by top-down practices rather is characterised by an atmosphere of reciprocal trust and fairness. A less top-down communication based on personal communication increase the effectiveness of the PC and improve many aspects of the relation employer-employee.

Empirical researches show as a reduction in PC breaches minimize the intentions to leave the organization, increase job satisfaction, increase the commitment to the organization and as a result the employee performance.

If the PC is represented with an exchange, of central importance is to understand what composes the reciprocal expectation, Rousseau distinguished between two types of contract referring to the bargaining chip:

1. **Transactional contracts**: identified by economic rewards, have short term duration and little scope.

2. **Relational contracts**: based on less tangible rewards, need time in order to be developed and raise from the reciprocal beliefs.

The Employee Value Exchange is an evolution of the PC and is based on the Employee

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Value Preposition, now to be concentrated on the employee's aspiration is not enough, rather it is necessary to focus the attention also on the employer's requirements. The Sibson's Reward of Work Model considers all the two side of the relation giving us a preliminary scenario of the EVE. The aim of this model is to understand what drive workforce's engagement and performance.

Expectation from both side are not a stable topic and change by the time, this is due to several reasons already mentioned in this study, like people desires and economic condition change. For example in the old models employees received job security in return of loyalty and hard work, later a new model has emerged, in which companies promise support to employee as they increase their human capital\textsuperscript{140}, in line with the talent management target.

6.1 \textit{Retention of talented expatriates, the peculiar case of repatriation}

The EVE shows us another time as an international assignment represent an interesting case of study due to its complexity. An expatriate assignment have a considerable impact on all the aspects of an individual's life\textsuperscript{141}. The assignee leaves behind his/her life made by relationships, family, friends and hobbies.

\textsuperscript{140} K.G. Lewis, Breakdown- a psychological contract for expatriates, European business review, Vol 97 Iss 6, pp 279-293, 1997

\textsuperscript{141} J. Pate & H. Scullion, The changing nature of the traditional expatriate psychological contract, Employee Relations Journal, Vol 31 N 1, Emerald Group Publishing Ltd., 2009
In the overseas assignment the employer has a far more incisive influence on expatriate's life\textsuperscript{142}, this greater influence is due to the provision of further services that are included in the transactional part of the EVE as housing, education and other services of the lees tangibles relational part as personal safety and career development\textsuperscript{143}.

This higher influence by the employer provoke a greater response to contractual breaches\textsuperscript{142}, that can lead the employee to leave the assignment, or to increased absenteeism, lower performance, hostility behaviour and that can damages the company's reputation.

Retain the returning expatriate is fundamental in order to maximize the investment made in the assignment and avoid that this human capital goes to a competitor.

Maximize the investment in human capital means to exploit the acquired skills and knowledge learned by the employee during the assignment about how company is perceive outside, to have an insight about the foreign market and to know how business running around the globe. Another important knowledge is the global social network that the individual has developed during the assignment and can foster the transfer of knowledge between HQ and host country.

Anyway data are not so positive, an average 16% of assignee left the company two years after the end of the assignment and 41% simply returning to the former job position\textsuperscript{144}, percentage in contrast with the main objective of the assignment that are career and leadership development, given the huge investment that companies make to

\textsuperscript{143}K.G. Lewis, Breakdown- a psychological contract for expatriates, European business review, Vol 97 Iss 6, pp 279-293, 1997
\textsuperscript{144}Ernst&Young, Your talent in motion, Global mobility effectiveness survey 2013
send talents abroad, this is an area that need to be improved.

The retention of expatriate can be divided in three critical stages:

1. Before the assignment.
2. During the assignment.
3. The phase of repatriation.

In the stages indicated above the theory of the psychological contract and EVE can help us in creating a framework for the retention management. At each stage the relation employer/expatriate can be considered as an exchange of expectations, and these expectations should be managed with different policies.

In the first stage both parts are involved in the creation of what is called by A. Yan et al. mutual loyalty. During this phase both parts create a mutual long-term expectation that goes beyond the conclusion of the assignment. Here I am referring to the recruitment and selection phase, the employer in this phase sets the goals and tasks of the assignment, through the assessment of the candidates he/she starts to build some expectations about the employee performance and he/she expects to exploit the new capabilities acquired by the individual during and after the assignment.

On the other side the future expatriate expects a degree of loyalty by the company during the assignment about reward and benefit negotiated, moreover he/she expects to take part to a satisfying and developing opportunity that will foster his/her career after the assignment. Talent managers should induce both employees and organization's managers to collaborate to fix a set of goals after the repatriation, and to identify

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potential positions that the assignee could cover once he/she comes back home\textsuperscript{146}.

During the assignment this relation can change as a result of opportunism or uncontrollable events. Opportunism can be by both sides, by the assignee for example if he/she finds a new career opportunity thanks to the relations network built during the assignment, or by the employer if he/she change the employee's career plan due to changing business strategies, or business situation (mergers, downsizing, acquisition, etc).

Y. Shen and D.T. Hall in one of their study introduce the concept of career learning cycle\textsuperscript{147} and job embeddedness. The first term refers to the exploration of the individual where he/she becomes aware of his/her internal attributes (new learned skills and cultural identity shift) and of the external opportunities (through new relations network) and constrain, becoming more protean in his/her career. Job embeddedness refers to the compatibility between the employee and the job and it is affected by the perceived cost to leave the company, the perceived link between home organization and community, the perceived fit of the individual with the organization and the perceived fit between ability and job\textsuperscript{148}. Talent managers should try to increase the job embeddedness during the assignment to decrease the rate of turnover.

Furthermore during the assignment companies puts a great value upon expatriates that virtually enjoy a great degree of power and control, this situation increase the expectation of the assignee during his/her assignment on what should be his/her new role once back home\textsuperscript{149}. Many studies stress the point on how the expatriate lives a sort

\textsuperscript{146}T. Shelton, Repatriation program key to retain returning talent.Meeting the needs of expatriates financially, socially and personally is critical to ensure each assignment is successful and productive, Talent Management, people practice insight, 2008
\textsuperscript{147}B. Law, Building on what we know, career learning theory, Routledge, 2010
\textsuperscript{149}A.R. Jassawalla & H.C. Sahittal, Thinking strategically about integrating repatriated managers in MNCs, Human Resource Management, Wiley
of alienation during the assignment that creates a gap between his/her expectation and the reality\textsuperscript{150}. This disproportionate expectation joints to the fact that MNEs in most of the cases do not consider the assignments as a milestone in the career progression of the individual, could result in a disruptive mechanism.

Another aspect that companies should consider is that career development in emerging countries is faster compared to career progression in western countries, this consideration should be carefully managed by managers and deeply understood by expatriates\textsuperscript{151}.

One of the main fear for expatriates is to lose the relationships network in the home country, on the contrary usually they improve their relationships in the host country, their social network change\textsuperscript{152} and it is clearly demonstrated in today business the importance of relational contacts as source of informations and knowledge. Above all expatriates are extremely concerned in keeping the contacts with those executives critics for their career progression, a good talent management strategy should keep alive these relations.

Caligiuri and Lazarova in one of their study note that companies should communicate any changes of personnel, strategy or structure at home\textsuperscript{153}. In taking care of this social network talent managers should keep a balance between host-country relations and home country relations. If the host-country relation ties in term of career and psychological support are substantially greater they will lose the perceived link with the

\footnotesize{\textsuperscript{150}J. Bonache. Job satisfaction among expatriates, repatriates and domestic employees, The perceived impact on international assignments on work-related variables, Vol 34 N 1 pp 110-124, 2005}


\footnotesize{\textsuperscript{152}P. Caligiurui & M. Lazarova, Retaining expatriates, The role of organizational support practices, Journal of world business, Vol 36 N 4, pp 389-401}
home location.\textsuperscript{154}

Before the repatriation the company should start the discussion with the returning assignee about his/her future and vacant position in order to avoid a critic re-entry shock, few times companies have an effective and frequent discussion with their assignees.

At the repatriation stage HR managers have to plan strategies and practices in order to make as smooth as possible the return to the home country.

The 2014 Global Mobility Trends Survey by Brookfield indicates that just 16\% of respondents answered that their company has arranged formal repatriation policies linked to career management and retention, and this data shows also a negative trends, the previous year the percentage reached 24\%.

Once the assignee has come back home he/she expects to cover a role where the new skills and knowledge are exploited, to enhance the job embeddedness companies should answer to this desire. But usually expatriates are affected by unchallenging position, loss of autonomy and power, lack of career development opportunities\textsuperscript{155} and low support by superiors and colleagues, the perception of underemployment encourages the expatriate to leave the organization, on the contrary the perception of career support is positively related\textsuperscript{156}.

So companies should work on career planning considering the new motivations, aspirations and assess the new acquired skills and knowledge. After this evaluation


\textsuperscript{156}M. L. Kraimer, M. A. Shaffer & M. C. Bollino, The influence of expatriate and repatriation experiences on career advancement and repatriate retention, InterScience, Vol. 48 N. 1 Pp 27-47, 2009
organizations should strive to find the best position for the returning expatriate.

So considering all these issues a good talent management practices should:

1. Create realistic expectations about the future career development and job position before, during and after the assignment. Honesty at all stages is fundamental, but above all at the beginning\textsuperscript{157}.

2. Take care about the expatriate expectations in a genuine and sincere way coordinated with the performance and the company’s reality and organize sessions during the assignment to offer multiple career opportunities.

Monsanto for example starts a repatriation process six month before the return, they start with a skills appraisal to understand the improvement of the expat and review the potential opportunities within the company. The expat writes a report that include a self-assessment and career goals. Then they jointly plan a job position where the new skills can be exploited. With this strategies the U.S. multinational achieved a drastic decrease in turnover\textsuperscript{158}.

3. Help the assignee in keeping the contact with his/her home social network and with the organization.

Usually in the literature scholars refer to a mentor in order to assist the assignee during the assignment, but a study by A.R. Jassawala and H.C. Sashittal demonstrate that mentoring programs during the expatriate assignment have partially failed. The reason why is that in most of the cases the mentor doesn't have the authority to allocate the necessary resources, the emotional intelligence to help expatriates with their

\textsuperscript{157}P. Caligiuri & Lazarova, Strategic repatriation policies to enhance global leadership development, Developing global business leaders, Pp 243-256, 2001

psychological needs and the political power to influence their future career\textsuperscript{159}. Another time this case underlines the importance of the executive buy-in and empowerment of the HR departments.

4. Exploit the acquired skills and knowledge of the expatriate once he/she gets back home and share them throughout the company, organization processes, system, structure and culture. This is particular important to acquire knowledge about foreign market, customers, context and of course exploit a wider social network that can increase the company contacts for new business opportunities.

5. Show clear sign about the appreciation for the overseas experience, and create a company culture where the overseas experience is valued.

The exhibits 24 shows the retention path described above.

In the chapter five I have referred to the technician, functional, high potential and executives expatriate. A good repatriation practice is able to adapt itself to the unique repatriation need of each group. For example for technician must be clear since the beginning that their expatriate assignment won't affect their career. Different for the high potential employees where the company must focus its attention to retain the human capital and arrange effective career paths.

But the situation is more complex, there can be cases where a technician during the assignment acquires new skills and knowledge valuable for the company, in this case the talent manager should assess the competencies of the returning technician to understand if they are valuable for the company therefore arrange a retention program.

So companies should base their repatriation policy on the assumption if the returning talent is or not valuable for the enterprise, to some extent the repatriation turnover could be strategic.

Anyway not all the expats are considered as talent by the companies\textsuperscript{60}, so a repatriation program is not required. In Habasit where the assignments are strictly

\textsuperscript{60}Interview with A.C., Head of corporate HR of an Italian MNE
technician, assignees know what to do and know that their position once back home will be the same. Furthermore Habasit use to deploy to this assignment employees in the end of their career, because of their great knowledge and experience and to decrease the turnover.

A huge problem in retention is the salary gap during and after the experience, usually expatriates enjoy a great salary during the assignment, once they get back the new available salary is to a great extent lower. In many cases it is unfeasible to guarantee the same salary level because it will undermine the fair salary distribution, the returning expat should gain more than managers in higher position\textsuperscript{161}.

Even in this paragraphs some critic points can be deducted:

\textit{Critic point 12:} In general MNEs do not have put in practice yet formal retention strategies.

\textit{Critic point 13:} The retention of expatriate is a complex process that requires time, resources and buy-in by the executives or empowered individuals.

\textit{Critic point 14:} During the assignment the reciprocal objectives could diverge, leading to opportunistic behaviour.

\textsuperscript{161}Interview with Alberto Tagliaferro, General Manager at Gruppo Sicura Srl
7 Management of talents, the performance appraisal

The effectiveness of a performance appraisal tool depends on the ability of the organization to spread the message and ratings of the appraisal system throughout the company and to keep its consistency, employees must deeply understand how they are evaluated to adapt their behaviour in order to achieve the business objectives.

A performance management system is a set of processes useful to asses talent performance, usually the HR department fix a set of goals to the employee and assess the degree of success.

Rather than the pure assessment, the final objective of a performance system, is planning the future development of the individual, identifying the area where an improvement is required\textsuperscript{162}, the output of the performance appraisal is the input of the development processes.

A good talent management performance appraisal should be top-to-down, it means that the performance appraisal is performed for all employees from the CEO to the lower level. A not inclusive approach would set up a negative sensation about how people perceive the appraisal, employees would perceived it more like a control mechanism rather than a functional tool\textsuperscript{163}.

The performances of all people should be assessed based on the two variables of human performance, behaviour and results, that basically means how the individual performs and what the individual achieves, the behaviour must be aligned with the company values and culture, the results with the business objectives.

Usually there are two types of behavioural competences: *core competencies* that are applied to all employees and are connected to the company values and mission, and *job specific competences*, that are the abilities critical for the success in a particular job position.

Assessing results means to measure the rate of the employee's success in achieving the objectives of his/her job, it means to understand if he/she accomplishes his/her job description.

To be effective managers must individualize goals, the best practice is to arrange an interactive goal-setting activity where employees with upper managers set their goals, in that way individuals are involved in the organization of their work, this increase their motivation, commitment and they see the appraisal like a fairer tool\textsuperscript{164}.

Many companies use a quantitative and qualitative appraisal, this type of practice is based on the participation of different actors:

- *Employees*: it is required to complete a self assessment procedure, indicating the career ambitions, issues, concern and so on.

- *Line managers appraisal*: usually evaluates the objective set at the former appraisal by a quantitative approach. Normally relies on a scale of four or five grade, in one of the interviewed MNEs it is based on five grades, the marks taken in consideration are the following:

  1.0 Unsatisfactory.

  2.0 Improvement required.

\textsuperscript{164}Locke and Latham, A theory of goal-setting and performance, 1990
3.0 Solid performer.

4.0 Exceed expectations.

5.0 Outstanding.

- Superior managers' approval: to guarantee a superior degree of control by a senior manager and the executive buy-in.

After the employee and managers appraisal an interview is needed in order to have a frank conversation to revise past and future objectives, interchange ideas and aspirations. After the interview if the evaluation is accepted by both parts, it will be transferred to the superior managers.

A more inclusive approach is the 360-degree assessment, in some work positions superior or line managers are not directly involved in the operations of the employee and they rely on structured periodic reviews without being personally familiar with the process assessed\textsuperscript{165}.

The 360-degree assessment overcomes this indirect position relying on various appraisal sources, these sources are potentially all the individuals that interact with the employee, and are the following:

- Senior managers.

- Superior managers.

- Peer employees.

- Internal staff group.

• Subordinates.

• Internal and external customers.

Companies should use all these sources or part of them, it has been demonstrated that this type of approach provide a more accurate and objective assessment due to the multitude of sources, the downside is that it's implementation could be very time and resource consuming\(^\text{166}\).

7.1 Performance appraisal for expatriates

Performance appraisal in the context of expatriates is an awkward issue. Many stakeholders with different interests are potentially involved in the appraisal of the assignee, and the same measure inside different context can have different meanings and values.

MNEs when managing expatriates must keep the control at global level and guarantee local line managers commitment in order to adapt faster to the changing condition on the ground and to cultural differences across the international context\(^\text{167}\), the management of talent must follow the dynamic of the global economy, companies must purse the creation of a performance assessment system locally effective and comparable at global level, HR professionals should draw the big picture and provide guidelines and tools to local line managers on how to manage with the local workforce, as local employees and of course expatriates\(^\text{168}\). Local line managers must feel confident that foreign assignees are evaluated with the same standard of their employees\(^\text{169}\).

Usually expatriates are interested in being evaluated by their immediate parent country


\(^\text{168}\) P. Caligiuri, D. Lepak & J. Bonache, Managing the global workforce, Global dimensions of business series, John Wiley & Sons Ltd. 2010

\(^\text{169}\) The McKinsey quarterly, Why multinational struggle to manage talent, 2008
superiors for career progression purposes, but their superiors are located in a distant place therefore they can't guarantee an effective appraisal assessing all the values as for example the context goals. Host-country managers usually are not interested in long-term business objective at corporate level, and can be affected by their interest in the short-term result of the local branch.

About expatriate goals in common literature there are three types:

- **Hard goals**: quantifiable objectives directly measurable, usually are financial objectives, if considered alone can have a misleading effect due to the influence of the other two types of goals in the overall performance\(^{170}\).

- **Soft goals**: represented by relationship, leadership achievement and interpersonal skills, for the assessment of these goals HR managers have to consider subjective variables, parent HR managers cannot asses them effectively due to the distance.

- **Contextual goals**: factors that must be considered depending on the environment where they occur, parent HR managers cannot measure them effectively due to cultural deviation.

Goals must be clearly illustrated to the expatriate before the departure to foster the assignee's performance\(^{171}\).

The hardest task for HR department is to assure the global compatibility of the assignment goals. The problem is that role and tasks are settled by the HR department in a country (usually at parent country level) and are pursued in another one (host country). Managers of different nationalities working in different MNE's branches in

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different areas of the world have different opinions and expectations about roles and tasks due to cultural and context bias that can lead to managerial conflicts.

The context where the assignment is located plays a big role in the definition of the performance appraisal, the contextual variables are: the structure of the subsidiary and the relation with the HQ, the institutional rules, the normative and historical context. As Caligiuri (2010) underlines the performance assessment of an overseas assignment rather than relies to a job description it should rely to a job context, companies should differentiate between objective goals and subjective goals affected by the context. For example if we take in consideration a sales manager, the financial result of his/her selling activity can be considered global consistent but for example the negotiating behaviour are completely different in the U.S. and in China. Consequently assignee appraiser should be trained to distinguish between different type of goals and adopt a global or local measure, there is not a standard model that can be applied for these subjective measures dues to context bias\textsuperscript{172}.

The frequency of the assessment usually is on annual basis, anyway a more frequent appraisal should be scheduled for assignment where the soft goals are frequent and important. Moreover researches found that more frequent performance appraisals tend to lead to better performances because avoid the disruptive effect of an unexpected negative surprise\textsuperscript{173}.

The frequency of the assessment is particularly useful for expatriates because allow them to receive numerous feedbacks in order to plan their skills and abilities development and enable to revising goals frequently adapting them to the changing

\textsuperscript{172}C. Brewster, The management of expatriates, Human Resource Research Centre, Cranfield school of management, N. 2, 1998
\textsuperscript{173}T.D. Schellhardt, Annual agony: It's time to evaluate your work, and all involved are groaning, Wall Street Journal, 1996
international context.\textsuperscript{174}

But actually who perform the appraisal? The big majority of the participants to a recent survey answer that the performance appraisal is carried out at local level, this could put at risk the long-term corporate objective,\textsuperscript{175} if we think about talent management we are talking about leadership development, talent pipeline and other issues. On the contrary if assignees are evaluated at HQ level the evaluation of hard goals can be easy, more problematic could be the assessment of soft goals, just the subsidiary managers spend time with the expatriates on daily basis, the evaluation of subjective and feeble variables could result hard at HQ level.

Based on the theory the best performance appraisal with a focus on talent should be developed both at local and home level, therefore to be effective the expatriate performance appraisal should be characterized by several sources guaranteeing the consistency and local responsiveness by a 360 degree global assessment.\textsuperscript{176} The first appraiser should be the assignee, a self-assessment is useful to give a first-hand point of view and it is a tool of involvement, then an evaluation of the local staff is also required (local supervisors, peers and subordinates) cause they can give a direct prospective of the expatriate performance, this type of source can be affected by cultural bias, so involving also national appraiser in the host or parent context will help to correct this deviation. Another source should be the former expatriates in the same context as they are aware about the difficulties and challenges that the assignee faces on daily bases, preventing the bias caused by the lack of international experience of the majority of executives.

\textsuperscript{175}PwC in collaboration with Cranfield University, Measuring the value of international assignments, 2009
\textsuperscript{176}G. Oddou & M. Mendenhall, Expatriate performance appraisal: problems and solutions, Human Resource Management, 2007
But even in this case the reality is far from the theory, an Ernst&Young survey shows how the performance appraisal is usually global standardized, 62% of the cases, only in 24% of the cases the HQ asks for formal feedbacks by the local team, 21% just informal feedbacks, 15% is managed by the global mobility team and in the other cases the assignee is not assessed\textsuperscript{177}.

Companies strive to create an hybrid model as it would require a huge investment in term of time and resources. For companies that work in a fast changing global environment it is almost unconceivable to engage several people in such a huge project. Studying each appraisal context and gaining the commitment of numerous managers in different locations it is almost unreachable for many companies, it could be seen as a long-term project but even in that case the revenue would be doubtful. For these reasons companies as Habasit prefer to focus their attention in few core competencies that really impact the business success worldwide, in that way they can rely in a fast and effective appraisal system even if it does not cover all the variables underlined by the theory\textsuperscript{178}.

Even the other companies that I have interviewed use a global standard performance appraisal, in one case the company see the performance appraisal as a tool to spread the value and beliefs of the company worldwide, and not just a cost-effective tool. With the collaboration among their HR departments located worldwide, they were able to arrange a global performance appraisal fostering the agreement among units and the global consistency\textsuperscript{179}.

The critics point of this chapter are:

\textsuperscript{177}Ernst&Young, Your talent in motion, Global mobility effectiveness survey, 2013
\textsuperscript{178}Interview with Sara Beretta HR specialist Habasit Italiana SPA, 2015
\textsuperscript{179}Interview with A.C., Head of Corporate human resource of an italian MNE
**Critic point 15:** Most of the companies do not have a formal appraisal system and the feedback from various sources is not develop.

**Critic point 16:** An effective performance appraisal already in a talent management program required huge investment in terms of time and resources, in the global context this issue is of course greater.

**Critic point 17:** The HR or world mobility practitioners usually do not have the global mindset required to understand the different cultural contexts.

### 7.2 Metric in expatriate assignment, how to build an effective ROI

At the beginning of my analysis I focused my attention on the fact that if talent management wants to gain its deserved recognition, it must treat its unit of analysis, the human capital, with a scientific approach. It means that the human capital must be treated with the same scrupulous planning and accountability of the financial assets with a focus on the efficiency and effectiveness.

A topic strictly related to the performance appraisal is the metric. The metric is fundamental for HR leaders because they need to demonstrate the business impact of HR to other company's business practitioners, as executives, financial managers, sales managers and so on. These professionals speak the language of numbers in order to plan their decisions, the metric can allow HR practitioners to speak the same language of these stakeholders and gain power at the executive board to influence important strategic decisions.

Effective world mobility practices focused on talent management should consider the use of metrics in the management of expatriates and avoid to leave this step to unrefined
data collection. Data show that organizations are above all concentrated on the
calculation of assignment costs rather than on benefits, a good metric system should
consider both the value of the cost-benefit equation. Surveys depict an unbalanced
situation, between 63% and 93% don't measure the overseas assignment ROI on the
contrary cost estimate and tracking is a common practice, around 60% of companies
take in consideration this metric\textsuperscript{180}. These numbers show how world mobility is
considered just and expense rather than a benefit and demonstrate the poor strategic
approach to the topic.

ROI is a fundamental measure in order to show the profitability of the investment of
any kind. But world mobility despite its rising importance in the global arena, is facing
further challenges that impede the correct arrangement of an effective ROI. Managers
are facing rising expenses for relocation due to higher global competition, limited
capability and poor strategic mindset within the HR department, poor organization
ability in gathering information\textsuperscript{181} and access to inadequate resources dues to
operational and cultural barriers\textsuperscript{182}. Furthermore practitioners don't know actually what
to measure, even already existing HR metrics are often unreliable because are based on
weak empirical measures or are too time-consuming\textsuperscript{183}.

The management of expatriate require a flexible framework of metrics to match a huge
variety of situations that can emerge, managing different assignments across different
borders could require additional or customized measures.

\textsuperscript{180}Ernst\&Young, Your talent in motion. Global mobility effectiveness survey, 2013
\textsuperscript{181}Harvard Business Review & Ernst\&Young, Strategic Global Mobility: Unlocking the Value of Cross-Border Assignments,
\textsuperscript{182}Y. McNulty, H. De Cieri and K. Hutchings, Do global firms measure expatriate Return on Investment? An empirical examination of measures,
\textsuperscript{183}Y. McNulty & H. De Cieri, Measuring expatriate Return on Investement with an evaluation framework, Ed. Wiley Periodicals Inc, 2013
The approach to metrics must be strategic, the measure of talent success should be related with the company performance as a whole and the individual performance, and must justifies the resource allocation decisions, the final goal is to reduce assignees cost, optimize the number of expats and increase their performance.

Y.M. McNulty and P. Tharenou in their studies outlined a theory overview and a practical framework in order to understand the dynamic of expatriate ROI\textsuperscript{184}.

Their framework is based upon several pillars:

1. Considering $tangible$ and $intangible$ measures in order to increase the accuracy and the usefulness of the result. The overseas assignment is characterized by several subjective measures, for example network building, knowledge improvement and many more. More accurate returns are likely to be understood when compare cost and benefits even if they are not of the same nature.

2. Organizations must adjust the ROI calculation based on the type of assignment and the context where it is located\textsuperscript{185}. For example an assignment with development purpose should take in consideration the improvement of skills and knowledge during the assignment. In this way assignment costs and benefits are aligned with the purpose and the business strategy.

3. The ROI must be calculated according to the timing of the assignment it means when the assignment goal has been achieved. For example if an assignment objective is to filling a skill gap and a retention option has not been planned, the ROI should be calculated at the conclusion of the assignment, on the other case


\textsuperscript{185}H. De Cieri, J.W. Boudreau, Global human resource metrics, Centre for advanced human resource studies, Cornell University ILR School, 2003
if the assignee is deployed with developmental purposes and a retention policy has been planned, the ROI should be calculated also years later to include the retention and knowledge sharing at the home unit.

4. World mobility managers should understand how senior managers will consider the data and what will be the strategic outcomes, data must be *meaningful* for the decision makers.

5. When world mobility practitioners are structuring the ROI they should consider just the variables that have a *cause-effect relation* with the overall business objectives, in this way only relevant data are captured.

6. Data must be feasible, feasibility means that managers can collect the information in a systematical and chronological manner, managers must pursue the rule of *simplicity* avoiding to calculate abstract measures that lead to ineffective explanations.

Following these principles the expat ROI should consider all the costs and benefits of the assignment, from the first cost of the recruitment and planning phase to the last benefit after the repatriation^{186}.

In recruitment should measure the time spent and the effort to create an acceptable pool of expatriate talent and the quality of the human capital at disposition^{187}.

In selection the time and effort faced in order to conclude the process and the benefit should be the new human capital brought into the organization, the candidate potential, the alignment with the business objective and the assignment purpose^{188}.

^{186}Y. McNulty, How a major multinational is working to overcome the barriers to improved expatriate ROI, Ed. Wiley InterScience, 2008

^{187}D. Earle, Recruiting analytics: 5 Ways to benchmark success, Jobvite

^{188}P.M. Wright, Exploring human capital, Putting human capital back into strategic human resource management, Human resource management journal, Vol 21, N 2, pp 93-104, 2011
When the assignee is selected the stage of the reward planning present tangible cost that are easy to measure as relocation management cost, benefits and allowances that will have a positive impact on the expat performance, for example Mc Nulty and De Cieri underline the family package allowances as facilitator of the family adjustment that leads to better assignee performance.

The training phase estimates a series of costs in order to provide the practice, these costs are unbalanced with a more valuable human capital, improving the alignment expat profile-assignment, leading to a greater potential performance.

Obviously benefit could have also a negative affect, for example in case of a premature turnover of the assignee, during an assignment in which repatriation has been scheduled, all the investment made to develop the knowledge and skills will vanish, companies should consider the new skills and knowledge of the assignee as an opportunity cost.

An important consequence of an effective ROI is to keep accountable the managers that take the decision about the world mobility program, often managers abuse of mobility programs in order to satisfy employee aspirations.

World mobility if aligned with talent management at each stage should be prevent these behaviours, the selection should be aligned with individual and company objective for example and does not rely on different interest.

Anyway this issue can't be resolved overnight and neither a one-size fit all ROI can be arranged, companies must act on the global culture and operational level to commit and keep accountable all the stakeholders.
Considering the above principles and stages the following framework gives an idea about the structure of the expatriate ROI discussed.

![Exhibit 25: Expatriate ROI framework](image)

What arise from my interviews is that HR managers already have difficulties to arrange ROI metrics at national level, they do not have yet accurate measure at their disposition, thinking to arrange effective measure at global level could be very stressful\textsuperscript{189}.

Companies usually concentrate their efforts in controlling the goal of the assignment that is what they are particularly concerned to. Furthermore, many measures about cross-cultural issues in most of the cases seems to be overcome, world is more flat people more global, the misunderstanding of the past are almost overcome (p. 79).

\textsuperscript{189}Interview with Sara Beretta, HR Specialist at Habasit Italiana Srl
The ROI theory throws light on many aspects of the misalignment, the sore points for this chapter are:

*Critic point 18:* The HR department does not have the capability to arrange an effective ROI, this impedes to the human resource to be considered as a strategic tool.

*Critic point 19:* In addition to the poor capability, the ROI in the international context is an awkward issue, time and resource consuming, due to its complexity and its theoretical arrangement.

### 7.3 Recognition and reward, the Key features of expatriate compensation

An effective talent management system manages the capital invested in talent like any other invested capital. This means that remuneration managers must reject the dogma one-size fit all, and remuneration based on the position and level covered. Remuneration of talent should be correlated with the performance of the human capital and with the impact on the business goals.

Exhibit 26: EVP talent reward, Tower Watson Global talent management and reward study, 2014

As already discussed, in last years the importance of money-reward has decreased on
the contrary the value of the non-money reward has risen. Today companies in planning their compensation policy must consider not only the monetary reward but also the effective and status side of the engagement, here I am referring to the already discussed EVP.

So organizations when are designing a reward package must consider more features than the only monetary reward. Recent surveys and researches show how employer do not always understand what the employee values most. Here the communication between line managers and employees is fundamental, line managers are the linkage between employee and higher executive levels, for example performance appraisal is a critic moment in which give feedback to employees to help them to understand their actually position and future development but also to catch current employee needs and provide valuable reward and opportunities for the future.

The compensation of expatriates affects different aspects and must be planned to satisfy numerous needs. Expatriation as already sad is a challenging experience and assignees have to face many issues like different living cost, family situation, different taxes and law, inflation rate etc.

From the company point of view an effective compensation plan must be aligned with the company's global strategy, structure and business needs. From a talent management point of view it means that compensation should be correlated with those elements of the package that increase expatriate's performance and overall business result. Furthermore the compensation package must be able to retain and attract present and new talents and must be planned in the most cost-effective way.

From the expatriate point of view, the individual expects that the compensation policy
offer him/her financial protection, new opportunities for financial advancement and answer to the needs typical of an overseas assignment.

The expatriate compensation is composed by several features, the key components are the base salary, the inducement and hardship premium, different allowances and benefits.

The *base salary* is the main component of the expatriates compensation. The amount of base salary depends on many aspects, whether the base salary is linked with the home, host or a third country. The approaches to the base salary calculation are:

1. **Host country approach**: with this type of approach the expatriate's compensation is adapted to the host country pay structure. It guarantees fair treatment among all employees but could be ineffective in attracting talent in challenging locations.

2. **Global approach**: based on a global pay structure.

3. **Home country approach**: the net salary in the host country is balanced to allow the assignee to keep the same living standard that he/she had in the home country.

The *inducement* is an incentive to induce expatriates to accept the international assignment, when the destination is particularly challenging the company may be provide an *hardship premium* to the expatriate.

The *allowances* are financial aids to answer to particular needs, the most common are: the cost of living allowances to compensate the difference in expenditure between home and host country, the housing allowance that aims to keep the same home-country living standards, the removal allowance to help the expatriate with the removal of his/her

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household goods, then there are allowances to help the family members as spouse assistance and education allowances and many others.

In the past compensation package could be adapted to each expatriate, but today the expatriate assignment is not anymore so uncommon, nowadays MNEs have to deal with a great number of assignees and the customization of the compensation policy could be time consuming and cost-ineffective. Anyway companies that want to embrace the war for talent and treat world mobility as a talent issue, must arrange effective customized solutions in order to attract and retain the best talent answering to the individual needs.

Recently the main trend is to rely on the local plus reward policy. This policy is based on a host country approach for the base salary, plus some allowances in order to answer to the particular expatriate needs and to level out the local salary with the one gained in the origin country. The success of this option is due to several factor: the partial levelling of salaries between developed and developing countries, that makes the difference tolerable, the need to lower the cost due to the global competition, and the need to find a standardized solution to treat everybody more fair.

About reward and talent management Caligiuri (2010) identified five aspects that a good reward policy should follow:

1. Attract candidate assignee in positions of greatest needs and opportunities.

2. Balance costs with benefits.

3. Facilitate repatriation or deployment to other subsidiaries.

192 Pwc, Talent Mobility, 2020 and beyond, 2012
194 ECA international, The local plus approach to reducing assignment costs, 2013
4. The compensation package of the expatriate must be fair compared to the reward of local employees.

5. Compensation package must encourage the assignee to outperform striving to achieve the business objectives.

These points could appear easy to achieve if considered individually, but observing all these requirement at the same time could be difficult. HR professionals must consider carefully the payoff among these five topics, trying to balance each one towards the best solution as possible.

For example to motivate an expatriate in a challenging country we might need to arrange a sizeable reward but this could affect the mood of the local workers and decrease the cost benefit equation. If the difference in payment is perceived too wide by the local employees, it could result in low commitment, opportunistic behaviour, low collaboration and so on, and this could lead to lower performance from both parts, expatriate and local workers.

Companies must go beyond the expatriate point of view and start make considerations upon the equity between salary of the expatriate and local employees of the same levels and positions. Companies should avoid unfair treatment, in setting the reward and start to consider also the benefit that the expatriate really bring to the company in order to justify the compensation in front of the host country employees. Of course there are a set of difficulties and needs that at the eyes of local workers can justify a higher reward for the assignee. If the local employees understand these particular necessities of the assignee this could justify an higher contribution package.
Today the decreasing importance of expatriate as we know affects also the reward topic. The expatriates of the first and in part second era have to face many difficulties in underdeveloped countries, today most of the emerging countries have good general welfare and a huge middle class is growing, the big differences in reward between expats and locals are not justifiable anymore, moreover inside the company if times ago the expat could be seen as a carrier of knowledge and high capabilities, today the talent gap among worldwide managers is closing and local managers start to pretend results from expatriates, of course these considerations are not valid worldwide, there are still some very challenging locations, but the future trend has been already traced.195.

In Habasit expatriates are rewarded with a local plus approach, in many countries as China and India the difficulties of previous years are almost overcome, HR practitioners consider further allowances just to compensate the distance from home, that in the opinion of S. Beretta in most of the cases is the only hard difficulty encountered by expatriates.

Even in the expatriate compensation policy some sore points that impede the correct alignment with the talent management practices can be uncovered.

Critic point 20: the customization of the reward package for each expatriate can be cost-ineffective, this is in contrast with the cost-effectiveness of talent management.

Critic point 21: The expatriate is by definition an expensive tool that must be rewarded according to his/her special needs, this leads to a considerable compensation that in most of the cases is considerably higher than the local compensation, the principle of democracy of the talent management unlikely can be achieved.

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195Interview with Sara Beretta, HR specialist at Habasit Italiana SPA
8 Development of talent

Many companies focus their attention on the recruitment of high-talented people and put less attention on the allocation of their internal talent resources effectively, the best way in order to foster talent is to provide formative work experiences to individuals\textsuperscript{106}. A. Ericcson in his studies\textsuperscript{197} introduces the role of the deliberate practices coupled with motivation and effort as a mean to reach outstanding performances. Practice to be effective need to overcome what Ericcson calls the resource constrain, trainees need to access to training material and facilities.

The worst thing a company can do is to confine its talents to side activities, without providing development experiences, considering talent as an independent factor for success.

Developing a talent T&D strategy is useful in order to:

• Enhance the employee performance.

• Create an internal pool of future talents for career progression and to fill the future available positions at higher levels.

• Develop the future leaders of tomorrow.

• Improve the internal pool avoiding expensive external hires.

As defined by T. N. Garavan et al, development of talent means “to focus on the planning, selection and implementation of development strategies for the entire talent pool to guarantee the organization current and future supply of talent, to achieve

\textsuperscript{106} The McKinsey Quarterly, Making a market in talent, N. 2, 2006

strategic targets, assuring that the development activities are aligned with organization's talent management practices\textsuperscript{198}.

I would like to focus the attention on the words “the entire talent pool”, Garavan et al want to underline the importance of an inclusive approach of talent, far from the idea of the A-B-C players. Another important insight from this definition is the alignment with the talent strategies, underlying the need for alignment and integration of talent management practices. So development must be integrated with other practices and aligned with the company's business objective, filling up the employees skills-gaps in order to create competitive advantage. The alignment with the business strategy is very important because it justifies the investment in T&D to the decision makers, so it is fundamental that HR managers communicate and regularly send feedbacks to the higher levels about T&D results\textsuperscript{199}.

As already mentioned a good T&D program must be integrated with the others talent management practices, this means that\textsuperscript{200}:

- Must be integrated with performance review and capability models described in the previous chapter.
- Must be integrated with career planning, succession management and employee aspirations.
- Must be integrated with leadership development, ensuring the company has the future leaders to drive it.

Talent managers through performance review must individualize the skill gap of their

\textsuperscript{198}T.N. Garavan, R. Carbery & A. Rock, Mapping talent development: definition and architecture, Emerald insight, 2011
\textsuperscript{199}J. Bersin, The training measurement book: Best practices proven methodologies, and practical approaches, Pfeiffer, 2008
\textsuperscript{200}Bersin & associates, The talent management framework, 2010
employees and put in practices training in order to fill these gaps, considering at the same time the future need of the business, to do that manager teams at all level must have a clear understanding of the short and long-term corporate objectives\textsuperscript{201}.

Companies in order to organize training and development they should create a competency framework that is a cluster of measurable general features that lead to high performance towards the corporate's objectives. Here I am referring to the already mentioned capability models.

The following stage is to create a curriculum development that is a set of learning practices and development opportunities for a determined pool of trainees. The curriculum must be based on the general competencies of the competency model and underlying the specific skills and knowledge that the trainee need to acquire to outperform in the next job position. This stage must be faced up by the human resource department or talent management practitioners but fundamental is the help of the business practitioners above all the good performers that cover the position cause they have a strong knowledge about the job\textsuperscript{202}.

In a good talent development plan practitioners are not only concentrated in providing development opportunity but also they focus their attention on what is called by the literature the affective growth\textsuperscript{203}, that represent the motivation and psychological part of the development process. A good talent development strategy should promote grow experiences based on the interest and motivation of the trainee and support the coping experiences that the trainee will face helping him/her to overcome his/her personal constrains and difficulties.

\textsuperscript{201}T.J. Branch, Human capital Insight, The value of learning and performance integration, 2011
During the development the individual become aware of his/her capabilities and interests and plan step by step his/her development, he/she becomes more self confident and expands his/her knowledge and career horizon.

From the practical point of view in the literature we can find two type of training: formal and informal. Formal training is the set of all deliberate practices as classroom, books, web based course etc, informal training refer to the acquisition of knowledge skills through the day-by-day experience or accessing to opportunities present in the environment, for example: rotational job assignments, communities of practice, coaching and mentoring.

In the next chapter training and development in expatriate program will be presented.

**8.1 Expatriates training and development**

As already mentioned training and development is the set of activities oriented to building and improving the human capital of the company, and the expatriates assignment itself can be considered as part of this set of tools. Expatriates have the possibility to increase their skills and knowledge facing new tasks and challenges. As already mentioned the type of assignment expected to grow the most in the next two years is the assignment for employee development\(^{204}\).

Regarding training MNEs are mainly focused on pre-departure in order to increase the cultural awareness of the expatriates decreasing in that way the failure rate of the assignment. Effective cultural awareness training allow the expatriate to adjust quicker to the new environment helping individuals to be able to respond to unexpected circumstances and behaviours.

\(^{204}\)Cartus, Global mobility policy & Practices, 2014 Survey executive summary report
The common pre-departure training for expatriates is composed by few group of practices: *language course, preliminary visit, assistance* with day-to-day life, the positive effect on the adjustment of the cross cultural trainings is have been widely demonstrated.

During the assignment the expatriate should develop several competencies, in one of her studies P. Caligiuri (2010) singled out the eight developmental goals of global competence. She divided these eight features in three categories, ability, knowledge and personality, the final result is presented in the exhibit 26.

The development of these characteristics during the assignment is necessary to give to the assignee a global mindset. The assignees during the assignment have to face many difficulties and new situations that shape constantly their identity and self-concept that pass from local to global identity.

<table>
<thead>
<tr>
<th>Category</th>
<th>Developmental goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>Increase an individual's ability to transact business in another country and the ability to change leadership style based on the situation.</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Increase an individual's knowledge of the company worldwide business structure and of international business issues and increase an individual's network of professional contact worldwide.</td>
</tr>
<tr>
<td>Personality</td>
<td>Improve an individual's openness and flexibility, decrease an individual's ethnocentrism.</td>
</tr>
</tbody>
</table>

*Exhibit 27: Development of talent during the assignment*

205 M.F. Waxin & A. Panaccio, Cross-cultural training to adjustment it works!, Personnel review, Vol 34 N 1, pp 51-67, 2005
206 E. Kohonen, Developing global leaders through international assignments, An identity construction perspective, Personnel review, Vol 34 N 1 pp 22-36, 2005
The overseas assignment could be a facilitating tool for developing global leader and actually is the most powerful tool, however despite its strategic importance an overseas assignment not always foster the career of managers\textsuperscript{207}, as will be explained is the next chapter.

8.2 Expatriate career and succession planning, the future global leaders.

In talent management career planning is the process through which employer and employee clarify their mutual expectations and aspirations and plan strategies and goals in order to achieve them. In recent literature researchers have discussed and documented how the classic organization career change from a paternalistic control to a more protean model. The first approach was based in the career plan of the individual by the organization, the company know what was better for the employee and the corporate objective and drove the individual through a marked course. Today scholars argue that career is death and we are in a era where organizations have to adapt their models to what is called the protean career, a career that is driven both by the company and the individual\textsuperscript{208}. At the centre of the career there is the psychological success of the individual and his/her sense of accomplishment through a process of continuous learning. The individual to be successful must possess a good degree of self-awareness and responsibility because he/she is accountable for his/her personal development.

In this scenario the career planning is also an opportunity to compare the current competencies of the individual to those needed in the future to close the gap (integration with performance appraisal)\textsuperscript{209}, the organization has to clearly communicate these

\textsuperscript{207}Toward the boundary less career: a closer look at the expatriate career concept and the perceived implications of an international assignment, Journal of World Business Vol. 37 Pp. 216-227, 2002


required improvements to employees so they can plan their own career and development strategies, the organization must provide learning opportunities and challenging goals aligned with the business strategy.

The succession planning is based on the same logic, but its final goal is the career planning of the future leaders. The principal difference is that here who takes the decision about the succession are the current organization leaders.

In last years companies have recognized how much important is for their leaders having an international experience in order to acquire practical skills and global perspective, fundamental to manage multinational companies and any internationalized firm, the international experience is also an opportunity to test if potential future leaders have the ability to lead the MNE.

The development of global managers it is an imperative for MNEs, having managers with the adequate international competencies is vital for companies in order to understand the international interaction and beat the global competitors. The overseas assignment can be seen as a valuable opportunity for the expatriate to enhance his/her career path, or rather, it represents the best opportunity that cannot be replicated in classroom.

But career planning is another sore point of global talent management. Just 30% of respondents to a survey offer career planning previous of the repatriation, just 22% have a formal career management process, and 16% integrate the repatriation strategy

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210 Scott Sullivan, The global mobility and talent management partnership opportunity, Mobility magazine 2010
with career management and retention\textsuperscript{216}, furthermore the majority of companies do not assess the performance of the expat during the assignment, that is a fundamental passage in order to make consistent considerations upon the career plan. Then if we compare advantage of assignees and companies, most of the assignees assert that the international assignment have had a positive impact on their career\textsuperscript{217}, but the real picture is that the big majority of expats once back home stays in the former position and become unproductive and dissatisfied, or lefts the company after few years. So if the assignment is valuable for the assignee's career, frequently companies are not able to nurse this improved human capital.

According to Stahl et al, the career of expatriate had dramatically changed. If in the past employees saw the overseas assignment as an opportunity to enhance their career within the same company\textsuperscript{218}, today we are in front of a boundary-less expatriate career in which the assignee take in consideration the assignment for his/her own professional and cultural development apart from a future career progression within the same company.

Companies however are eager to have talents that trace their career by themselves, an important part of talent is the initiative, the duty of the organization is to provide to the possible talent a set of opportunities and should be the talent that proposes him/herself for the assignment. During my interviewed all the HR managers stated that their companies are willing to have more volunteer assignees, and they think that with the future generation of mobile workers there will be more young talents eager to foster their career through an assignment. The job posting tools developed by their companies

\textsuperscript{216} Brookfield, Global Mobility trend survey, 2014 \\
\textsuperscript{217} Hydrogen, Global professionals on the move, 2013 \\
have as primary objective to induce this pool of volunteers to go on overseas assignment.

The lines above depict a further difficult situation for talent management in the expatriate programs, this difficulties are:

>Critic point 22: Most of the companies does not have a formal career or development path and usually this is not integrated with other processes of talent management (i.e. performance appraisal).

>Critic point 23: Since the beginning of the assignment expats usually take the overseas experience with a boundaryless career approach or become more protean during the assignment, and this neutralize the retention effort.
Living in a perfect World

In a perfect world all the talent management processes would be integrated globally and aligned with the corporate and local objectives. MNEs would have a multicultural and global-minded executive board with the right international experience, vital in order to understand the global dynamics and the importance to be flexible with them, and of course they will be involved in the world mobility of employees.

The HR department and the World Mobility department would have the capability to make strategic considerations, would be risk takers and with strong competences about all the talent management aspects, and not just administrative departments. Furthermore these departments will have the necessary cross-cultural knowledge to understand the global context and adapt their strategy to the local need.

At operational level a global corporate culture would be present across units, everyone would pursue the local goals and the corporate business objective without the need of expensive control mechanisms by the headquarter.

Global units across the globe would be able to create a global talent pool and they would be willing to share the local talents among units for the corporate success.

The expatriate will be stimulated with a proper compensation package fair with the local employees. During the assignment the assignee would be managed by both parent unit and local unit, with frequent assessments, feedbacks and career planning adjustments.

In the end the repatriation would be a smooth process where the returning assignee aspirations and the company needs would fit in a new job position, in which the new
capabilities of the returning expat would be exploited.

But things are not like that, in the next chapter considering the critic points that I have found in the previous paragraphs I will try to advance some hypothesis about the cause of this unsuccessful alignment between world mobility and talent management.
10 Hypothesis, everybody down on earth.

I have started my thesis with a critic analysis of the first talent management approach, at this stage I have studied the reasons why talent management was not effective explaining how companies has overcome the initial difficulties creating a talent management policy based on the values of integrity, alignment, inclusiveness and flexibility that are cited many times during this work.

After affirming that the new approach seams to have a positive impact in the single unit contexts, I have focused my attention on the talent management practices in world mobility, immediately I have found that the situation is still in a rough stage, companies in most of the cases are not interested in aligning the expatriate policy with talent management or at least they strive to do so.

From the data I have collected and thinking about the highlighted critic points, my impression is that companies would be affected by three problematic areas that would impede the correct alignment of the two topics, these broad areas are:

1. Organizational issues of MNEs.
2. Global workforce and markets evolution.
3. Expatriates changing nature and their point of view.

These three areas present several complex interconnections and cause-effect relations among them, I will try in the next lines to explains the reasons that lead me to this conclusion in the easiest and most effective way.

From the organization point of view MNEs in most of the cases have to face many difficulties in the integration of the organization, we can't compare the integration of a
local enterprise among its departments and branches characterized by space and cultural proximity with the huge challenges that have to face a MNE affected by cultural, space and social distances. MNEs strive to guarantee the global commitment among countries, managers and employees. Theory and practice provide numerous organizational structure for control and knowledge sharing, as global area division, matrix, heterachy, transnational, but are these structures ready for guarantee the high level of commitment, integration and alignment that talent management required?

Hypothesis 1: Companies have not yet a structure that can guarantee an effective talent management for the world mobility. It means guarantee global engagement, democracy, flexibility, integration and alignment.

At organization level another problem frequently cited during my thesis, is the low capability of the HR department. Usually HR department is reduced to an operative risk-avoider department. HR managers are not ready to take up the challenge of talent management. In a recent report by Deloitte less than 8% of the interviewed HR leaders are confident that their team has the capability to meet the challenge of today global environment, HR leaders to become an active player in the companies' strategy must develop deeper business knowledge, analytic and strategic skills\textsuperscript{219}.

One illustrative case is this vicious circle explained by the exhibit 28.

The scheme shows how the low capability of the HR department leads to a poor HR metric program, with ineffective metric the HR department is not able to demonstrate the strategic importance of world mobility, the consequence is that overseas assignments are seen as a pure cost rather than an investment for future growth, confirming again the

\textsuperscript{219}Deloitte University Press & Bersin, Global Human Capital Trends 2014
pure administrative task of most of the current HR departments, an holder of costs. The consequence is that world mobility is considered as a “necessary evil” in order to compete globally by many companies\textsuperscript{220}.

\begin{center}
\includegraphics[width=0.5\textwidth]{image}
\end{center}

\textit{Exhibit 28: Low HR capabilities vicious circle on world mobility}

This lack of formal evaluation leads companies as a whole to take a cost approach to overseas assignment rather than a strategic approach, in that way HR specialists cannot sit on the executive table to shape the organization strategies and future plans, this impede to achieve another requirement of talent management, the buy-in of the executives. Without this buy-in HR managers cannot access to important resources and don't have the support of the higher organization levels.

This denied access to resources and low commitment leads to low investment in HR, it means low investment in HR initiatives and low investment in HR training and development of its practitioners. This situation obviously leads to stationary skills and knowledge of the HR department, the vicious circle has begun again.

\textit{Hypothesis 2:} World mobility practitioners and HR departments have not yet the

\textsuperscript{220}The Seven Deadly Sins of Global Mobility, The forum for expatriate management, 2013 / Y. McNulty, H. De Cieri, & K. Hutching, Do Global Firms Measure Expatriate Return on Investment? An Empirical Examination of Measures, Barriers and Variables Influencing Global Staffing Practices, Department of Management, Faculty of Business and Economics, Monash University, 2009
capabilities needed for a strategic approach to talent mobility, the consequence is that companies see world mobility just as a necessary cost to compete globally.

About the global workforce and market evolution my reasoning goes beyond the context of the MNEs unit and includes the global dynamics in the broader business and economic context.

As mentioned in the expatriate role chapter, in the past companies deployed expatriates in order to open new markets and control the operations in foreign branches. Then overseas assignments become more common, globalization in the end of the last century fostered the connections among countries and the growth in the emerging economies, a growing number of expatriates were needed, companies start to deploy employees from any department in order to run several aspects of the overseas units. But with the entry to the new millennium things are not the same, the economic barycentre is shifting, the talent source is moving and people are changing.

The economic barycentre is moving from the developed countries to the developing one, the GDP growth rate are tracing a world where the importance of the developed economies is dropping in comparison to the emerging markets. Above all emerging markets passed from a production-exportation base to a production-exportation/consumption base. The rising middle class in emerging markets has created a huge demand in these economies, companies are increasingly interested in providing tailored products and services to the developing markets.

The next chart shows the situation with a future outlook, data indicate the share of global GDP in USD trillion at 2005 between developed and developing countries.
The consequence is that the emerging markets and their dynamics are driving the strategies at HQ level to a greater extent. Now the reference markets are radically different compared to years ago. The strategic playground of companies is shifting, the importance of the host markets is rising and MNEs' revenue comes from outside the HQ country the most, companies need more talent in the host countries but are unable to arrange effective repatriation policy.

Hypothesis 3: Host branch markets are more important of HQ markets, so the dynamics of these markets control the talent flow. This have a big impact on talent management practices.

Also the global talent gap between developed and developing countries is changing. Years ago companies have had to face the problem of the talent shortage in the developing countries sending expatriates to fill the gap. Recently the situation is almost the opposite and future outlooks seem to reinforce this trend, the talent gap in the

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Hypothesis 3: Host branch markets are more important of HQ markets, so the dynamics of these markets control the talent flow. This have a big impact on talent management practices.

Also the global talent gap between developed and developing countries is changing. Years ago companies have had to face the problem of the talent shortage in the developing countries sending expatriates to fill the gap. Recently the situation is almost the opposite and future outlooks seem to reinforce this trend, the talent gap in the
developing markets is going to stuff itself. Growth, better living standard, a younger population, higher investment in education and social policies have allowed the emerging countries to raise their local talents. According to an Oxford Economics report, the top emerging countries (Brazil, China, India, Indonesia, Mexico, Russia and Turkey) already provide half of the world’s college graduates (54%), and in the next decade the percentage of educated talent of the developing market will growth to 60%. The next map shows the talent shortage predicted for 2020.

Exhibit 30: Global heat map, talent gap between the growth in demand and the growth in supply 2011-2021: Red indicates a trend deficit, green a trend surplus, yellow a broad balance. Number show trend growth as annual percentage. Oxford Economics statistics

In this situation companies can rely in a flourishing pool of local talent in developing countries, in which they can find cheaper and valuable talent with an intimate knowledge of the local markets, fundamental in order to provide products and services

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tailored to these economies. Data show that it represents a good opportunity to lower the cost, this practice in next years is predicted to become more common, according to a recent PwC survey 70% of CEOs interviewed predict to rely more on local talent in order to responds to local necessities\textsuperscript{223}.

But the situation is not so easy as it could appear at first sight. As mentioned earlier the economic barycentric is moving from west to east, in the emerging countries powerful local companies have growth and they have started to challenge the western companies in the local scenario\textsuperscript{224}. This competition also affect the war for talent between west and east, in developing countries local companies are becoming more attractive to native talent than western firms, due to feelings of national pride and cultural proximity.

Between 2007 and 2010 the willingness of chinese talent to work for chinese employers has passed from 9% to 28%, these companies are new competitors in the local workforce markets and are inflating the local pay market making harder the competition for local talent\textsuperscript{225}. Future researches should be addressed to understand how will be the competition for local talent in the emerging markets between western and eastern companies, if the rising cost of local talent should inhibit the resort to this resource as a cheaper one and to what extent.

However today companies increasingly resort to this local pool. This increased attention toward local talents will decrease the importance of expatriates as we know, the talent of the expatriate is still a resource that cannot be renounced? companies still see expatriates as a talent issue?

\textit{Hypothesis 4}: The rising local talents are decreasing the importance of expatriate

\textsuperscript{223}15th Annual Global CEO Survey 2012
\textsuperscript{224}The Boston Consulting Group, 2014 BcG Local Dynamos, How companies in emerging markets are winning at home, 2014
\textsuperscript{225}Heidrick & Struggles, The global talent index report: The outlook to 2015, 2013, The Boston Consulting Group, Decoding Global Talent, 2014
talent, companies can rely on a effective and cheaper talent with an intimate knowledge of the local market, this situation is decreasing the importance of talent expatriates as a talent issue.

Furthermore the cost of supporting an expatriate in developing countries has changed over the years. Time ago the expatriate was the executive that went to the emerging countries to open the business where everything was cheap, today expatriates are more and prices in developing countries have risen. In the eighties for western managers the basic necessities of daily life: food, drink, clothes cost peanuts. They lived like kings226. But today for example in China like in other emerging countries, the cost of living is not so cheap anymore227, a huge middle class is rising and inflation runaways.

*Hypothesis 5:* Rising living cost in the emerging markets decrease the already negative cost-effectiveness of expatriates.

The last of the three critic areas are the expatriates, and based on this figure three critic points can be unclosed:

1. Unrealistic preview by expatriates.

2. The changing nature of the expatriates.

3. Opportunistic behaviour by companies.

In many points of my research I mentioned the fact that overseas assignees usually have greater expectations about their experience, and often these expectations are excessive. This misalignment can be deleterious, it could create difficulties in the retention of the assignee, it could provoke psychological contract breaches during the

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226 M. Kitto, You'll never be Chinese, why I leave the country that I loved, Prospect magazine, 2012
227 P. Khovance, China's Rising Cost of Living, Business Insider, 2010
assignment, demotivation, low performance, opportunistic behaviours and many more problems.

We live in a world that changes day by day, our world is always more connected and closer, I remember the stories of my fathers and parents about their holidays or working trips to Paris, London or Moscow that they told me when I was a child. I remember that they told me the story of their trips as an extraordinary event almost unrepeatable. Now twenty years later I see my friends and my university matters that run through the world, the most of us has already one or more international experiences and usually people spend their holidays in a foreign country, going to Paris today is dramatically normal.

Going back to my thesis we can see as the number of expatriates deployed by companies marks a considerable sum and is still on the rise and this trend wont decrease, furthermore the willingness to go on an expatriate assignment is rising, today working abroad is like going to Paris, dramatically normal. And this normality is not only in the eyes of western companies, also the local populations see expats in this way, an interesting article by T. Wang explains how expatriates in China are become less special, she notes as in the past having a foreign passport was associated with wealth and prestige, regardless of the actual status, today this trend continues in the rural areas but in the big cities where the middle chinese class is growing they have a more fair point of view.\(^{228}\)

_Hypothesis 6:_ Due to the globalization the field of action of the MNEs is wider, world is more flat, working abroad is almost normal, we will see a reassessment of the

\(^{228}\)T. Wang, The Decline of the Expat Foreigners in China Proliferate But Become Less Special, Tea Leaf Nation, 2013
expatriate figure as we know toward a global employee. Expatriates are not so special anymore.

I want to embody with the term global employee the actor of the new global era, an individual that consider the world as his/her job place, there won't be room for differentiation in the global pool, it means that we are going to a situation where world mobility will be gradually incorporated into the global talent management, and the expats in the global pool. And to some extent the situation is like this, today moving abroad is almost normal, in last years we have seen the birth of many different types of worldwide workers different than expatriates. Call them cosmopolitans, mavericks, global itinerant, they have several things in common, their workplace is the world, they have a global mindset and they do not presume all the benefits of an expatriate229.

On the other side MNEs are moving their focus from the national or regional context to the global context. Having this focus on global scale the global dimension of the employee is almost a prerequisite, for example there are companies that restrict their senior positions to individuals who have more than one international experience230.

From the data my sensation is that from the expatriates point of view the overseas experience is still seen as a milestone in the individual career, but from the company point of view an overseas assignment is not anymore seen as a talent, it is almost normal231 and in the future it will be a simple requirement or even essential.

Hypothesis 7: An overseas experience is not necessarily a milestone in the career of an individual, progressively it will lost the connotation as talent, the expatriate assignment

231 P. Caligiuri & V. Di Santo, Global competence: What is it, and can it be developed through global assignments?, Human resource planning, pp 27-35, 2001
must be hold in a wider concept of career development.

But as already discussed expectations and future career planning are not a unilateral process, to unleash the potential of talent management they should involve the expatriate and all the affected stakeholders. Looking at the data companies frequently deploy expatriates for development or career progression objectives, but once assignees get back they found a completely different reality. Talent management might help to align expectations, creating an acceptable hopes before and during the assignment with frequent review, different career options, realistic reward and empowerment. My opinion is that organization could have a sort of opportunistic behaviour above all at the starting point in order to motivate the expatriate to take enthusiastically the assignment. The consequence is that the principle of honesty in retention underlined by P. Caligiuri (2010) has not been observed. Disillusionment with career progression of expats that complete successfully their assignment, leads assignees to embark on independent boundaryless career attitude.

Hypothesis 8: Companies sometimes have an opportunistic behaviour in order to motivate the assignee, this causes a boundaryless attitude by expatriates and nullifies the retention effort.

In the next chapter my intention is to elaborate my hypothesis thanks to the data collected and the information gathered through the interview, probing cause and consequences of my conjectures. My final aims is to understand why companies are not able to align talent management and world mobility and if they really need this alignment.

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11 The state of affairs

I want to start this last chapter with a scheme that represents the critic points encountered during my work related to the three big areas of stress that impede the alignment of world mobility and talent management, my intention is to organize the facts toward a meaningful conclusion.

![Diagram of MNEs' organization, Global forces, and Expatriate changing nature]

Exhibit 31: Talent management and world mobility alignment areas of stress

In the previous chapter I have argued eight hypothesis, in the following lines based on the information collected during the interviews I will elaborate a thesis trying to explain why the alignment have not been achieved yet.

From what emerges from my interviews my first hypothesis is not universally true. The ineffectiveness of the structure for the talent management process could depend on the stage of internationalization of the enterprise, on the longevity of its relations among
units and on the maturity of the departments, especially the HR department.

Habasit with a brief history of expatriation is mainly concerned upon highly specialized expatriates to solve punctual needs (p. 31), a proper world mobility responsible is not present in all the foreign units, its structure is still in a first internationalization stage. Develop a global structure could be possible but it would require many resources and time, it could not be done overnight, the company should have the possibility to growth gradually.

In the interview with A.C. he remarked me as his company has a long history of expatriation, several units have an HR department, and for each of the four regions (South Europe, North Europe, Americas, Asia Pacific, Africa) there is an HR manager accountable for the world mobility policy (p. 31/34). In that way they were able to align some talent management process as the performance appraisal (p. 92) through the commitment of each managers, and they are gradually creating a global talent pool thanks to the commitment of the HR managers upon HR policies.

So companies in a mature stage of internationalization could guarantee an effective structure functional to the alignment.

The second and third hypothesis have been confirmed, in most of the cases HR departments would not have the competencies to manage talent also at national level, thinking to be able to manage talent at global level would be difficult (p. 98).

The third hypothesis has been confirmed, emerging markets control many aspects of MNEs strategy and within them the talent flow. As asserted by Dr. A.C. companies usually deploy their high-potentials to the emerging markets in order to improve their
capabilities because here there are the best opportunities to growth and are the most important markets for the company future growth. Habasit provide for its high-potential young talents challenging assignment of one or two years in order to gain the necessary international experience (p. 60).

The fourth hypothesis is not necessary true, local talents are not decreasing the importance of expat talents, the companies that I have interviewed value greatly the international experience. Rising local talents have created an alternative and a global talent pool, as mentioned by S. Beretta and A.C. today is not important anymore the nationality of the talent, companies base their selection upon the capabilities of the individual and the perceived value of the multiculturalism is increasing (p. 45/52). Today knowledge rather than a one way transfer, is a multidimensional transfer, valuable knowledge is located everywhere.

The fifth hypothesis about the rising living cost in emerging markets that decrease the cost-benefit of expatriate is true on the absolute point of view, but also local talents are becoming more expensive as a consequence of the competition for this local resources by local companies in the merging markets, therefore relatively expats do not increase their cost\textsuperscript{233}.

The sixth and seventh hypothesis have been confirmed by my interviews, an overseas assignment is becoming the new normal, and this trend with the new mobile generation in the future will be greater. S. Beretta and A.C. stated that their companies are eager to reach more mobile workers in the future (p. 113), an international assignment will become a requirement for talents due to the importance of the international mindset,

\textsuperscript{233}Interview with A.C., Head of corporate HR at an Italian MNE.
companies are more and more focus on the global market and employees should take up this challenge and become global, the future marketplace will be increasingly wider.

About the last hypothesis could be true that companies sometimes have an opportunistic behaviour in order to deploy an expatriate, but this behaviour is due to urgent business needs, the global demand is almost unpredictable, companies can be reactive in some cases but most of the times the need for an expatriate rise from a market need rather than a company need\(^\text{234}\)(p. 31), and companies must answer with the resource that have at disposition at this determined time. Moreover the financial crises and the volatile global market put a great pressure on workers, companies never know where they will need a specific talent in the future, so employees often are in front of a choice: losing their work in the current position or accepting an overseas assignment\(^\text{235}\), this put a great pressure on many aspect of talent management, the reactive feature it is almost wiped out, companies do not have time to carefully plan the assignment, the pressing need put great pressure on the expatriate EVE and this could lead to breaches in the psychological contract and difficulties in retention, the cost-effectiveness could be undermined, leading to a great reward to compensate the sudden expatriation. The global dynamics put a great pressure on the alignment.

So how could be aligned talent management and world mobility?

According to Martin and Hetrick, “talent matters, but, more important it is managing talent that matters”\(^\text{236}\), but currently at global level talent is managed in a poor way.

During my thesis I have found many critic points that underline this situation, most of

\(^{234}\text{Interview with Sara Beretta, HR specialist at Habasit Italiana}\)

\(^{235}\text{Interview with A.C., Head of corporate HR at an italian MNE}\)

the companies do not have a formal global pool, a formal assessment procedure, a formal repatriation policy and so on.

According to the characteristics of an integrated and aligned talent management program, to be effective talent management practices should be embedded in the structure and culture of the enterprise, but who will be the carrier of this change? The structure or the people?

The structure of the MNEs is a complex mechanism made by control processes and different interests that lead to competition among units caused by the already mentioned agency costs (p. 50), anyway this cost could be eased if the MNE had an internationalized structure as already mentioned in the remark of the first hypothesis.

But the barriers among units cannot be demolished easily by management procedures if people do not change first. In the chapter about the organization's talent I highlighted the importance that talent management must rise from people, today is not anymore the organization that shape its employees, are the employees that shape the organization and spread the managing practices at global level. In order to achieve an effective transfer of management practices a fundamental factor is the compatibility of organizational cultures. Therefore until people have not a global mindset and a strong global corporate's culture is not present, I think that the alignment could remain an insurmountable obstacle.

As already explained cultural distance is a huge problem for headquarter-subsidiary relationship, cultural distance growth information asymmetry between units, and cultural distance growth information asymmetry between units.
this can affect seriously some process vital for talent management.

Companies should provide managing practices and tools in order to facilitate the achievement of this result, but in the end the people are the agents of this change. In the interview with A.C. he remarked as they are achieving a global talent pool and a global performance appraisal thanks to an internationalized structure, but above all they were able thanks to the presence of a strong corporate culture and the perceived need for a global strategy by managers worldwide. This culture raised from people worldwide, and if we talk about corporate culture within the HR, above all it was important that the need for a common culture rose from the HR departments. This company has a long story of expatriation and their managers have understood the importance of the global dynamic, for the alignment people need to be global.

As already mentioned and shows by the last examples, the HR department should be the voice of talent management at national and global level, but HR low competencies coupled with international inexperience make the alignment more complex. A global mindset in the mind of HR leaders and the creation of a network at global level are the core veins of an effective global organization.

But many articles depict the low business and analytical capabilities of the HR department like the main issue of the misalignment and suggest that HR practitioners should move outside their comfort zone and become more interested and ambitious, this means to actively seek support from their colleagues of other departments. The acquired new capabilities would allow HR practitioners to achieve the necessary buy-in by the executives that see world mobility as a pure logistic matter and prefer to manage

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240 V. Pacik, Human Resources in the future: an obstacle or champion of globalization, Center for Advance Human Resource Studies, 1996
241 H. Wennberg, Global talent mobility, Modest and marginal or significant and strategic, INTERNATIONAL HR ADVISER, 2014

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an essential topic as talent by themselves, treating talents like their treasure²⁴².

Reading the theory it could appear relatively easy but would be effective? I think that could not be enough for two reason, in this way HR specialists would not acquire the global mindset needed and would not develop the necessary network among units to foster the commitment and spreading a common idea of HR practices worldwide.

To guarantee a global mindset the most powerful tool is the overseas assignment focused on network relations and knowledge transfer, Harris and Holden demonstrated how expatriate managers have a fundamental role in spreading the HR practices across worldwide units²⁴³, furthermore since today competitive advantage lies on the human capital, successful MNEs in the new millennium will be the one that effectively transfer great HRM practices to global basis²⁴⁴.

So my question is, expatriation could be the antidote to align talent management and world mobility? And in particular HR managers could be the carrier of HR practices worldwide?

Considering the importance of HR specialists that should be the voice of talent management to guarantee the integration of talent management practices with the broader HR system, the answer could appear to be yes. Therefore if the carriers of HR practices are the HR practitioners, companies to align the two topics should arrange an HR managers expatriation project in order to give them a global mindset and to scatter the HR practices at global level.

Anyway from my interview managers do not appear so enthusiastic to deploy

²⁴²Interview with Sara Beretta, HR specialist at Habasit Italiana SPA
²⁴⁴V. Pucik, Human Resources in the future: an obstacle or champion of globalization, Center for Advance Human Resource Studies, 1996
expatriates in order to develop a global structure. Financial crises and global competition put a great pressure on companies, moreover firms usually work with numbered employees as a consequence overseas assignment are measured out and strictly delimited to the objective. Companies like Habasit with a recent history of expatriation and characterized by highly specialize mobile talents, it finds difficult to ask to their current assignees to develop other functions vital for talent management as building a corporate culture and a network of relationships, the assignee does not have the capabilities needed and is affected by time constrain, he/she must concentrate on the assignment goal. They should organize ad hoc assignments but this would imply huge investments, the companies that can afford these costs are so few\textsuperscript{245}. Many companies do not have enough resources to implement an inclusive talent management at global level for this reason tend to concentrate their efforts, time and resources on a key group of strategic positions\textsuperscript{246}. These strategic positions are the high potential employees, and the technically high skilled workers, fundamental for the increasing sophistication of today production and their demand is predict to growth steadily over the next years\textsuperscript{247}.

Companies should be patient to reach a mature stage in the global arena and the longevity of the relations among unit could allow the rising of a corporate culture from the people.

Another problem about the alignment could be the expatriate nature. All the HR specialist that I have interviewed remark the need for a more global mindset by the employees, in the future they confirm my impression that the international experience would be a requirement. The competition playground for the enterprise in order to

\textsuperscript{245}Interview with Sara Beretta, HR specialist at Habasit Italiana SPA
\textsuperscript{246}P. Reilly and T. Williams, Global HR, challenges facing the function, Ed. Gower, 2012
\textsuperscript{247}PwC, 15\textsuperscript{th} Annual Global CEO Survey Report, Delivering results, Growth and value in a volatile world, 2012
survive has become the global scenario, the consequence is that also the workforce now is global, workers in order to be competitive must be global and ready for the competition of talents worldwide. The companies that I have interview already see the international talent pool as their pool of reference, because to survive in a global market you need to be global.

I think that the expats would never disappear and also the practitioners interviewed agreed with this view, but the definition of expatriate as we know represent two dilemmas for the alignment of talent management:

- It is by definition expensive, on the contrary talent management is focus on cost effectiveness.
- Requires a particular compensation, on the contrary talent management focus its attention on fair compensation based on performance, moreover the expats are not seen anymore as special by local employees, that now pretend result from the expats, expats and locals are at the same level.

The functional unit of reference for the alignment should be the global employee, an individual global minded, inclined to go on an international assignment by his/her initiative, people should take the lead of their international experience and be more protean in their attitude, and companies should design effective career paths to guarantee to these workers the desired job opportunities (like global job posting p. 49).

The expatriate could be at the same time the solution to the alignment thanks to his/her importance in spreading the HR practices, but also the problem due to the higher costs and particular requirements that goes beyond the talent topic.
From my research what emerges is that organization could be not interested in the alignment. Above all companies in a earlier stage of internationalization do not have the structure for guarantee a global commitment upon the alignment (HR responsible in each unit or at least region), and maybe they are not interested in have a mature structure. Furthermore the alignment if realized through overseas assignment, would require a huge investment that only few firms could cope with. Companies usually measure out the assignments that are strictly related to expatriate and business goals, and the alignment could not find room within this goals.

Another important feature that rise in this last chapter is the corporate's culture, fundamental in order to achieve results through shared position, but even in this case corporate culture is not an easy goal to reach. In the examples provided I underlined the importance that culture rise from people, but people themselves could be the main problem, low HR capabilities and low global mindset make things difficult.

The last critic point could be the expatriate him/herself, the concept of expatriate as we know would be by definition unfuctional for talent management, it is a figure with several stress points, particular requirements and too much expensive. Practitioners are eager to have more global people worldwide, defined in this thesis as global employees. People could change their attitude toward the global employee but maybe at that time the expat would change all his/her particular connotation and would become a normal employee and the alignment would come true as a natural consequences. Maybe for this reason companies are not deeply interested in the alignment, they prefer to wait that people change instead of changing the organization.
## 12 Appendix, database

### World mobility and talent management alignment:

<table>
<thead>
<tr>
<th>Data</th>
<th>Range</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>World mobility will increase</td>
<td>44%-72%</td>
<td>53,00%</td>
</tr>
<tr>
<td>Talent management is an important issue in world mobility</td>
<td>42%-71%</td>
<td>57%</td>
</tr>
<tr>
<td>Close relation between world mobility and talent management in the organization</td>
<td>43%-69%</td>
<td>53%</td>
</tr>
<tr>
<td>World mobility related to career development</td>
<td>22%-42%</td>
<td>32%</td>
</tr>
<tr>
<td>Hire local talent to reduce costs</td>
<td>7%-28%</td>
<td>16%</td>
</tr>
<tr>
<td>Measure to reduce costs (less allowances, salary host-country approach etc)</td>
<td>31%-58%</td>
<td>46%</td>
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### Recruitment and selection in world mobility:

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<tr>
<th>Data</th>
<th>Range</th>
<th>Average</th>
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</thead>
<tbody>
<tr>
<td>Formal candidate pool for international assignment</td>
<td>7%-28%</td>
<td>16%</td>
</tr>
<tr>
<td>Formal tool for selection</td>
<td>5%-21%</td>
<td>13%</td>
</tr>
<tr>
<td>Need to improve selection policies</td>
<td>27%-44%</td>
<td>36%</td>
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### Metric in world mobility:

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<tr>
<th>Data</th>
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<tbody>
<tr>
<td>Don't measure expatriate ROI</td>
<td>61%-85%</td>
<td>74%</td>
</tr>
<tr>
<td>Cost traking</td>
<td>50%-64%</td>
<td>60%</td>
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### Retention in world mobility:
<table>
<thead>
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<th>Data</th>
<th>Range</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don't track turnover</td>
<td>61%-85%</td>
<td>73%</td>
</tr>
<tr>
<td>Expat left the company after 1 year</td>
<td>10%-23%</td>
<td>9%</td>
</tr>
<tr>
<td>Career improvement in the same firm</td>
<td>18%-35%</td>
<td>24%</td>
</tr>
<tr>
<td>Do not plan a formal repatriation policy</td>
<td>58%-84%</td>
<td>71%</td>
</tr>
<tr>
<td>Discuss repatriation before departure</td>
<td>4%-10%</td>
<td>7%</td>
</tr>
<tr>
<td>Discuss repatriation 6 months before return</td>
<td>31%-39%</td>
<td>35%</td>
</tr>
<tr>
<td>Discuss repatriation less than 6 months before return</td>
<td>23%-53%</td>
<td>38%</td>
</tr>
<tr>
<td>Do not discuss repatriation</td>
<td>6%-14%</td>
<td>10%</td>
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Expatriate expectations:

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<th>Data</th>
<th>Range</th>
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<tbody>
<tr>
<td>Willingness to work abroad</td>
<td>54%-69%</td>
<td>63%</td>
</tr>
<tr>
<td>Accept assignment for career development</td>
<td>53%-85%</td>
<td>68%</td>
</tr>
<tr>
<td>Assignment necessary for advancement</td>
<td>51%-70%</td>
<td>60%</td>
</tr>
<tr>
<td>Accept for financial enrichment</td>
<td>34%-56%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Database's sources:

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