

Global Mobility – A Competitive Advantage For International Business

Despite the stop/start nature of the global economic recovery, one thing that is perennially on the agenda of CEOs and HR leaders is the war for talent. McKinsey in their latest Quarterly Review⁽¹⁾ suggest that ‘progress towards globalisation’s new era will be uneven for economies and companies alike’. Knowledge in the new intangible assets world will certainly mean power. In the digital global age there will inevitably be a demand for new breeds of talent – emanating from both emerged and emerging countries.

The following is an excerpt from the Santa Fe report written by John Rason and David Schofield.

Respondents in PwC’s Survey ‘Moving People with Purpose’⁽²⁾ report that 89% of organisations plan to increase the number of internationally mobile workers in the coming two years. This resonates with the findings of the Santa Fe Global Mobility Survey Report⁽³⁾ that there was optimism about the growth in internationally mobile employees. Significantly the consulting and professional services sector were particularly optimistic – supporting McKinsey’s view that cross-border trade will increasingly be underpinned by knowledge-based products and services.

Given this situation, how can international businesses secure competitive advantage and increase their chances of profiting from the new global digital age?

We believe that a modern, flexible and responsive global mobility programme can create the platform for international businesses to achieve a competitive edge, at a time when the demand worldwide for products, services and skilled people is growing.

This white paper gives practical advice on how your global mobility programme can meet the changing needs of your business and employees. It covers the crucial area of assessing return on investment (ROI), including an attempt to explore how “big data” might, in future, help in tackle this difficult task. Finally, we look at how best to make the case to top management that global mobility can help give the business a competitive advantage.

The Economic Landscape – A Variable Economic Upturn

After recent ups and downs, overall economic activity around the world is picking up. The World Bank expects overall world economic growth to increase from 2.8% last year to 3.5% in 2016, with the growth rate for developing countries increasing from 4.8% to 5.5% over the same period.⁽⁴⁾ PwC has reported that business surveys for the services, construction and manufacturing sectors suggest that activity “should continue to grow at a healthy pace”.⁽⁵⁾ Another report said that “the increase in cross-border activity and buoyant public markets promise a surge in mergers and acquisitions activity as investor confidence increases”.⁽⁶⁾ The Goldman Sachs World Economic Outlook 2015⁽⁷⁾ points to an acceleration of global growth, therefore businesses will continue to send their leaders to emerging markets and these leaders will become the board level employees of the future. According to the Goldman Sachs GDP global and regional (year on year) forecast (estimates and forecasts based on November 19 2014), world GDP growth is expected to be 3.4%, Emerging Markets at 4.9% and the Developed Markets at 2.2%.

Competition For The Best And Brightest

Against this more positive economic background, the competition for the best and brightest people is intensifying. A 2014 Recruitment Employers’ Confederation/ KPMG report showed that the number of vacancies in the UK was rising at the highest rate in more than 15 years, as employers cannot get enough skilled staff.⁽⁸⁾ Indeed, this shortage of skilled people is a worldwide phenomenon: Laszlo Andor, EU Commissioner for Employment, Social Affairs and Inclusion, has declared that “we must recognise that the search for the best talent is a race that takes place at the global level. Companies across the world are competing with one another to attract the brightest people”.⁽⁹⁾ The Manpower Employment Outlook Survey (Q1, 2015) highlights that global hiring plans (year on year) are: 48% stronger,

26% relatively stable, 24% weaker, with the top five countries predicting net high employment outlooks as: India (+45%), Taiwan (+43%), New Zealand (+28%), Japan (+21%) and Turkey (+20%).⁽¹⁰⁾

This competition means that employers appear confident they will see more international assignment activity in the future. Santa Fe’s latest Global Mobility Survey⁽³⁾ has reported that 2014 is the first year in which expected net growth in assignment numbers is higher than actual net growth in the previous year, thus breaking the trend for cautious predictions on future activity levels.

The global “search for the best talent” is on the agenda of national governments. Some governments are developing schemes both to attract foreign talent and to encourage home-grown talent to stay in the country. Worldwide ERC, the global association for workforce mobility, has noted the “growing support in (US) Congress for increased high-skill immigration to the US”.⁽¹¹⁾ On the other hand, governments (sometimes responding to political drivers) can put obstacles in the way of talent mobility: as noted in the Financial Times article “Visa curbs on highly skilled migrants hit UK talent pool”.⁽¹²⁾ International bodies such as the World Economic Forum do their best to counteract protectionist arguments, and those of us working in the global mobility industry have a part to play in promoting the benefits of international mobility.

The rising number of mergers and acquisitions has implications for the global mobility function. From the business perspective, the global service delivery models (centralised/decentralised) might differ, and suppliers might need to be re-assessed. Communication with international assignees is particularly important in mergers and acquisitions situations, to answer their inevitable questions, such as, “What about my repatriation plan?” “Will my package be affected?”

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So we have competition between companies and between countries for

talented people, with cross-border movement being sometimes helped and sometimes hindered by the policies of national governments. Moreover, HR and talent mobility leaders always have to bear in mind the perspectives of their CEOs and Finance Directors: global mobility costs money, and there are many other demands for investment funds.

This is a challenging backdrop, but we believe that global mobility can play a key role in giving your business a competitive edge. As well as our experience in corporate, consulting and service provider roles, there is solid evidence from the field to back this view. A recent report by Michael Dickmann, Professor of International HR Management at Cranfield University, highlighted how important it is for companies which want to succeed internationally to attract, develop and retain the right resources.⁽¹³⁾ HR leaders have gone on record on the subject: Ben Bengougam, VP HR at Hilton Worldwide, said that almost every candidate he saw wants to travel⁽¹⁴⁾; and Dennis Finn, Global HR Leader for PwC, has declared "Our people want to travel the world. So, rather than let them leave for another organisation to achieve this, we offer our people the chance to travel while staying with PwC".⁽¹⁵⁾

Also, it can make economic sense to re-deploy people who are already familiar with the objectives and culture of a global organisation, as opposed to recruiting new staff who will take time and money to train. This is particularly true where there is a need to respond swiftly, for example to a new market opportunity.

Four Key Success For Global Mobility

A "business as usual" approach to global mobility, relying on conventional secondments from home base to overseas locations and back again, will not be enough to meet the demands coming today from both the organisation and individuals. So, to give a business a competitive edge, we advocate a modern, flexible approach to global mobility, with a practical "keep it simple" focus by HR and talent mobility leaders on four key success factors.

Conclusion

At the 2014 Chartered Institute of Personnel and Development's annual international conference, CIPD CEO, Peter Cheese, highlighted in his opening address that for HR to be invited to the top table, they have to deliver their

value proposition using language that the CEO will understand. For example, talking about conducting employee engagement programmes and surveys without demonstrating the payback and commercial ROI (and the empirical research that supports the metrics) is likely to be seen as another 'HR fad'.

The same could be said for the Global Mobility function. As we've indicated in this paper, the ongoing 'war for talent' presents not only a challenge but also an opportunity, provided the function can indeed talk the CEO's language. Will Global Mobility leaders and teams, supported by flexible providers, reach beyond the effective management of operational processes (essential though this is), to the prize of a role as a valued partner in key strategic talent and business planning decisions?

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