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Total Talent Management: A Policy Perspective

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Why is talent important?

Each of the countries that have increased their estimated level of innovative capacity over the last quarter century — Japan, Sweden, Finland, and Germany — has implemented policies that encourage human capital investment in science and engineering.(Furman and Porter, 2001)

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Talent is a pre-requisite to a ‘High-Added Value Economy’

- Skilled workers allow an economy to engage in high-added value activities.
- High-added value activities allow higher financial returns and subsequently higher living standards reflected in higher GDP.

- Skilled workers are important for knowledge absorption, diffusion and transfer.

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Skilled workers allow an economy to become globally more competitive.

- Skills and talent shortage therefore represents a major threat to economies.
- Countries, regions, industries and organizations compete for talent.

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By 2030, US will require 25 million new skilled workers; EU 45 million new skilled workers (WEF report, 2011).

In Germany, according to a recent assessment, 70% of employers are hard-pressed to find the right people.

In many countries, skills shortage and unemployment often co-exist.

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Drivers of skill shortages are numerous, among them:

- Technical change
- Change in the global division of labor
- Market change
- Industrial change
- Demographic change

But lack of jobs (employability) is also a threat

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With 45 million new entrants in the global job market annually – most of them young – **300 million new jobs** will be needed between now and 2015 to keep pace with the growth in the labour force (WEF report, 2011).

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Employability will continue to be a huge problem worldwide. Because of the uneven quality of education systems, only **25%** of Indian and **20%** of Russian professionals are currently considered employable by multinationals (WEF report, 2011).

The Philippines produces 700,000 new college graduates every year but doesn't have the economy to create enough jobs for them.

Portugal train 30,000 engineers annually only for the bulk of them to go work overseas

There are three typical situations

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1. The jobs are available but the skills are not.
2. The skills are available but the jobs are not.
3. Neither the jobs are available nor the skills.

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Governments' typical response is to increase the supply

- Governments have invested heavily in all levels of education and training including sending own citizens overseas for training.
- Governments also have developed mobility, immigration/expat and fiscal regimes that entice international talent to flow through their economies.

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But the talent challenge is more than a problem of supply… and goes beyond the supply-demand equation too.

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The human resources and talent issue is a complex one!

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- The geography of human resources is fragmented and not even. Those places that produce the talent are not the same places that use them…

- The distribution of talent along disciplines and specializations and between industries and sectors is also uneven.

- A ‘Mathew Effect’ drives more human resources to those places that already have plenty of them.

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The result is that the geography of ‘talent sources’ and that of ‘talent resources’ often vary and frequently grow apart.

Examples of the complexity involved:

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- Some countries produce high caliber graduates that go unemployed, under-employed, or go to work elsewhere (e.g. Lebanon).

- Others have skill migration systems that let in foreign talent only to become unemployed or under-employed, or re-emigrate (e.g. Australian, Canada and New Zealand).

- And others make efficient use of foreign talent but fails to incentivize local talent (e.g. UAE and US).

Factors beneath the complexity

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Three underlying interplaying factors:

1. the ‘talent development’ environment.
2. the ‘talent deployment’ environment;
3. the ‘talent drawing-in’ (attracting) environment.

The Talent Management Cycle

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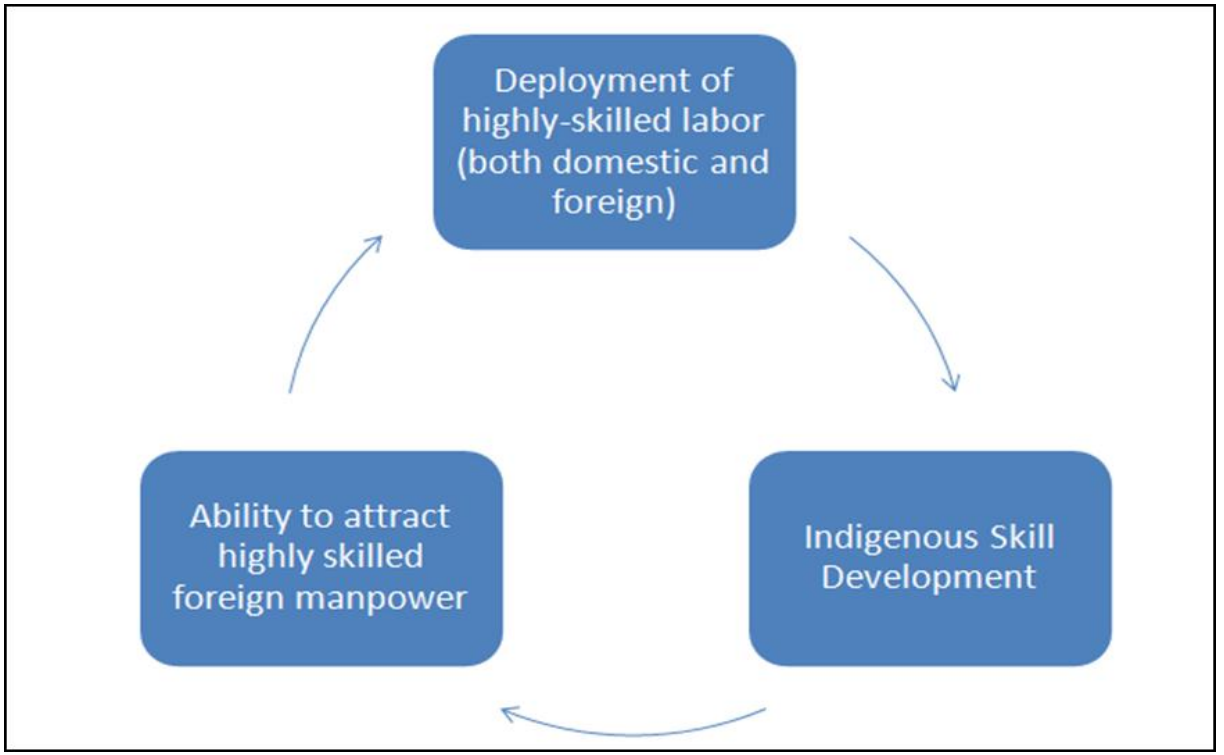

Collectively these three environments form a system that is shaped by complex supply- and-demand forces the impact on human resources production, utilization and accumulation.

Specifically, country's success in meeting its needs of human resources and talent depends on three core abilities linked to the three environments, namely: to develop talent, to deploy talent effectively, and to draw critical talent (Mahroum, 2007)

To develop

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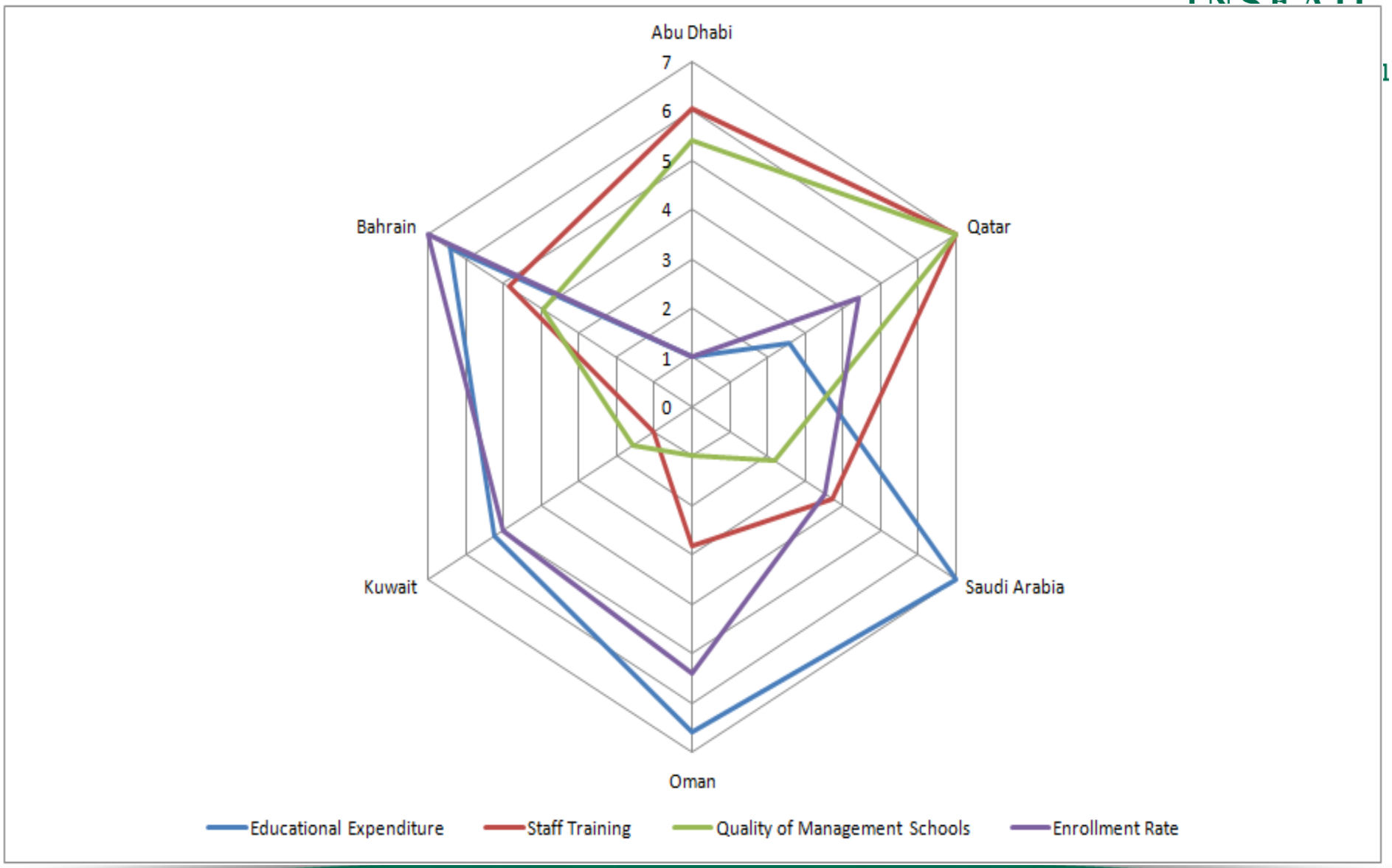
- *To develop talent:*
- *The ability of national educational and training institutions to produce sufficient quantities and suitable qualities of talent for the local labor market.*
  - *This entails the ability to be flexible and responsive to labor market dynamics in light of both short-term and long-term demands on human resources.*
  - *Countries that fail to develop sufficient and suitable HR nationally tend to look overseas to fill emerging skill shortages.*


Abu Dhabi
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Qatar
Saudi Arabia
Oman
Kuwait
Bahrain
Educational Expenditure
Staff Training
Quality of Management Schools
Enrollment Rate

To deploy

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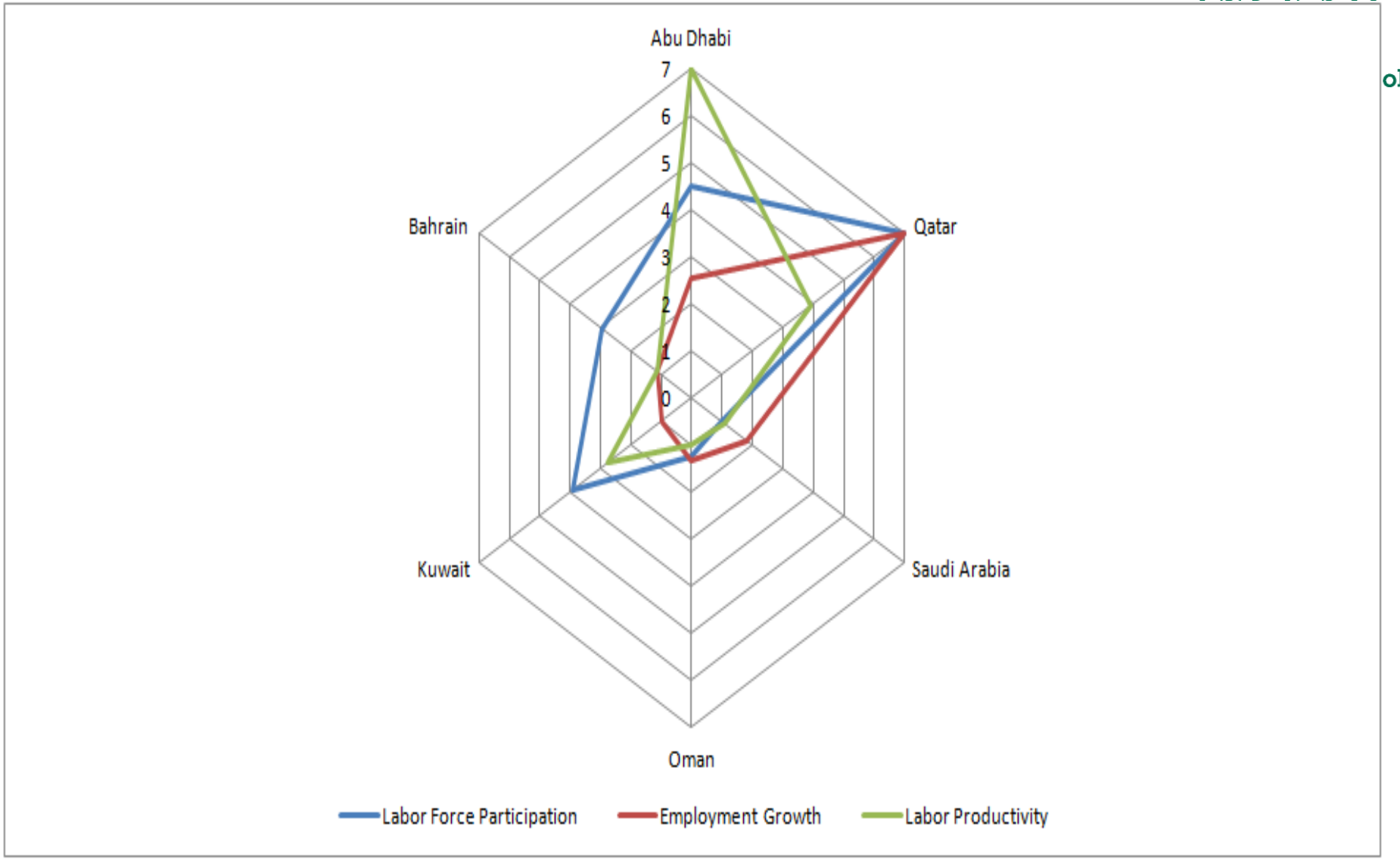
- *To deploy talent:*
- *The ability of national labour market to utilise and employ local talent adequately and effectively.*
  - *This implies the presence of a situation where job satisfaction is high, skill mismatch is low, and employment levels of the highly skilled are high.*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Qatar
Saudi Arabia
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Kuwait
Bahrain
Labor Force Participation
Employment Growth
Labor Productivity

To draw talent

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- *To draw in talent:*
- *The ability of local institutions to attract both local and international talent (engineers, researchers, academics and R&D executives) at all levels (students, early career persons and senior professionals).*

  - *This can be reflected in, among other indicators, the proportion of foreign skilled workers in the labour market relative to other countries.*

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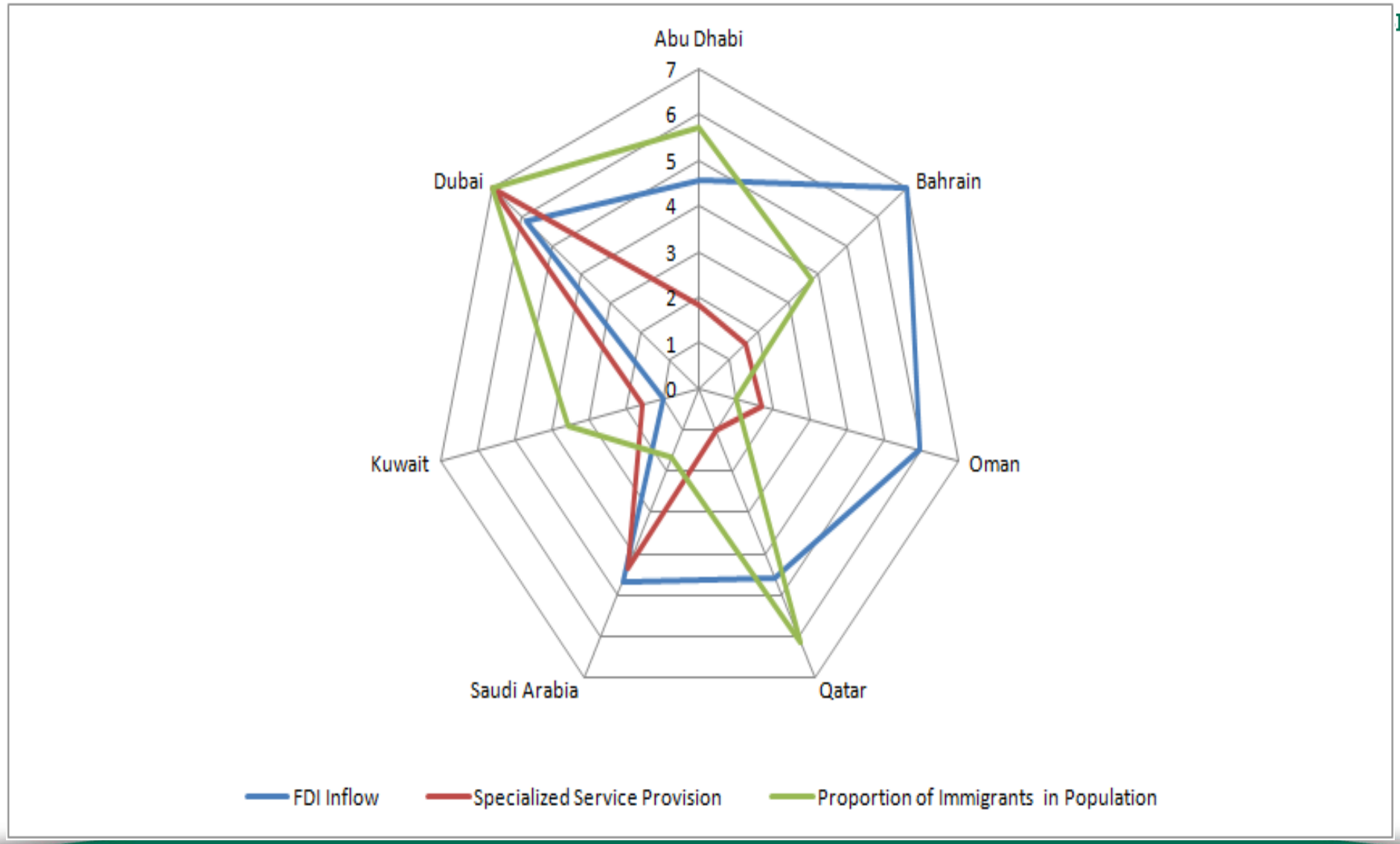
Foreign nationals are authors of the majority of patent applications filed by many US companies: **65%** at Merck and **64%** at GE and **60%** at Cisco


Abu Dhabi
Bahrain
Oman
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Saudi Arabia
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FDI Inflow
Specialized Service Provision
Proportion of Immigrants in Population

The 3Ds Balance

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- Imbalances or weaknesses in the ability to perform well in any of the 3Ds will lead to problems in the formation of national human resources for science and technology in a given jurisdiction.

- A country that performs well in developing and/or drawing talent, but fails to deploy this talent sufficiently, will inevitably suffer from a ‘brain drain’ to countries that are more successful in deploying such talent.

- A country that deploys talent well but fails to develop enough of talented people might find itself chronically struggling from a skills shortage.

Policy implications

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Two types of policy options:

- Traditional “supply” policies based on a “linear” understanding of the flows of human capital;
- or “total management” policies based on a “system-based” understanding of human capital development.
- (Davenport, 2004).

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- The successful utilization of talent depends on how well local or international talent interact with the organizations and institutions that make up that economic system.

- This necessitates knowing what are the real bottlenecks and problems in the system, rather than always seeking to increase or decrease the flows of certain talent through it.

What can be done?

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- Every jurisdiction should have a talent management taskforce or council with representatives from all government, industry and academic sectors.
- Such a body should be supported by a monitoring and intelligence gathering research unit that informs its decisions.
- Its task would be to provide government advice on required policy changes across all policy domains that touch on talent access and availability.

- The policy scope for talent management should go beyond the linear (supply) approach to a more systemic approach.
  - Including, legal and fiscal issues, but also sector specific factors, cultural factors, gender issues, rural-urban economic development issues, etc.

- The policy-implementation chain should be consolidated as much as possible.
  - E.g. immigration processing of skilled foreigners and the management of any special tax provisions.
  - Housing, schooling, healthcare and other key critical services.

For the UAE, a few critical issues can be inferred:

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- The HR Development Side:
  - National workforce need be better aligned with the country's critical skills cluster such as in the health, education, and energy sectors.
- The HR Deployment Side:
  - Female participation, and more effective employability
- The HR 'Draw-in' Side:

  Sustainability of the talent inflows and availability may present a challenge in the long run (e.g. aging Europe and Asia).

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