

# **GLOBAL LEADERSHIP TALENT MANAGEMENT**

Successful Selection of Global  
Leadership Talents as an Integrated  
Process

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Leadership Talents as an Integrated  
Process

BY

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# List of Abbreviations

AC	Assessment Center
ASCO	Australian Standard Classification of Occupations
CASA	Cultural Agility Self-Assessment
DIN	Deutsches Institut für Normung (German Institute for Standardization)
ed.; eds	Editor; editors
e.g.	<i>Exempli gratia</i> (for example)
et al.	<i>et alii</i> (masculine), <i>et aliae</i> (feminine), or <i>et alia</i> (neuter), in all cases meaning “and others”
EVP	Employee Value Proposition
GCI	Global Competencies Inventory
GLAC	Global Leadership Assessment Center
HR	Human Resource(s)
HRM	Human Resource Management
IAC	International Assessment Center
ibid.	<i>ibidem</i> (in the same place)
i.e.	<i>id est</i> (that is)
IES	Intercultural Effectiveness Scale
IFRS	International Financial Reporting Standards

ISO	International Organization for Standardization
ISO/TC	International Organization for Standardization/ Technical committee
IT	Information Technology
KPI	Key Performance Indicator
KSAOs	Knowledge, Skills, Abilities, and Other characteristics
MNE	Multinational Enterprise
PISA	Programme for International Student Assessment
SHRM	Society for Human Resource Management
sic	<i>Sic erat scriptum</i> (thus written)
SME	Small and Medium-Sized Enterprise
U.S. GAAP	United States Generally Accepted Accounting Principles

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# Global Leadership Selection as an Acquisition Process

*The best way to predict the future is to create it.*

— Peter Drucker

The outlook of lower growth in most developed markets is pushing more and more organizations and also Small and Medium-Sized Enterprises (SME) to globalize faster. To implement global strategies successfully and to be prepared for the future, global organizations need interculturally competent leaders who are able to cope with increasingly complex political, social, economic, environmental, etc. requirements and who move easily between different cultures. In addition, these intercultural competent people should — supported by corporate Human Resource (HR) practices — be motivated and qualified to accept global responsibilities.

In a volatile, uncertain, complex and ambiguous world (VUCA) the global labor markets are changing into more candidate-oriented markets. Also, in a global context, work is becoming more and more complex with increased ambiguity, more ethical dilemmas, etc. This creates a shortage of high-qualified global leadership talents. Over the past decade, employers have repeatedly reported that they have difficulties in recruiting people with the motivation and the right competencies for these global jobs. This so-called

talent demand-supply gap (Stahl et al., 2007, p. 6; Tarique & Schuler, 2010, p. 126) emphasizes the importance for Multinational Enterprises (MNEs) to effectively and systematically manage their workforces in order to remain competitive, especially in a global environment (Tarique & Schuler, 2010, p. 123).

In these times of digital transformation and globalization, global labor markets and more diverse workforces, global leadership and global talent acquisition are most urgent issues and challenges for the next decade. Hence, it comes as no surprise that global leadership and effective global talent acquisition are identified as key success factors for global success (Osland, Li, & Wang, 2014a, pp. 4–5). The metaphor “war for talent” (Michaels, Handfield-Jones, & Axelrod, 2001) indicates that organizations do compete not only with their products, but also with their access to talent. Thus, organizations must stand out from the crowd to become an employer of choice, and recruiting should use an active global sourcing strategy (McCool, 2008, p. 5) and focus on the qualification of an applicant and not on country of origin.

Finding and retaining such people is very challenging. “Having the right talent, at the right place, at the right time, and at the right price is an important global issue for every enterprise” (Briscoe, Schuler, & Tarique, 2012, p. 2001). Indeed, a majority of the organizations do not have the leaders needed to keep up with the speed of global business or are not satisfied with the quality of their global leaders (Canals, 2014, p. 487).

“A shortage of leadership talent is a major obstacle many companies face as they seek to operate on a global scale” (Farndale, Scullion, & Sparrow, 2010, p. 161). To address these challenges organizations should invest in building their in-house talent pipeline. Managing talents and hiring and retaining highly skilled and mobile talents, “which includes issues such as identifying talent pools and effectively staffing leadership positions, continues to be the most critical topic for executives” (Boston Consulting Group, 2011, p. 8). But there is a gap between rhetoric and practice in (global) talent management. Scullion and Collings call attention to the fact that while the rhetoric of maximizing the talent of individual employees as a unique source of competitive advantage for

MNEs has been central to the discourse surrounding strategic Human Resource Management (HRM) in recent years, the extent to which organizations effectively manage their human talent — especially on a global scale — often fails to live up to this hype (Scullion & Collings, 2011, p. 10).

The development of global leadership competencies is essential for future success, because “it is only the possession of specific capabilities and resources that now enables firms to conceive and then implement strategies that can generate what economists describe as above-average rates of return” (Brewster & Sparrow, 2007, p. 5). HR capabilities correlate with economic performance. Organizations that have strong capabilities in HR functions — such as talent and leadership, engagement, behavior, culture management, HR strategy, planning, and analytics — show significantly better financial performance than organizations weaker in those areas (Boston Consulting Group, 2014a).

Company success, especially the successful implementation of a corporate global strategy, requires a strategy for acquiring global leaders and talents.

Strategically oriented global acquisition is a part of managing international HRM. Its goal is to select and develop talents with resources available and valuable for particular companies or unit purposes.

The challenge of global talent acquisition is effectively identifying global talents, no matter in which country they are located (Collings, 2014, p. 257). While talent identification at the headquarters may work quite well, many multinational organizations fail to identify talents located in subsidiaries, because decision-makers located at the headquarters lack accurate information about global talents (Mellahi & Collings, 2010, p. 147). In order to leverage the advantage of a global workforce, however, individuals of different nationalities should be included in the organization’s talent pools (McDonnell, Hickey, & Gunnigle, 2011, p. 176).

To hire and retain global leaders, organizations must have an effective (global) talent management, including a global talent pool. One advantage of having a culturally diverse talent pool, for example, is that it enables multinational organizations to build a culturally diverse upper management team, which is important