

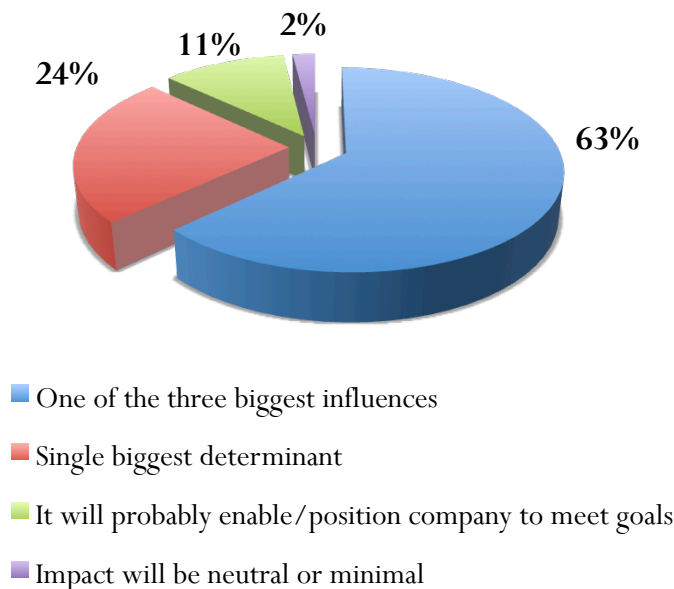
## **TRANSEARCH International Client Survey** *The Global Talent Gap*

As companies worldwide look to regain market share and rebuild around core competencies, innovation and emerging technology, a surprising number believe they lack the executive talent and management bench strength to create, maintain or regain a competitive edge over the competition.

A surprising 28 percent of Chief Human Resources Officers and hiring managers from global corporations who participated in a recent survey by TRANSEARCH International - a leading global executive search organisation - reported they doubt or are unsure their companies have the leaders and potential successors to critical roles required to stay or get ahead.

This, despite the overwhelming consensus that reveals 87 percent of respondents believe the performance of executives in their senior-most management roles will rank as the single biggest determinant of whether they meet corporate objectives or as one of the three biggest influences on enterprise goals over the next 12 months.

### **How Executive Leadership Performance Will Impact Realisation of Business Objectives** *(Next 12 Months)*



*Source: TRANSEARCH International*

## Management Development In Focus

For these reasons, corporate Human Resources teams around the world are putting more focus on management development to grow and season more of their own leaders from within. Survey participants rank the development of internal successors for mission-critical leadership roles as their organisation's single most important strategic talent management priority in the next 12 months.



*Source: TRANSEARCH International*

Chief among their leadership development targets are so-called 'high potential' managers who have gained and demonstrated significant business skill and expertise while at the same time cultivated a high level of professional and interpersonal synchronicity with enterprise mission, culture and strategy.

High potential employees, or 'Hi-Po's' or 'High-Pots' as they are also known, are increasingly considered valuable organisational assets because of their familiarity with the company, their typically early-career overachievement and the implications of their potential ascension into management succession plans.

Yet they also stand as employee population most negatively impacted in the mass corporate layoffs prompted by the global financial crisis and economic recession over the past couple years.

For this reason, and the beckoning retirement eligibility of many senior-management leaders in companies from North America to Asia and across Europe and South America is putting a premium on the development of these up-and-coming business managers.

Some 82 percent of Chief Human Resources Officers and hiring managers report they have already instituted a formal process to identify and develop high-potential employees for future advancement consideration.]

### **Exploring The Talent Gaps**

When asked where they currently see the biggest management talent gaps in their organisations, global Human Resources officers and hiring managers registered their biggest concern at the junior-management and developing leader level. It is reasonable to surmise, therefore, that the 18 percent of responding companies that have yet to create a formal process around tagging and growing their highest potential future leaders will feel increasing competitive and organisational pressure to do just that.

Further from a leadership deficits perspective, the respondents cited concern at the Vice President, General Manager and Country Manager level and Director level as their next biggest concerns when it comes to existing talent gaps. Only eight percent of respondents ranked 'C-Suite' management as the source of their companies' biggest existing talent vacuum.

In light of the continuing albeit starkly uneven global economic recovery depending on a company's regional, industry, regulatory and competitive dynamic, as employers increase recruitment of senior management executives they acknowledge performance expectations have swelled to very high levels.

That's true for internal management successors, but particularly accurate as relates to executives who will be recruited into new positions with new employers in the next year.

### **Executive Performance Expectations On The Rise**

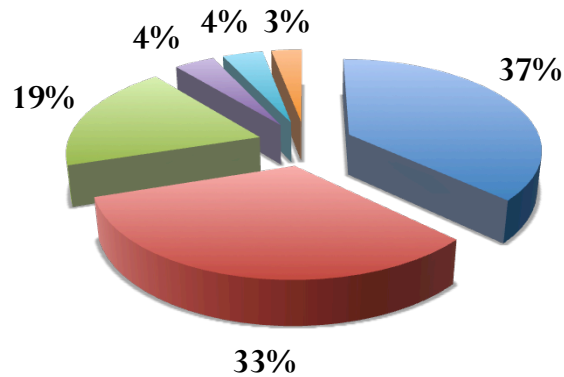
Nearly equal numbers of corporate Human Resources leaders confide that expectations for superior performance have accelerated significantly (40 percent) for externally recruited executives or that expectations have risen but the enterprise also anticipates a lengthy learning curve (38 percent) for top roles.

In contrast, only 16 percent of respondents believe executive performance expectations will hold steady for incoming executive leaders. Few see them decreasing in a global business landscape some economists believe will continue to be punctuated – at least in the short-term – by continued volatility, uncertainty, change and ambiguity.

Perhaps in part to accommodate for the increased risk associated with executive transition in the next 12 months and the rising need to compete for top talent, corporate leaders report they are feeling increasing pressure to maintain or increase compensation packages to attract the most qualified senior executives.

In fact, 37 percent of participating Human Resources leaders and hiring managers say they are feeling the need to balance pay effectively with market demand for experience, leadership ability and the drive to succeed.

### How Global Companies Feel About Executive Compensation (Next 12 Months)



- We are feeling increasing pressure to maintain or increase compensation packages to attract the most qualified senior executives
- Our pay practices remain extremely flexible and are customized to fit the situation
- We have budgeted for an across-the-board increase in executive pay
- Given the number of unemployed executives, we expect to pay new external recruits less than we paid others who held the same role in the past
- We are far more cautious about executive relocation packages, sign-on bonuses and perks
- Our remuneration policies have been sharply impacted by government regulators

Source: *TRANSEARCH International*

## **Measuring The Business Impact Of Executive Talent**

Increasingly, corporate Human Resources departments are working to establish processes that can link more measurably and consistently to organisational performance.

Toward realizing that objective, some are developing a focused Talent Management function and the required expertise to more effectively link talent investment with business results. That aligns with broader corporate initiatives to measure existing operations and scorecard how business process impacts business performance.

Some 31 percent of global companies represented in the TRANSEARCH survey indicated their organisations have created a specialized Talent Management function to track human capital return-on-investment and its sustainable impact on business growth.

*Survey Methodology – The TRANSEARCH International Global Survey was based on in-depth 2010 surveys of 600 global business leaders, mostly in the role of Chief Human Resources Officer, Vice President of Human Resources, HR Director, Group HR Manager and their functional equivalents. The survey participants were, at the time, employed by mostly large, global and regional corporations across a broad variety of industries and organisations based in Europe, Asia Pacific, Latin America, the Middle East and North America. For more information please contact Celeste Whatley at [celeste.whatley@transearch.com](mailto:celeste.whatley@transearch.com).*