Talent Management: Boards Give Their Companies an

Updated 27 June 2013

What is top of mind for corporate boards worldwide? In one of the most comprehensive global surveys of corporate directors to date, we found that they were very worried about developing and enacting strategic plans that will enable their organizations to succeed. And what did they say was their biggest concern? Not competitive threats. Not rising costs. Not innovation, risk management, technology, debt, or the regulatory environment. Corporate directors identified talent management as their single greatest strategic challenge.

In our survey, conducted in partnership with WomenCorporateDirectors and Heidrick & Struggles, we asked over 1,000 board members across the globe to rate their companies' performance in each of nine dimensions of talent management: attracting top talent; hiring top talent; assessing talent; developing talent; rewarding talent; retaining talent; firing; aligning talent strategy with business strategy; and leveraging diversity in company's workforce.

Because "good enough" is not good enough, we were interested to learn what percentage of directors "strongly agreed" their companies were doing an effective job on each of these practices--in other words, a great job. What we found is perhaps not what you might expect: overall, whether by region or industry, the vast majority of directors say their organizations are not doing talent management well. In fact, in two practices in particular — "firing" and "leveraging diversity" — many companies fail dismally.

When we broke down our findings by industry and region, we discovered some noteworthy differences. For instance, we found that directors in North America, Australia, and New Zealand gave their companies the highest scores on talent management, while directors in Eastern Europe and Russia gave their companies the lowest. We might expect the regions with the lowest overall averages to be those dominated by developing or emerging economies. This, however, does not seem to be the case: Western Europe did not fare much better than Eastern Europe.

Among the industrial sectors, materials (e.g., chemicals, metals and mining, paper and forest products), made out worst, scoring poorly on "firing" and "leveraging diversity," and not much better on "assessing talent" and "developing talent."

We know that organizations commit enormous resources and effort to talent management, so why aren't they doing a better job? One hopeful sign is that boards are becoming more interested in talent management. They are realizing it can no longer solely be the charge of HR executives or even of the CEO and top management — and that they must integrate talent management with the long-term strategic goals of the organization if they are to have any hope of claiming competitive advantage.

But, while this new concern with talent represents progress, there are still many questions boards will have to address: What steps should they take to help their organizations build better talent management? What would this leadership look like over time? Should some specific talent management practices receive greater focus than others--that is, do they exert more influence on competency of an organization's overall talent management process? What are the greatest predictors of success for a talent management practice?

Methodology

We surveyed more than 1,000 board members in 59 countries. (U.S. boards made up 37% of the sample while 62% of boards represented were from outside of the U.S.) We analyzed the data along several dimensions including geography and industry. Specifically, we did a geographical breakout by eight major world regions: Asia; Africa; Australia and New Zealand; Eastern Europe & Russia; Latin America; the Middle East; North America; and Western Europe (due to low sample size or domination by one or few countries in a region we have excluded three regions, Africa, Latin America and the Middle East, from our findings).

The industry breakout was done using eight major sectors (similar to those in the Global Industry Classification Standard system): Consumer Discretionary (e.g., consumer durables & apparel, retailing, education, media, hotels, restaurants & leisure); Consumer Staples (e.g., food, beverage & tobacco, household and personal products); Energy & Utilities (e.g., oil, gas & consumable fuels, electric, gas and water utilities); Financials (e.g., banking & financial services, insurance, real estate); Health Care (e.g., pharmaceuticals, biotechnology & life sciences, health care equipment and services); Industrials (e.g., aerospace & defense, construction & engineering, industrial conglomerates, professional services, textiles); IT & Telecommunications (e.g., computers & peripherals, electronic equipment & components, semiconductors, wireless telecommunication services); and Materials (e.g., chemicals, metals & mining, paper & forest products).

This blog first appeared on Harvard Business Review on 05/28/2013.

View our complete listing of **Talent Management** and **Strategic HR** blogs.

AUTHORS

Boris Groysberg

Professor of Business Administration

Harvard Business School

The Conference Board is the Member-driven think tank that delivers ***Trusted Insights for What's Ahead®***. Founded in 1916, we are a nonpartisan, not-for-profit entity holding 501(c)(3) tax-exempt status in the United States.