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CHAPTER 6

Human Capital in the Multipolar World

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The free circulation of individuals, capital and goods and services is the key factor in the process of international globalization that has accompanied the latest wave of prosperity. We are in the midst of a serious economic crisis, and in a context in which commercial and capital flows have seriously declined, making human capital a key factor in overcoming this situation. Human capital will also be vital when future generations have to face major challenges ranging from global warming, demographic changes and the sustainability of the capitalist system.

The importance of human capital is even more marked as many feel that recent events highlight a decline in values and ethics in the business sphere in particular, and in society in general. This was one of the ideas discussed in the *Ágora International Forum on Talent*¹⁷¹: "The current crisis is certainly a crisis of values and ethics rather than a crisis of the financial markets. It can only be overcome with a new ethical compass that changes behavior, and our societies in the final analysis, by creating new and modern foundations based on talent: talent dedicated to ethics, sustainability and the creation of shared values."

The competitiveness and the future economic development of countries must therefore involve taking up a key position on the talent map in the multipolar world. The way to achieve this will be to prioritize the creation, attraction, development and retention of talent. All the agents in society must play their part in achieving this aim: the family, education system, business and government (see Figure 51).

¹⁷¹ http://www.agoratalentia.es/primer-edicion/primer-edicion_presentacion.asp.

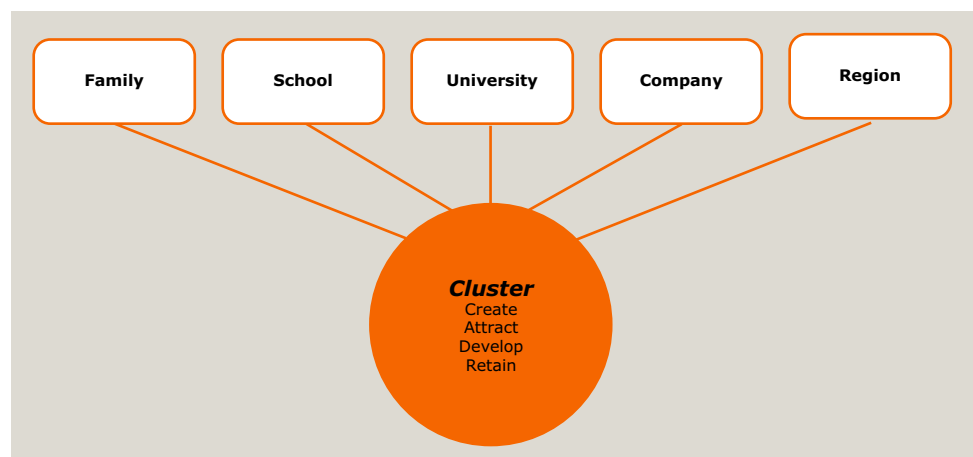


Figure 51. The Future.
Source: *Ágora Talentia*, Navarra.

Demographic trends will have a profound influence on the talent map of the future. The most important of these is the imminent aging of the world's population. Forecasts suggest that in 20 years' time, only a third of the total of the world's population will be under thirty years old (see Figure 52). The regions that are today the most prosperous will be the most seriously affected by this process (see the study *New consumers: Aging Population and Immigration* by the ninth edition of the Bankinter Future Trends Forum).

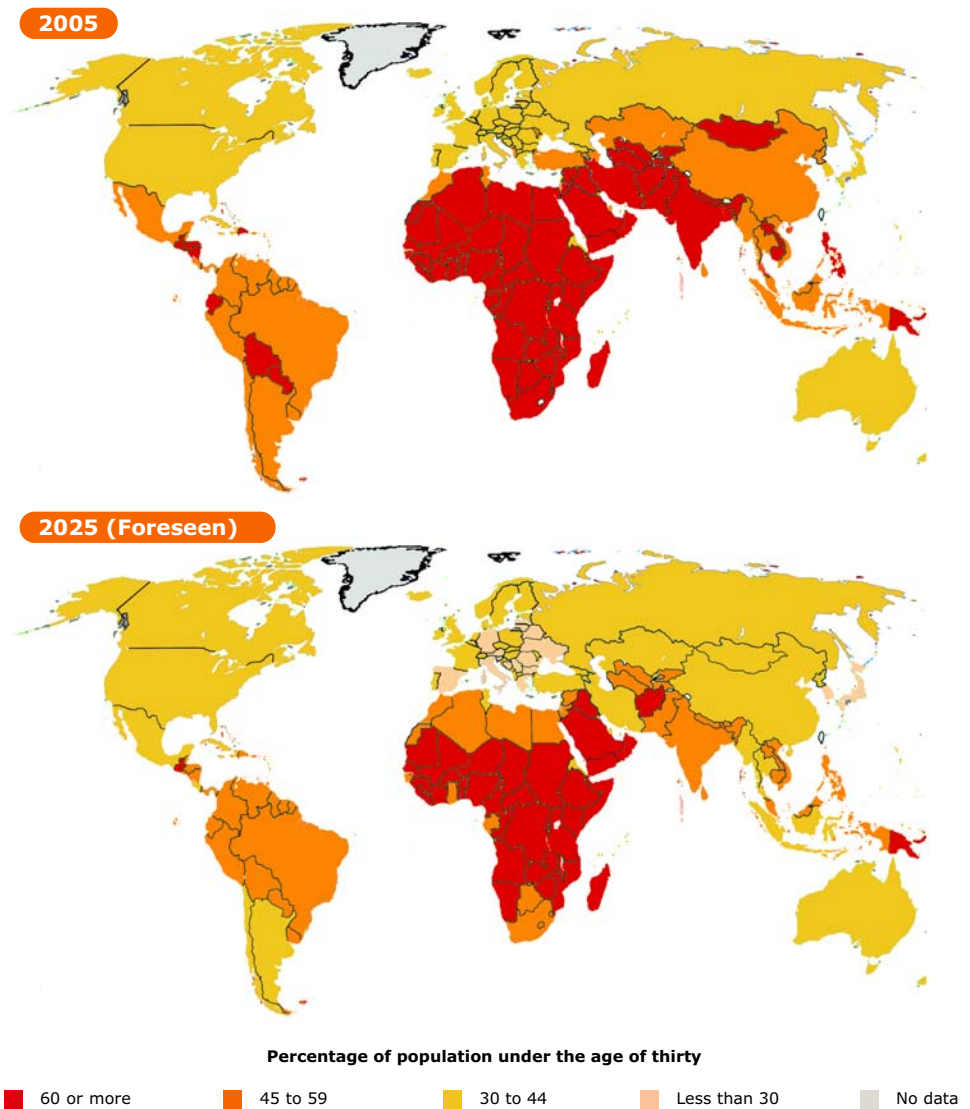


Figure 52. Changes in the age structure of the world's population.
Source: United States census figures.

As well as this aging phenomenon, there is also the uneven distribution of the world's population. In twenty years' time, approximately 16% of the population will live in Western countries, compared to 25% thirty years ago. The main areas of high birth rates and population increases will be China and India.¹⁷²

These demographic trends will have significant implications for talent management. First, they will make the international struggle to attract talent even more acute, as older and less populated countries are forced to seek professionals beyond their borders. Second, they will force societies to design strategies that enable them to develop talent on an ongoing basis.

Attracting International Talent

The battle for talent has begun. Although various countries and economies are meeting this challenge to different extents, they are starting to compete in this global struggle. Their success will depend on various factors, such as the prestige of their universities, the opportunities for research they provide, and the professional opportunities in their business sector.

Talent is emerging from all over the planet, and new technologies are enabling it to link up with the countries that need it, over distances of thousands of kilometers. While developed economies watch their birth rates fall at the same time as early retirement increases, the emerging economies have a surplus of young talent. In fact, they have twice as many professionals with university qualifications as there are in developed countries.

More and more new talent (or at least previously unknown talent) is therefore coming out of emerging economies, but the doubt raised by Mark Foster, Accenture's Group Chief Executive for Management Consulting & Integrated Markets, is: will this talent have the skills needed?

According to the studies produced by The Lisbon Council in collaboration with Accenture,¹⁷³ the skills required in the future will be a combination of specific knowledge and interdisciplinary abilities (see Figure 53). The specific knowledge areas required will include sciences and engineering, math, languages and business knowledge. Among the interdisciplinary abilities in demand will be the use of technology, communication skills and problem solving, flexibility and teamwork.

¹⁷² *Global Trends 2025: A Transformed World*, National Intelligence Council (november 2008).

¹⁷³ *Skills for the Future*, The Lisbon Council y Accenture.

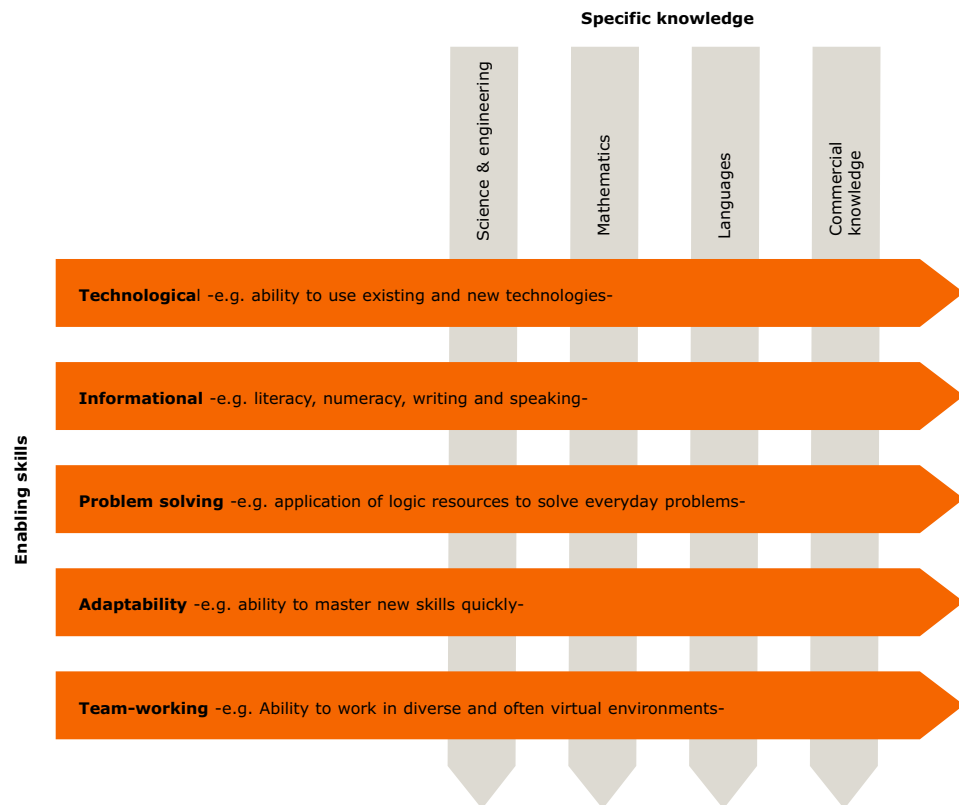


Figure 53. Skills in greatest demand in the future.
Source: *Skills for the Future*, The Lisbon Council and Accenture.

Another factor that must be taken into account is the profile of the future generations, and those which companies will be trying to attract. People born after 1980 are known as Generation Y, and typically have extensive knowledge of technologies and are skilled in using the Internet. In their working conditions, they demand more flexibility, meaningful jobs, high payment and a better balance between work and personal life. This profile will to a large extent determine the job offers that companies design in order to obtain the most highly skilled talent.

However, the migration of talent accounts for just a small proportion of the migrations taking place. Most migratory movements are by people who are either unskilled or who are in jobs for which they are overqualified. A report on migration and developing countries published by the OECD Development Centre concluded that migratory movements can make a significant contribution to the fight against global poverty, whether the people concerned are skilled or otherwise. However, many experts consider that emigration by skilled workers, known as “brain drain” is a risk for their countries of origin, which are usually developing nations.

Did you know?

In response to the lack of employment opportunities in their regions, some of the most prestigious business schools in the United Kingdom and United States, such as the London Business School and the Wharton School, are organizing trips to the United Arab Emirates for students interested in working there.¹⁷⁴

The OECD suggests that in the field of science and technology, the movement of professional experts benefits both the source and recipient countries. These migrations lead to networks of knowledge being established between countries, contribute to the distribution of “unwritten” or tacit knowledge, and can improve international diplomatic relations.

These migratory movements will be reduced by the recession. In fact, the first return journeys to countries of origin have already taken place. Many workers that found jobs in the construction sector in the United States and other countries like Spain have returned home. The globalization process is taking a step backwards in this area.

The Continuous Development of Talent

It will be necessary to develop and deploy talent on an ongoing basis in order to reinvigorate societies which mostly consist of people who have been out of the education system for some time. As the population ages in many countries, these people’s contribution to the economy will be increasingly important. The scourge of high unemployment, which is exacerbated by the current recession, will also be a serious problem in many countries, and may affect their volume of talent. Various studies have shown that most people acquire most of their skills at work.¹⁷⁵ An unemployed person is therefore probably not acquiring new skills, thus creating a vicious circle in which the persistent failure to acquire new skills leads to structural unemployment. Everyone concerned (individuals, families, educational institutions, businesses and governments) must work together so that lifelong learning among individuals flourishes in society.

Furthermore, in a context of international crisis, in which some of the foundations that have sustained the world’s economic and productive structure are trembling, innovative alternatives must be sought. To that end, both the private sphere and business must be aware that investing in the development of talent is essential. However, the temptation to rein in spending, optimize resources and wait for the storm to pass is too great. These policies will only make the situation worse.

Governments must make sure that the foundations for knowledge in their countries are firmly laid, by designing a competitive education system that meets the needs of society. Businesses are increasingly dependent on knowledge, especially technical knowledge, which makes it essential to have a solid higher-education system.

¹⁷⁴ http://www.businessweek.com/bschools/content/dec2008/bs20081223_342745.htm.

¹⁷⁵ http://www.agoratalentia.es/documentos/DeclaracionNavarra_sobreTalentos.pdf.

Did you know?

Approximately 85% of fast-growing companies founded in the United States in the last 20 years were established by university graduates.

The Future Trends Forum experts see the main challenge for countries in the coming years as creating skilled and unskilled jobs, both to overcome the recession and to grow economically on a sustainable basis. In their opinion, innovative solutions must be sought for the exclusion of people without training from the labor market, which is partly fostered by globalization. One of these measures, proposed by President Obama during his election campaign, involves giving grants to businesses that hire unskilled workers on that condition that they provide them with training, so that if they do not ultimately want to keep them on their payroll, at least they would return to the labor market with some training. The experts feel this measure would be more productive than the training programs provided by Latin American governments and other European countries.

The Talent Map

The consultancy Heidrick & Struggles and *The Economist* have carried out a study in twenty countries to measure where talent is today, and where it will be in 2012. According to this study, a country's talent must be measured based on the following indicators:

- Demography.
- Quality of the compulsory education systems.
- Quality of the universities and business schools.
- Quality of the environment for cultivating talent.
- Mobility and relative transparency in the labor market.
- Trends in foreign investment.
- Ability to attract talent.

A study was produced based on these indicators, which forecast the ranking of countries' talent in 2012 and shows the changes since 2007 (see Figure 54).¹⁷⁶

According to their forecasts, countries such as China and India would rise in the ranking due to their high demographic rate and the growing potential for talent and development within their frontiers. The United States will hold onto first place, although it will face strong competition from China. Sweden, the Netherlands and Germany will also be at the top of the list thanks to their excellent flows of foreign investment, the quality of their universities and the mobility of their talent.

¹⁷⁶ *Global Talent Index 2007-2012*, Heidrick & Struggles.

Range 2012	Country	Score		Variation since 2007
1	United States	52.8	■	0
2	United Kingdom	47.7	▲	2
3	Canada	47.5	▼	1
4	Netherlands	46.0	▼	1
5	Sweden	44.7	■	0
6	China	43.8	▲	2
7	Germany	43.6	▼	1
8	Australia	43.3	▼	1
9	France	42.8	■	0
10	India	40.6	■	0
11	Spain	37.3	■	0
12	Malaysia	37.1	■	0
13	South Korea (Republic of)	36.6	▲	2
14	Japan	35.8	▲	2
15	Poland	34.9	▼	2
16	Italy	34.2	▼	2
17	Ukraine	34.1	▲	2
18	Russian Federation	33.9	■	0
19	Mexico	33.0	▲	2
20	Greece	32.5	■	0
21	Argentina	32.1	▼	4
22	Thailand	29.8	■	0
23	South Africa	29.8	▲	1
24	Egypt	29.5	▲	1
25	Brazil	29.2	▼	2
26	Turkey	29.0	■	0
27	Saudi Arabia	25.6	▲	1
28	Nigeria	22.7	▼	1
29	Indonesia	22.3	■	0
30	Iran	20.5	■	0

Figure 54. Ranking according to the global talent index.
Source: *Global Talent Index 2007-2012*, Heidrick & Struggles.

6.1. Business Strategies to face the Globalization of Human Capital

The term *workforce* traditionally referred to the people who worked in a company. With the rise of human-resource management, the term “human capital” came into use, in order to make it sound less anonymous and impersonal, and to stress the value of a company’s employees. Today, “talent” is the differential value par excellence and companies’ competitiveness is directly related to their capacity to attract, retain and develop talent. Talent is valuable because the value of intangibles¹⁷⁷ has increased from 20% of companies in the S&P 500 in 1980 to 70% today, for example. We are at a time in which knowledge is the new capital, and knowledge is intangible. When the foundations of an economy change, those who control wealth also change. The organizations which have the best talent become the strongest, and it is they who really control an intangible factor companies are trying to use to build their management structure in order to generate wealth.¹⁷⁸

¹⁷⁷ There are three essential intangible assets: customers and services; people and image; and reputation and prestige.

¹⁷⁸ «El imperio del talento: los TATA», José Manuel Casado, *Harvard Deusto Business Review* (february 2008).

¹⁷⁹ *The Talent Powered Organization*, Peter Cheese, Robert J. Thomas and Elizabeth Craig.

In its book *The Talent Powered Organization*,¹⁷⁹ Accenture defines this new focus for businesses: “A talent-focused organization is an organization that invests in building distinctive capabilities in managing talent to produce extraordinary results for the organization. Managing talent therefore used to be to an organization’s capacity to continuously create and optimize the talent resources necessary to carry out business strategies. This capacity is even more relevant in the current crisis” (see Figure 55).



Figure 55. Talent management in business.
 Source: *Managing Talent in Uncertain Times*, Accenture
 (<https://publishing.accenture.com/MCIMNews/Research+and+Insights/default.htm>).

The arrival in Spain of Starbucks, one of the world's leading coffee retailers and roasters, brought a revolution in terms of its mission and the way business is done. The company's mission, as stated on its website, is "to establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow," putting six principles into practice, including two that are covered by the subject under discussion in this chapter:

- "Embrace diversity as an essential component in the way we do business."
- "Develop enthusiastically satisfied customers all of the time."

The first principle refers to one of the main requirements of talent: attracting and keeping culturally diverse employees in the company is an excellent organizational capacity. The second principle is connected to the opportunity for improving the company's performance by combining human capital with the optimum level of commitment. Both ideas will be considered below as strategies that companies must use to succeed in managing the talent of their human capital.

Returning to the example of Starbucks, Orin Smith, its President and Chief Executive Officer, undertook to plan his own succession, stating that he would leave the company in 2005, when he was 62 years old. Smith soon saw that the internal candidates would not be ready to take over the position of chief executive officer by the time he left. He realized that Starbucks had to develop its leaders at the same pace as its international expansion, from 8,500 outlets all over the world to almost 30,000, half of which were outside the United States. The Starbucks experience shows the importance of including the development of talent, as in many cases, an organization's ability to undertake strategic initiatives in the future depends on this.

The strategic importance of talent does not only affect senior management positions. "Nurturing and developing talent is everyone's concern in the organization. The HR function is a key enabler, but best practices and a talent mindset and culture must be embedded and sustained throughout your business."¹⁸⁰

However, what are the challenges involved in the talent management of the future? José Manuel Casado, the Senior Partner responsible for Accenture's Talent and Organization Performance in Spain, thinks that the most important will be placing appropriate value on the company's human capital, adapting to the new features of the increase in international talent, concentrating on technology and adapting to the demographic characteristics of staff and globalization (see Figure 56).

¹⁸⁰ *The Talent Powered Organization*, Peter Cheese, Robert J. Thomas and Elizabeth Craig.

Evaluation of human capital	<ul style="list-style-type: none"> ■ Costs and profitability. ■ Economic aspects of intangible assets. ■ Higher productivity ■ Talent multiplier
New growth	<ul style="list-style-type: none"> ■ Concentrated on the shortage of knowledge. ■ Competition for talent. ■ Rate of change.
Concentrated on technology	<ul style="list-style-type: none"> ■ Usability ■ The knowledge worker as the objective. ■ e-HR, e-Training, e-KM (virtual knowledge management, Web 3.0, Facebook...), etc.
Demographic characteristics of the staff	<ul style="list-style-type: none"> ■ Aging of the population. ■ Multiple generations at work. ■ Shortage of skills. ■ Commitment problems. ■ Capturing knowledge. ■ Women and work.
Globalization	<ul style="list-style-type: none"> ■ Labor arbitration. ■ Virtual teams. ■ New models of organization. ■ Corporate culture.

Figure 56. New challenges in talent management.

Source: *La gestión del talento en tiempos de crisis (Talent management in times of crisis)*, José Manuel Casado, Accenture.

In the current crisis situation, companies may be tempted not to allocate sufficient resources to talent management. José Manuel Casado believes that crises are temporary rather than structural, and “therefore do not last forever. It is necessary to take advantage of the situation in order to concentrate on what is important and not on what is urgent, and to get ready to leave the crisis behind—sooner or later—under the best possible conditions.”¹⁸¹ Other factors, such as the globalization of the labor market, the aging of the population and the lack of talent will continue to have an impact on companies when the economic situation improves. Managing talent is undoubtedly a vitally important strategy for companies with a long-term outlook.¹⁸²

Some ideas for successfully managing talent in organizations are outlined below. A distinction has been made between companies from developed and emerging countries, as although many of the ideas are applicable to both conditions, some are more relevant in one sphere than the other.

Companies from Developed Countries and the Globalization of Human Capital

The problem faced by the developed countries is obvious: the talent shortage. The aging of the workforce will become more acute in the future, as it is not

¹⁸¹ <http://www.toptenms.com/Archivos/Descargas/SalónCapitalHumano2008Cataluña.pdf>.

¹⁸² *Managing Talent in Uncertain Times*, Accenture.

completely replaced by the next generation. A further problem is the increasing complexity of work. This all means that talent management is a priority for companies wanting to succeed in the multipolar world.

Rule 1: Multiply Talent

Bill Gates, the founder of Microsoft, summarized the importance of talent to his organization in a single sentence: "If 20 people were to leave Microsoft, the company would face bankruptcy."¹⁸³ Judging by Microsoft's results, it would initially appear that recognizing the importance of talent contributes to a company's success.

As mentioned at the beginning, Accenture defines the talent-based organization as one that combines a capacity for managing talent with other skills. All the while bearing in mind that the objective of all companies is to maximize profits. This maximization is achieved by defining strategies leading to a high performance. During their research, Accenture discovered that just 62 of the Fortune 500 companies in 1992 were still on the list in 2005. The conclusion to be drawn from this is that the difficulty lies not in achieving high performance, but in maintaining it. Accenture believes that the "high-performance anatomy" is a mixture of the following factors:

- **Leadership:** talent in creating the market and the capacity to lead in execution.
- **Personal development:** a way of thinking based on talent and the necessary skills to multiply talent.
- **Technology:** acknowledgement of information technologies as a strategic asset.
- **Performance:** assessment of all the essential areas and establishment of parameters for measurement.
- **Flexibility and innovation:** the capacity for ongoing renewal.

Some of the points above are linked to the multiplication of talent. Companies must maximize performance by investing in human capital: "When companies create capabilities for multiplying talent, they succeed in generating the greater efforts, creativity and results appropriate to a talent-based organization."

However, what are the specific measures that a company can take in terms of talent management in the new geoeconomic landscape? Most of the Future Trends Forum experts suggested that the key will be the development of comprehensive programs for improving the skills of current personnel (see Figure 57).

¹⁸³ <http://www.rhmagazine.com/articulos.asp?id=247>.

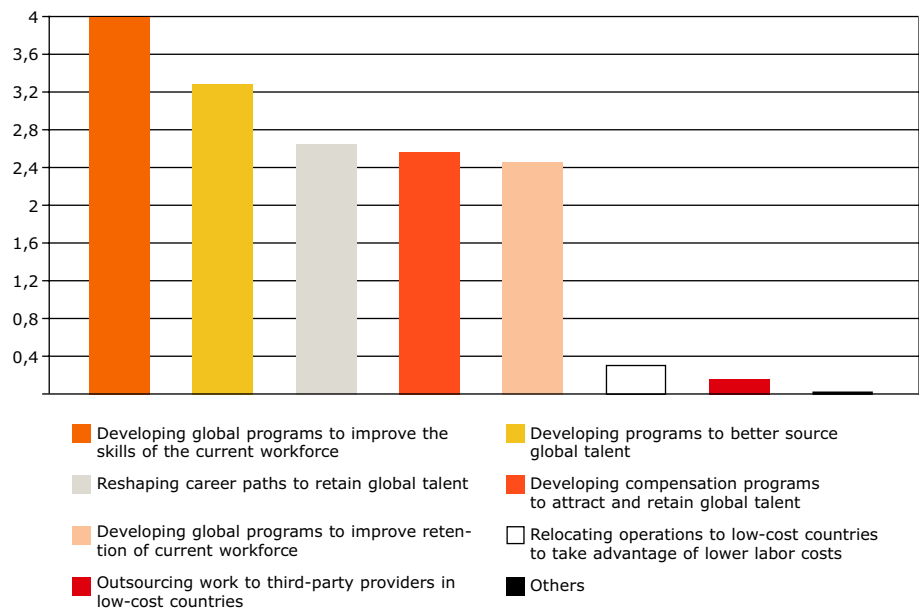


Figure 57. Most effective measures for talent management in the future.
Source: Drawn from the conclusions within the Future Trends Forum.

Companies like Sun Microsystems and KPMG have included global projects in their human resources strategies, such as social responsibility programs for employees and training aimed at all professionals, from the newest recruit to senior managers.

Rule 2: Think Globally, Hire Locally¹⁸⁴

“An intelligent man is someone intelligent enough to hire people more intelligent than he is.” – John F. Kennedy

¹⁸⁴ Bain and Company Brief, www.bain.com.

¹⁸⁵ The Economist Intelligence Unit.

¹⁸⁶ B6 refers to the “Big Six”: Brazil, China, India, Mexico, Russia and South Korea. G6 refers to France, Germany, Italy, Japan, the United Kingdom and the United States.

¹⁸⁷ World Competitiveness Yearbook, International Institute for Management Development (IMD) 2006, p.50.

Attracting talent will be one of the major challenges for companies. Around 97% of the 438 million people who will be joining international payrolls in 2050 will come from developing countries¹⁸⁵ (see Figure 58). The figure is astonishing: the workforce in the B6 is more than three times as large as that of G6 and the rest of the European Union combined.¹⁸⁶ Furthermore, these people are no longer considered “cheap labor,” because their level of education has substantially improved, as can be seen by the figure of 33 million university graduates in developing economies, compared to 14 million in the developed countries.¹⁸⁷

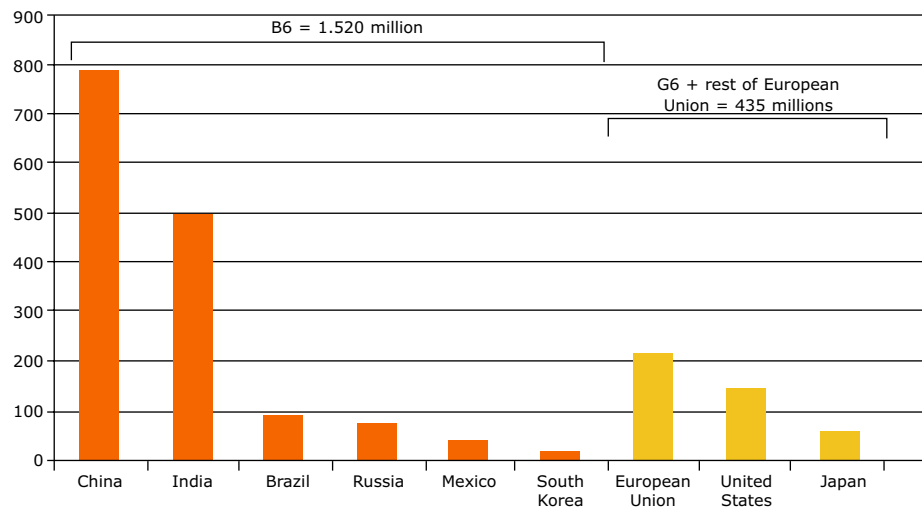


Figure 58. The global workforce in 2005 (figures in millions).
Source: *La Empresa Multipolar*, Accenture (2008).

What impact does the increasing supply of talent from emerging countries have on multinationals from developed economies? What could appear to be a “threat” could become a great opportunity. The example of Lenovo, the Chinese company that purchased the IBM personal computer division, illustrates this. Its chief executive officer, Bill Amelio, explains that managing the diversity of the company’s professionals is vital in the conquest of new consumer markets. The purchase forced Lenovo to form a high-level management team that included 10 different nationalities.

As part of its entry strategy in emerging countries, Bain & Co recommends “thinking globally, hiring locally.” Many multinationals put their trust in expatriates to guide them during the entry phase in developing markets, with disheartening results. By promoting cultural diversity, some of the multinationals that wanted to enter emerging markets could have avoided marketing problems. In Asia, Coca-Cola used a translation of the advertising slogan “Coke adds life” from its advertising in the United States and the message that reached the consumers was “Coca-Cola returns your ancestors from death.” Obviously, this would not have happened if local experts had participated in the campaign. It is no wonder, then, that 98% of Procter & Gamble’s employees in China are Chinese. The reason is that the local team has more visibility in the Chinese market in terms of product design, promotion and distribution.

Finding people with the specific knowledge and skills to corner emerging local markets remains a major problem. Some companies have tried to solve it by designing an operating model based on the lack of a central headquarters, so as to

Did you know?

As well as jointly accounting for 2.4 billion new consumers, China and India ("Chindia") also have a growing pool of talent in engineering, science, R&D areas and IT services. The average cost of a biotech drug in Western countries is 1.2 billion dollars, while in India it costs 100 million dollars.

ensure that the senior-management team is spread culturally and geographically throughout the world, thereby avoiding physical ties.

At the same time, there are possible sources of talent that have yet to be exploited in emerging countries. For example, there is a great deal of potential among women and in rural areas. Unilever trained more than 5,000 women in rural areas in India to work as distributors, extending its range to 80,000 villages. The program generates 250 million dollars a year in villages which would otherwise be too expensive to serve. PepsiCo India has formed an alliance with the employment portal Jobstreet.com to advertise jobs that are only available to women. There were also plans to expand the project to other companies such as businesses Microsoft India, IBM India, RPG Group and Fidelity Fund Management.

Similarly, business models are becoming more complex and in many cases, the offshoring of work or subcontracting of jobs to talent located in emerging countries is common. This trend makes management of this talent more complex. Transferring some of the vital operations in multinationals' supply chains to countries like India is increasingly common. For example, around 30% of Yahoo!'s global research is currently undertaken in an R&D center in India. Microsoft and Cisco have transferred many of their senior managers to India to lead the company's strategic operations, due to the growing number of potential customers in the country.¹⁸⁸

Rule 3: Rethink the Age Criteria

For the first time in history, there are four different generations within the same staff structure. Each generation has different characteristics and needs a specific approach to talent management (see Figure 59).

The future of organizations will be in the hands of the so-called Generation Y and the Net Generation. This label covers the group of people who are distinguished by their knowledge of technology and the Internet. When they begin their first job, young people from Generation Y expect to be heroes and heroines who are given opportunities to climb the ladder quickly, and who are always supported by people who tell them how well they are doing their job. Everything has to be immediate, almost like a video games, because they find it difficult to defer gratification.¹⁸⁹ They are also people who change job several times during their life, and by doing so change their business culture and the way they work without any problems in adapting to the technological environment.

¹⁸⁸ «Global firms draw on India for ideas», *livemint.com* (19/01/2009).

¹⁸⁹ «The Echo Boomers», *CBS News Online* (4/09/2005).

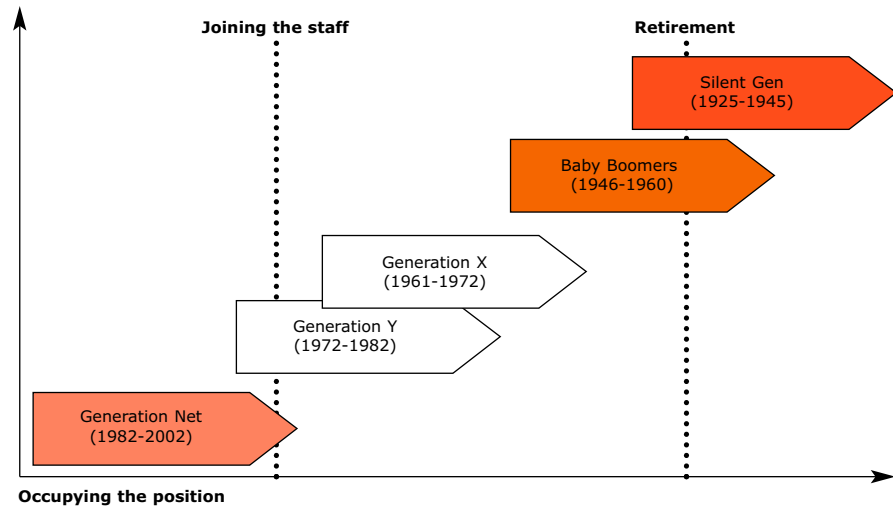


Figure 59. The challenge of generational coexistence in talent management.
 Source: *La gestión del talento en tiempos de crisis*, José Manuel Casado, Accenture.

However, this description also varies a great depending on the country concerned. A recent study by Gallup among Chinese young people showed that the priority of more than two thirds of those surveyed was to “work hard to get rich.” However, young Westerners preferred to dispense with the first part of the equation.¹⁹⁰ Another factor is the recent recession, with effects on the attitudes on current and potential employees that have yet to be confirmed. Whether the instability of the situation and the lack of confidence lead to a return to the emphasis on security and predictability of previous generations remains to be seen.

Companies must consider the new makeup of society very carefully in order to attract new talent. PricewaterhouseCoopers began a recruitment campaign with an advertisement that said: “If u wnt 2 b 1 of us, vst <http://jobsite.pwc.es>. People like you”. The use of text-messaging language is a nod to the Net Generation in an effort to attract talent to the company. Another way in which companies try to attract the attention of possible candidates is through websites such as Facebook. It is well known that many companies and headhunters carry out controversial searches for their candidates in this type of forum, in order to find out what type of person they would be recruiting.

At the other generational extreme are the oldest workers. The population in all the developed countries—and in some developing countries—is aging at an unprecedented rate. The short-term trend is that the age group between 45 and 65 years old will gradually account for a higher percentage of the working population. As the baby boomers start to retire, there will be a lack of young workers entering the labor market and compensating for the exodus of talent that is leaving it. In Western Europe, where the birth rate is considerably lower

¹⁹⁰ *The Talent Powered Organization*, Peter Cheese, Robert J. Thomas and Elizabeth Craig.

than the replacement rate, the scarcity or lack of workers will arise earlier, and will be more severe and chronic.

In the next 5-10 years, organizations will therefore have to deal with two problems: the large number of workers that are retiring and the lack of talented workers to replace them. This is a significant risk for businesses. Meeting this challenge appropriately will require ways of thinking and acting different from those in the past. In this situation, José Manuel Casado suggests taking advantage of this "irreversible longevity" by hiring older workers, implementing "flexible" retirement and advocates the reform of retirement and benefit laws.

An example of good practices in managing older workers is the MITRE Corporation, which directs R&D programs for the United States government, and its *Reserves at the Ready* program, which gives retired people the opportunity to work part-time or on a project by project basis. The Home Depot also hires people over fifty years old with very good results, because of their maturity, motivation, work ethic and knowledge.

Rule 4: Provide Freedom of Choice; How to Work, Where to Work, When to Work

In the fight for talent, companies that are able to adapt to the preferences of new professionals will have an advantage over the others. Offering workers greater freedom of choice and giving them greater freedom and therefore responsibility in the management of their work could be a good argument when trying to win them over.

Technological breakthroughs and changes in the way companies think have enabled the growth of formulas such as telecommuting. The opportunity to gain access to talent anywhere in the world at any time is a big change in working models. People in the Net Generation have enough technological skills to stay in contact with their company using the numerous tools available. This also leads to a better balance between work and personal life, which is a major incentive for this generation. The airline JetBlue established a network of booking agents that worked from home all across the United States. The company cut costs and increased satisfaction among its employees, as shown by a very low level of employee turnover in 2003 (4%).¹⁹¹ Best Buy, an American equivalent of Media Markt, created the *Results-Only Work Environment* program, in which employees are free to decide upon their own working hours and workplace. So long as productivity objectives are met, nobody cares when, how or where work is done. Thanks to this strategy, commitment and loyalty rates have risen and productivity has increased by an incredible 35%.¹⁹²

Rule 5: "When I Grow Up, I Want to Be Like Facebook."

"It's not just about the money. I want to work in the hottest place on earth, and right now that's Facebook,"¹⁹³ was the explanation given by an ex-Google

¹⁹¹ *The Talent Powered Organization*, Peter Cheese, Robert J. Thomas and Elizabeth Craig.

¹⁹² «Potenciar el activo competitivo más importante», *Outlook*, Peter Cheese, Robert J. Thomas and Elizabeth Craig (2008).

¹⁹³ http://paul.kedrosky.com/archives/2007/06/15/facebook_really.html.

employee as to why he had changed job despite his rapid professional progress and high salary. Companies have to reinvent themselves to be cool in the eyes of the new generations. The workplace must be fun, and training must be entertaining. If not, attracting or keeping hold of the best talent is impossible.

However, how can this talent be effectively attracted and retained in the company? One way is to link up the human resources and marketing areas. The result: employer branding, which consists of a range of ideas for presenting a good corporate image to external professionals and candidates. The “employer brand” can become a competitive advantage, given that there is a lack of skilled workers and payment is not the main incentive within the change in values among new professionals. The company’s process for attracting and retaining talent must focus on its differential aspects compared to others and also be expressed in commercial terms.

The commitment to the company that employees acquire will depend to a large extent on it meeting their expectations, which will vary depending on the employee’s gender and position. At the organization’s higher levels, most men value personal development and payment, while women prefer to enjoy a working environment with good relationships and communications. However, middle managers prefer empowerment, i.e., decision-making being devolved to lower levels of the corporation. Likewise, men in these positions seek leadership and being responsible for their actions (see Figure 60).

Level	Woman (%)	Man (%)
Upper management	Work relationships (14.3) Customer quality (9.5) Communication (9.5) Working tools and conditions (4.8)	Professional development (19.4) Compensation (9.7) Stress, balance personal/professional life, workload (6.5) Image (3.2)
Middle managers	Empowerment (23.8) Supervision (19) Professional development (9.5) Stress, balance personal/professional life, workload (9.5)	Leadership (27.5) Compensation (17.5) Image (15) Safety (5)

Figure 60. Factors for commitment by gender and position in the company.
 Source: *Igniting Gen B and Gen V: The New Rules of Engagement for Boomers, Veterans, and Other Long-Termers on the Jog*, Nancy S. Ahlrichs.

The example of employer branding par excellence is Google, which has made its offices in cities like Zurich “the best place to work.” There are at least two rest areas with free food and drink on each floor. There are themed relaxation rooms themed (such as the “water lounge” with baths to lie down and watch the aquariums) and massage rooms. There is a slide that connects the office area with the cafeteria and gymnasium. New recruits are made to slide down it for their “coming out.” Apart from material facilities, each employee manages their time and work as they wish. There are no fixed working hours and during breaks staff can play Guitar Hero, pool or a board game. Nonetheless, delivery and development deadlines must be kept.

However, future success in this field is not guaranteed. Until recently, jobs at Google were the most coveted among workers in Silicon Valley, but Facebook has now become a magnet for new talent in the sector and is “stealing” some of the key managers from the search company.¹⁹⁴ This shows that if long-term commitment from professionals is not achieved, the company’s most important assets will be lost.

That is why there are companies that help others to transform their working environments into excellent places to work. According to the Great Place to Work® Institute’s “Trust Model, “a great place to work is one in which you trust the people you work for, have pride in what you do, and enjoy the people you work with.”

Álvaro Salafranca, Chief Executive Officer of Starbucks Coffee in Spain, summarizes the ultimate aim of employer branding strategies: “If our employees don’t feel important, they are unlikely to make our customers feel important. What makes our business fun is that we work with people.”¹⁹⁵

Indeed, the crisis is encouraging companies to include additional incentives, because higher salaries do not tally with widespread reductions in costs. In order to attract talent at a global level, the value proposal must be expanded at employee level, and increased development and training opportunities must be provided. Social responsibility and sustainable activities that are an incentive for choosing the company as a place of work must also be included.

Rule 6: The Power of Talent Lies in the TATA

José Manuel Casado suggests that the key to organizations’ success is in TATA: “Those key people in companies who have to be attracted and retained in the ranks of our organizations if we want to conquer the empire of competitiveness. These are the people who ensure the present and future success of our companies; in short, our talents.” TATA is an acronym that stands for “Talent is to Aptitude what Temper is to Attitude;” only the best, or extraordinary individuals, have both ingredients.

¹⁹⁴ <http://www.que.es/tecnologia/noticias/todos-quieren-trabajar-en-facebook.html>.

¹⁹⁵ «Starbucks no cree en el café para todos», *El Mundo* (29/06/2008).

Good talent management should be based on hierarchical structuring of groups according to their capabilities, knowledge, motivation and performance. Each group or person should be managed individually based on these results. This leads to the identification of key employees, or TATAs, for whom specific human resources and talent management policies are designed. These policies are aimed at maintaining their commitment to the organization, and maximizing their performance.

General Electric carries out a meticulous ranking of all its professionals based on their capacity to take up management positions. In the mid-1950s, the company founded its own corporate university in Crotonville, near New York. Jack Welch, GE's legendary Chairman, spent half his time on developing individuals and visited Crotonville every two weeks.¹⁹⁶

Rule 7: Training, Training, Training

Higher education has become a global industry, and universities compete to attract the best talent. Countries like Australia and New Zealand are making it easier for foreign students to stay, while France hopes to increase its ratio of foreign students from 7% to 20% and Germany wants to create the Teutonic Ivy League to make courses there more international. In the United States, meanwhile, the Michigan Skills Alliance was established to provide training paid for by the government for possible candidates to cover vacancies in companies. Grow Wisconsin, another US project, aims to increase the state's appeal as an ideal place to work by investing in training and infrastructure, changing legislation, etc. The Obama Administration wants to promote university education by measures including making the first 4,000 dollars free for the vast majority of citizens, or by paying for two thirds of fees in public or community universities. The beneficiaries would receive these grants in exchange for doing hours of community service.¹⁹⁷ Scotland in fact cites the high cost of university education in the United States in an effort to attract American students by offering more affordable alternatives.¹⁹⁸

It is no good promoting higher education in a country if the candidates do not end up working for that country's companies. Despite the increasing mobility of individuals entering the labor market, companies must distinguish themselves as a brand of global employer that provides on-the-job training opportunities, as that is what these people without any experience but with excellent academic training are looking for. Three of every ten European university students plan to leave their country of origin to find work and generally tend to prefer large internationally renowned companies.¹⁹⁹ Intel has created Intelpedia, a type of corporate Wikipedia that enables employees to share knowledge, cooperate with colleagues and help integrate new recruits who are unfamiliar with the organization's jargon and projects. Training at Accenture presents a return on the investment of 353%, and its communities of practice allow for information to be exchanged between employees. Meanwhile, IBM's Basic Blue program is a series

¹⁹⁶ «El imperio del talento: los TATA», José Manuel Casado, *Harvard Deusto Business Review* (February 2008).

¹⁹⁷ <http://www.whitehouse.gov/agenda/education/>.

¹⁹⁸ «Going off to college for less (passport required)», *New York Times* (1/12/2008).

¹⁹⁹ «Springboards for life in careers elsewhere», *Financial Times* (13/10/2008).

of measures for training new managers by e-learning, simulations, coaching and experiences in workshops and fieldwork.²⁰⁰

More than 1,600 companies have their own corporate university as a strategy for providing skills, integration and creating an emotional bond, and for achieving higher value and employability among their professionals.²⁰¹ Companies that have opted for this training model include: UBS, FedEx, Comcast, Verizon, Motorola, Vodafone, Avaya and Cerner Corporation.

Rule 8: Socialize Knowledge

Fluid communication, the exchange of experiences and interpersonal relationships among employees are an increasingly important factor in the development of internal talent and a company's overall success. In this respect, social knowledge networks are becoming more influential within companies. Accenture has found that high-performance companies improve the transfer of ideas using these new means of communication.

Companies are made up of the professionals who work for them, and Web 2.0 brings this idea a little closer to reality. The involvement of employees and the other agents present in the company's ecosystem in organizational social networks can create important synergies for the company, and contribute to the personal and professional development of the people that are part of them.

Spaces such as the Telefónica Group's *Somos Azules* (We are Blue) are examples of the new social networks that are being created in the organizational arena. They involve employees with ideas and the desire to carry them out without needing a mandate from management to do so, communities for sharing opinions on topics of interest for the development of new businesses, forums on the Internet for colleagues from different areas or countries, or with different points of view, or even a space where it is possible to relate on a personal level with customers, suppliers, etc.²⁰²

This social experience is providing tangible results (cooperation projects that have emerged from the professional relations created as a result of the platform, agreements with customers arising from this interaction, etc.). However, its intangible results are perhaps even more important. These include more in-depth knowledge of employees, the generation of ideas and reinforcement of the human side of professional relations by sharing interests and pastimes.²⁰³

Rule 9: Uncertain Times Call for Innovative Thought

Companies that are market leaders outperform their competition even during a crisis. One of the reasons is that they are constantly innovating. An outstanding pool of talent is needed for this innovation to flourish. Hence the talent in organizations is vital at all times, but even more so in times of economic uncertainty.

²⁰⁰ «The Revolution In Corporate Training», *Corporate-eye.com* (13/06/2008).

²⁰¹ «El imperio del talento: los TATA», José Manuel Casado, *Harvard Deusto Business Review* (febrero 2008).

²⁰² <http://www.infonomia.com/if/articulo.php?id=434&if=65>.

²⁰³ <http://www.infonomia.com/if/articulo.php?id=434&if=65>.

Companies must be able to adapt their talent-management policies to market conditions, ensuring that their professionals achieve the strategic objectives by promoting innovation. A recent study by Accenture²⁰⁴ shows that companies adopt three types of strategies in crisis periods: for survival, to obtain a competitive advantage or to grow (see Figure 61).



Figure 61. What preparations do companies make in order to identify, obtain commitment and deploy the resources and programs that enable them to maintain high performance during difficult times?

Source: *Managing Talent in Uncertain Times*, Accenture (<https://publishing.accenture.com/MCIMNews/Research+and+Insights/default.htm>).

Many companies largely overlook the long-term consequences of quick-fix solutions. These companies end up regretting their decisions once time has passed and the situation has improved, because they watch their employees leave for other, more attractive options, and run into difficulty when trying to attract employees later on. This leads to significant shortcomings in key areas of the labor force that are vital for spurring on future growth.²⁰⁵

Regardless of whether a company is positioning itself in order to survive, to acquire competitive advantages or to grow during a crisis, it is clear that in times of uncertainty, an innovative mindset is necessary in all areas of the company, including human resources. Applying innovative (and more efficient) approaches to deal with key aspects of talent management in times of crisis can help companies get out of trouble and position themselves for high performance when the situation improves.²⁰⁶

Rule 10: Technology and Talent, a Marriage of Convenience

New technologies are transforming the nature of work, the skills required, recruitment on an international scale, and cooperation between professionals in carrying out processes and in innovation programs. All these trends make talent even more important and complex.²⁰⁷

The adoption of new technologies to support talent-management processes is on the rise. These IT-based solutions help a number of processes, including: hiring,

²⁰⁴ *The Talent Powered Organization*, Peter Cheese, Robert J. Thomas and Elizabeth Craig.

²⁰⁵ <http://www.accenture.com/Countries/Spain/Services/GestionTalento.htm>.

²⁰⁶ <http://www.accenture.com/Countries/Spain/Services/GestionTalento.htm>.

²⁰⁷ <http://www.accenture.com/Countries/Spain/Services/GestionTalento.htm>.

evaluation, pay, succession planning, training, human resources self-service and scorecards. The importance placed on talent management led 2,300 companies to adopt some form of technology in the field in 2007.²⁰⁸

Collaborative tools based on Web 2.0 are becoming increasingly relevant in the field of talent-management technology. For this reason, Facebook and Career-Builder.com joined forces in order to find candidates to occupy the vacant positions in the companies offering employment opportunities through the latter website. Virtual training also meets the needs of an increasingly global human capital and the habits of new generations (i.e., the Net Generation).

At the same time, the ongoing adoption of new technologies in all areas of companies requires new talent to exploit its possibilities to the full. Technology in itself does not create competitive advantages that are sustainable in the long term. In short, technology without talent cannot generate extraordinary results.

Companies from Emerging Countries and Globalization

²⁰⁸ «El imperio del talento: los TATA», José Manuel Casado, *Harvard Deusto Business Review* (February 2008).

The recognition of talent management as a business priority is backed not only by managers in developed countries, but also by those in emerging economies, according to a study by the Boston Consulting Group (see Figure 62).

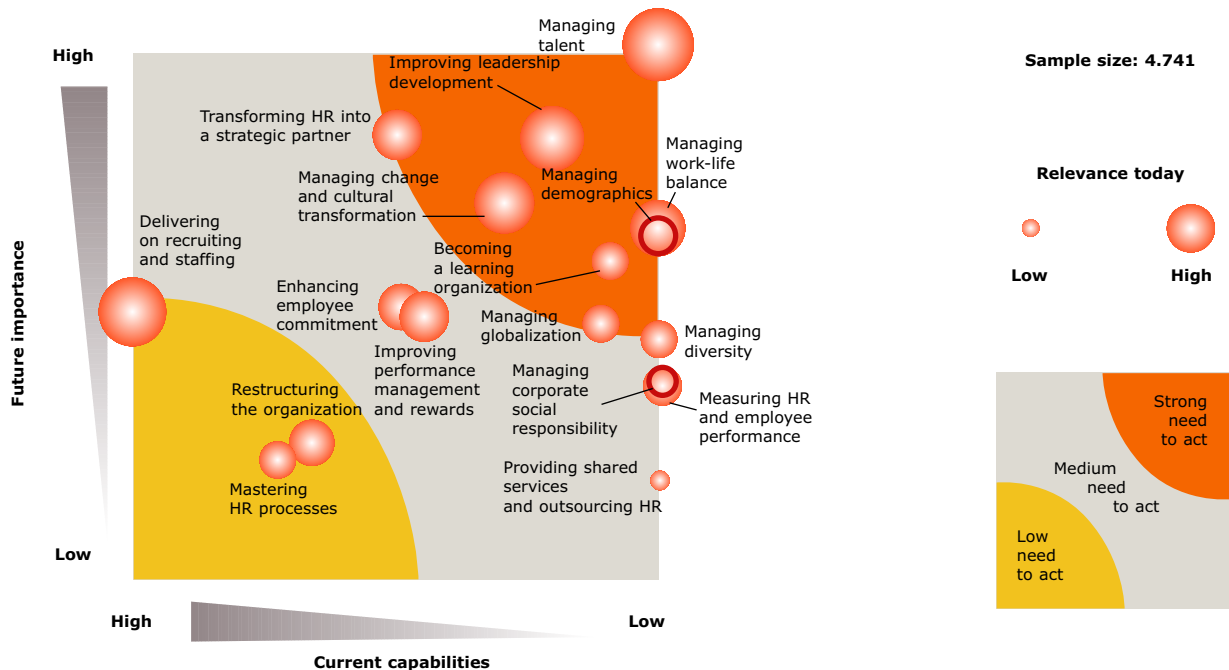


Figure 62. Eight international issues demanding the most attention and immediate action. Source: Exclusive website survey with responses from 83 countries and markets; analysis by BCG/WFPMA.

Emerging economies, such as China and India, are starting to create a niche for themselves in very specialized activities with high added value. Until recently, their entire strategy was based on competing on cost. Now, however, things have changed and they are threatening the main bastion of companies in the Western world, where they have developed their most important competitive advantage. For this reason, they are already preparing for the tough confrontation ahead; victory will only be achieved by investing in training and skills, i.e., in teaching, talent and leadership. In India alone, 300,000 people earn IT degrees each year, five times more than in the United States, and they have to compete to obtain 10% of the best graduates.²⁰⁹

Diego Sánchez de León, Head of Talent and Organization Performance Practice at Accenture, emphasizes that in this change, "the education strategy used by emerging economies will lead to a transfer of investment to those countries," and complains that the desire to learn is being lost in Europe.²¹⁰

While talent management is a discipline in which ideas and contributions still have some ground to cover, the rules that have been defined for companies in developed economies can mostly be used for those in emerging economies. Nevertheless, the next section focuses exclusively on meeting the challenge of talent in emerging countries, taking the unusual profile of its human capital into account.

Rule 1: Mobilize Against the Loss of Talent

In the 1990s, 650,000 people migrated from emerging markets to the United States with a working visa, and more than 40% of the foreigners in this country have some type of university education.²¹¹ These movements meet the needs for talent in the recipient countries, which were suffering from an aging population, and the needs of those seeking jobs that their countries of origin are unable to offer them (see Figure 63). The flight of talent to developed countries offering skilled jobs with salary incentives, along with opportunities for promotion and a long career, is a fact of life. In the long term, one of the threats facing economies in emerging markets is the inability to retain their domestic talent.

²⁰⁹ <http://www.rrhhdigital.com/ampliada.php?sec=46&id=49448>.

²¹⁰ http://www.expansionyempleo.com/2008/01/02/mercado_laboral/1072904.html.

²¹¹ «Brains Abroad», *The McKinsey Quarterly* (diciembre 2001).

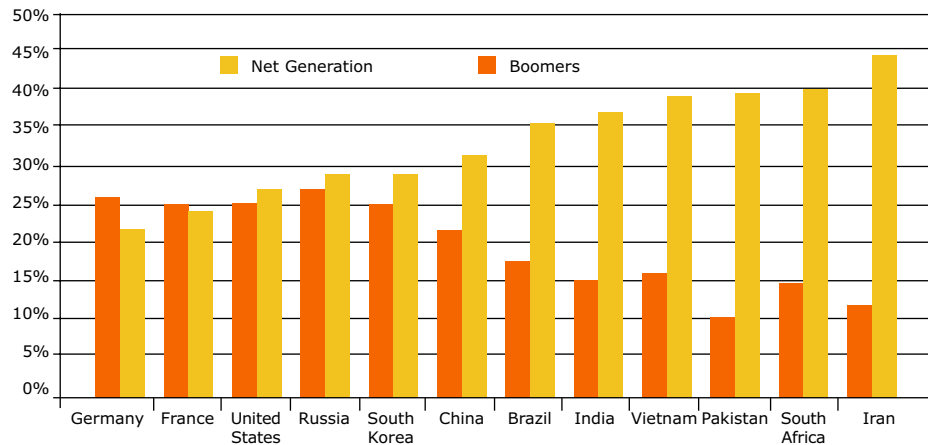


Figure 63. Global plenty versus local shortage.

Source: *La gestión del talento en tiempos de crisis*, José Manuel Casado, Accenture.

However, it seems that the trend may be reversed and emigrating talent will return to the emerging markets. This is known as *brain recovery*. The rapid growth and increased range of skilled employment opportunities attract increasing numbers of emigrants to their countries of origin. The crisis in most developed countries is contributing to this migration. According to 87% of the Chinese and Indians surveyed, the main factor in the decision to return home is that their skills are in greater demand in their native country. Almost half of those surveyed plan to set up a business in their own country because the business opportunities are better than in the United States.²¹² Even some professionals, such as specialists in financial IT, are moving from New York and London to Asian markets because there are many opportunities in Hong Kong, Shanghai and Singapore.²¹³

Organizations can contribute to preventing the brain drain by promoting attractive talent-management policies that provide people with interesting opportunities for professional development within the country, or the opportunity to work abroad with companies from the country of origin. This latter option is a rising trend. This would lead to two types of talent migration, called brain circulation and brain exchange. According to Manpower,²¹⁴ brain circulation involves people who migrate as part of institutional plans for developing multicultural skills in international companies. This type of migration encourages the creation of an incipient pool of specialized talent in emerging countries. Meanwhile, brain exchange could make it easier for countries to retain talent, as it is a non-physical migration of skills that will increase in the coming years. This is common practice in companies seeking to increase productivity in their operations by intelligent localization, by means of telecommuting, for example.

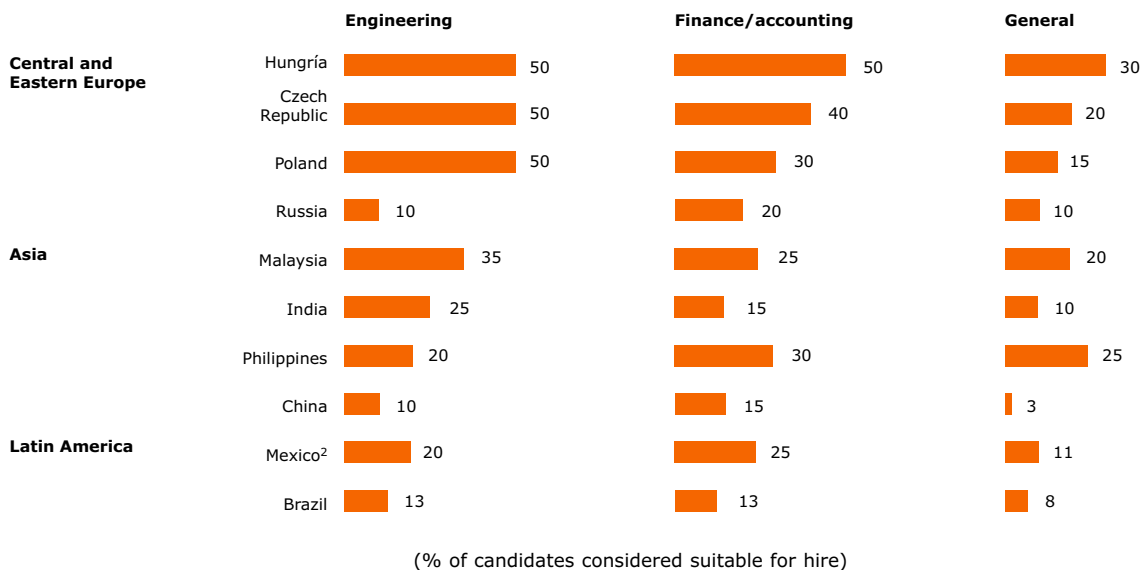
²¹² «Why skilled immigrants are leaving the US», *BusinessWeek* (2/03/2009).

²¹³ «Financial techies bank on jobs in Asia», *BusinessWeek* (30/07/2008).

²¹⁴ *Manpower Newsletter*, february 2007.

Rule 2: Foster Professional Skills

The aging of the population and low birth rates in developed countries have led to a global battle for talent. The growing number of university graduates in emerging economies is very attractive to global multinationals. However, HR professionals from multinationals in emerging markets such as China, Hungary, India and Malaysia have acknowledged that candidates for engineering and management posts in some cases present what they refer to as “dubious educational qualifications,” with shortcomings in areas such as English language skills. There are also cultural problems, such as a lack of experience in teamwork and an unwillingness to take the initiative or assume leadership roles. The figures speak for themselves: under no circumstances would the professionals surveyed hire more than 50% of graduates in any of the emerging economy areas specified (see Figure 64).



¹ Suitability rates empirically based on 83 interviews with human resources professionals working in countries shown.
² Mexico is the only country where interview results were adjusted –to 20% (from 42%) for engineers and to 25% (from 35%) for finance/accounting employees– since interview base was thinner and risk of misunderstandings high.

Figure 64. Of every hundred professionals with the right qualifications, how many could your business recruit if it needed all of them?

Source: interviews with human resources managers, human resources agencies and directors of global resource centers; analysis by the McKinsey Global Institute.

In order to change this situation, several companies in emerging countries are investing in developing their professionals' skills. Groups like Tata in India, Ayala in the Philippines and Koç in Turkey are developing training programs in their various business areas and collaborating with universities. The Tata group's TAS program was conceived as a way of providing opportunities for professional growth for talented young Indians. It creates a pool of talent by recruiting post-graduate students from leading business schools and offers them a career based on mobility across different companies, sectors and jobs. In short, the group offers a degree based on personal and professional growth as part of a brand associated with values like integrity, excellence and national prosperity.

Furthermore, in former Soviet republics such as Russia, some companies lack the management skills and business practices that are typical of market economies. That is why the business community in Russia is investing in the Skolkovo Moscow School of Management, in order to attract foreign students and teaching staff and become one of the world's best business schools by 2020.²¹⁵

Rule 3: Diversify Talent Sources

The countries of Eastern Europe are strong in heavy industry, construction and engineering. Together with Malaysia and the Philippines, they are becoming hubs for outsourcing services. China also has many engineers and workers in heavy industry. Latin America is emerging as a center for talent related to industries specializing in commodities. In other words, emerging economies have a clear competitive advantage in some areas of talent. Experience has shown that a successful strategy for companies in emerging economies could be to recruit local experts in talent areas where they are strong, and to hire international talent for management positions or other business areas where they are weaker.

An example of this strategy is India's Bharat Forge, the world's largest metal forging company, which seeks candidates internationally for leadership positions in its company. Lenovo also uses a worldsourcing strategy to recruit talent globally. In cities such as Dubai, Abu Dhabi and Hong Kong, there is a growing trend toward seeking talent from developed countries among companies providing legal services. These companies have sharply increased the number of lawyers they hire from the best American law firms.²¹⁶

The recruitment of international talent by companies in emerging countries will increase due to the recession and consequent job losses in Western markets. Many students from prestigious business schools and managers in Western multinationals are looking at emerging markets given the lack of opportunities in their countries of origin.

Companies from emerging countries must also not rule out the option of hiring talent from other emerging countries that are not internationally seen as a source of recruitment. As well as the traditional reserves of Chinese and Indian

²¹⁵ «Russia's lessons in capitalism», *The Times* (16/11/2008).

²¹⁶ «Lawyers wanted: Abroad that is», *New York Times* (23/11/2008).

professionals, 84 million people in Vietnam are under 25 years old and there are 80,000 IT graduates, a figure that is increasing by 9,000 every year.²¹⁷

As for recruiting local talent, other companies such as Brazil's Petrobras, which has made that country the world's second-largest oil exporter, prefer to seek talent in their country's own universities to fill their vacant positions, such as the 14,000 engineers, geologists and well drillers that the company planned to hire in mid-2008.²¹⁸

Among these sources of local talent, employing people who have worked abroad and have decided to return to their home country is particularly appealing. This phenomenon is increasing with the recession. In China, they are known as "sea turtles." The Chinese government aims to attract this diaspora, which includes a group of professionals with international experience and which is used to working in global multinationals. Likewise, at the end of 2007, the European Bank for Reconstruction and Development (EBRD) predicted that rapid economic growth in Eastern Europe would attract people from that area currently working in Western European countries.²¹⁹

Rule 4: Use New Technologies

Talent uses new technologies as a means to maximize its performance. Although countries like China and India are world leaders in developing technological solutions, their user level is much lower than that of developed countries.

China and India are world leaders in the production of technological products and services, although the other emerging countries are still lagging behind in this sector.²²⁰ The UNCTAD (United Nations Conference on Trade and Development) *Information Economy Report 2007-2008* showed that in 2004, China overtook the United States as the world's leading producer and exporter of information and communication technologies (ICT) products. Meanwhile, India is the world's largest exporter of ICT services and the leading supplier in the processes subcontracting field. These countries have many talented academics and aspiring entrepreneurs, who want to form partnerships with multinationals in order to develop and launch innovative technological solutions meeting socio-economic needs.

Other countries, such as Thailand, Malaysia and Singapore, are specializing in creating industries that complement the products produced in China and India. According to the report, the value of South-South trade in ICT products exceeded that of South-North trade in 2004.

However, in general, apart from the countries mentioned above, many emerging economies are still on the fringes of this sector. Faced with an imminent lack of highly skilled researchers, the Taiwanese Government last year invested more than 200 million dollars to attract expatriates living in Silicon Valley to train graduates in corporate R&D.²²¹ This measure highlights the increasing im-

²¹⁷ *El auge de las multinacionales de mercados emergentes*, Accenture (2008).

²¹⁸ «Brazil's Petrobras plans hiring spree; Up to 14.000 people needed after huge find», *Calgary Herald* (8/05/2008).

²¹⁹ «Eastern European Growth is Tempting Its Workers Home», *The Guardian* (8/11/2007).

²²⁰ <http://www.co.terra.com/tecnologia/interna/0,,OI2364018-EI4130,00.html>.

²²¹ «Taiwan's tech sector bent on attracting talent», *Financial Times* (7/02/2008).

portance of technology and its relationship with talent in the creation of added value in manufacturing processes.

The most important factor in terms of support for technology in talent management is that, except for some Asian countries such as South Korea or Singapore, the level of technology use in developing economies is far below that of developed countries. The high level of production in countries such as China or India is not matched by their use or consumption of ICTs.

Some businesses are trying to change this situation. The Indian bank ICICI has formed an alliance with NIIT, a company providing IT training services, in order to establish the Institute of Finance, Banking and Insurance. This has led to the adoption of the latest techniques and technologies to improve employees' skills in the sector. In general, companies are using videoconferencing and online training as measures for cutting costs of face-to-face training and taking advantage of new technologies.²²² Falling costs of information and communication technologies have created an accessible market for training in emerging economies that can use the knowledge and experience of businesses in developed markets.

6.2. Human Capital in the Spanish Economy

Human capital is the new dynamo of contemporary capitalism. Where talent settles in the coming years will give the countries that succeed in attracting it a considerable advantage. Its influence on the new map of power is indisputable. At a time of transition toward a multipolar environment, which has been accelerated by the recession, positioning in this area will be vital for the future role of countries in the international arena.

For Spain, attracting talent is even more important, considering the low levels of productivity and competitiveness that characterize its production model. As well as these factors, there is also the increasing aging of the Spanish population, which could lead to a talent deficit in the future. In order to overcome the lack of talent, combining a strategy for the development and retaining of internal talent with one for attracting international talent is therefore crucial.

As regards the development of domestic talent, Spanish investment in the generation of knowledge is the lowest in the group of countries made up of the euro area and the United States (see Figure 65). Spanish public investment in education, which equates to 4.3% of GDP, is significantly lower than the OECD average of 5.4%. Spending on education in Spain has increased at a slower rate than the GDP since 1995, meaning that the difference between the OECD and Spain has increased from 0.7 points to 1.1 (according to the 2006 figures).²²³

²²² «Corporate training in India goes high tech», *BusinessWeek* (26/09/2008).

²²³ *50 propuestas para mejorar la productividad española*, Instituto de la Empresa Familiar.

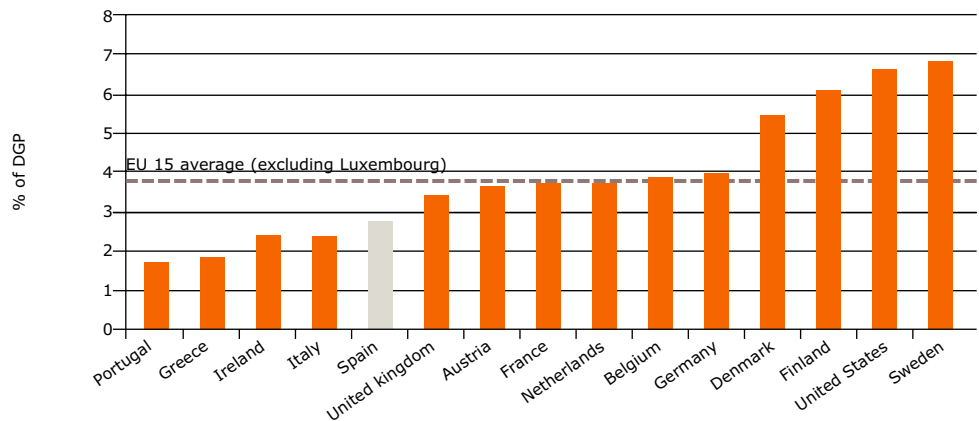


Figure 65. Investment in knowledge in the EU-15 (except Luxembourg): comparison with the United States in 2002.

Source: *Skills for the future*, Accenture.

According to José Manuel Casado, the Senior Partner in Talent and Organization Performance at Accenture Spain, education is the main factor in the competitiveness of nations, companies and individuals. He feels that many changes, revisions and reinventions are about adapting to changes taking place in other areas, and yet what makes up the country's DNA—i.e., the Spanish school and educational system—is still based on obsolete and outdated principles. He is convinced that the battle between countries will be a battle between educational systems. He believes the problem with the Spanish education system is that, "in general, what it creates is more of the same: people and managers with a great deal of analytical ability, who repeat, preserve and maintain what exists, and very few people willing to change the status quo."²²⁴ In view of this situation, he calls for an overhaul of the education system. Meanwhile, Spanish entrepreneurs believe that university education does not meet their needs.²²⁵ In their opinion, the relationship between the two areas has not been as close as it should have been for decades.

These shortcomings will theoretically be improved with the implementation of the Bologna Plan in the Spanish universities. The ultimate objective of this plan is to improve the quality of higher education, adapt it to business needs, and foster research. One of its aims is to achieve greater involvement by businesses in university life, and to encourage internships. Its goal is to create an education system with common foundations at a European level, which is flexible and focused on continuing education and the acquisition of skills using study formulas based on teamwork and research. It is an opportunity for university students to complete their studies in various European countries, learn languages and come into contact with people from different cultures. Despite the controversy in Spain surrounding the convergence of university education at a

²²⁴ <http://www.toptenms.com/Archivos/Descargas/Reeducación.pdf>.

²²⁵ *50 propuestas para mejorar la productividad española*, Instituto de la Empresa Familiar.

European level, it is undoubtedly necessary to rethink Spanish education in order to take up a position in the new multipolar order.²²⁶

An additional factor is that in Spain, unlike the world's more advanced countries, technical training is subject to chronic disdain, which makes it an unattractive option within the education system. International experience shows that not even the country with the best university system in the world can be competitive without high-quality technical training. In order to change this situation, entrepreneurs suggest "establishing policies that promote this educational discipline as a valid option when the family decides what path their children's education is to take. This objective will not be met if the right budget provisions are not made."

Paradoxically, Spain has the highest proportion of both university graduates among young people and early dropouts among the countries with which it wants to compete.²²⁷ In recent years, many young people have left the education system as a result of the opportunities in the construction sector, which required no prior training. The crisis and the end of the real estate bubble have had a devastating effect on this sector's very high employment rate. For this reason, it is necessary to design active policies that provide employment mobility for people who are mostly in jobs with minimal qualifications. Young people can return to the education system, but for those who are older, the problem is more acute due to the lack of continuous education among this group.

At the same time, the aging of the population means that in order for the economy to remain competitive, older people must remain economically active. However, as shown in Figure 66, the rate of continuous education in Spain is low. The business sector and the Government must work together to change this

²²⁶ http://es.wikipedia.org/wiki/Plan_Bolonia.

²²⁷ «Sobre crisis, retrasos y reforma laboral», Florentino Felgueroso and Sergi Jiménez, *El País* (22/02/2009).

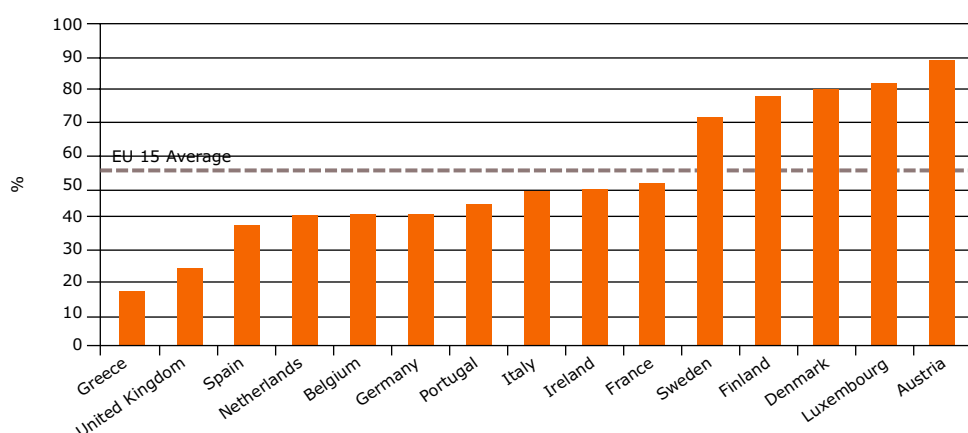


Figure 66. Continuous education in the EU-15.

situation. The ideal solution is to design flexible training programs (e-learning, etc.) that adapt to the lifestyle of these groups.

The crisis will have a negative effect on the accumulated talent among older people. As on other occasions, the likelihood is that the crisis will be used as an excuse for large-scale redundancies by means of early retirement (usually involving a phase of unemployment), which are often designed to guarantee this group's income, albeit at the expense of them permanently losing their jobs. An article by Florentino Felgueroso and Sergi Jiménez in *El País* suggests that "in an era in which aging predominates, there are many reforms of the benefits or pensions system, or both, which would constitute a means of preserving that valuable asset, such as separating the payment of pensions from the decision to leave the job market. This would not only enable the income of the workers shed to be guaranteed, but furthermore, as the situation improves, it would enable them to accept jobs again, perhaps on a part-time basis."²²⁸

The effect of the flight of talent on Spain's competitiveness should also be taken into account. Among the figures that highlight this phenomenon are the United States census, which shows that the percentage of Spaniards holding PhDs living there doubled in the 1980s. Today, Spanish citizens are among the nationalities that apply to the United States for the most visas for highly qualified professionals.²²⁹

To date, Spain has not been an appealing destination in terms of attracting international talent. Its universities are not among those in most demand by foreign students: According to the ranking of the world's top 500 universities produced by the Shanghai Jiao Tong University Institute of Higher Education, the highest-ranked Spanish school was 170th.²³⁰ Private business schools have a better reputation, and are among the highest rated internationally.²³¹

According to figures from the *3rd Immigration in Spain Yearbook*, 100,000 immigrants will be needed each year until 2012 to occupy skilled jobs, especially in the health and engineering fields and in technological sectors such as the Internet, although migration levels will fall to less than half within three years due to the economic situation. The study shows that at least 430,000 skilled workers will be necessary to maintain the economy's competitiveness in the coming years.

As well as the problem of attracting international talent, there is the fact that immigrants who decide to go live in Spain end up holding jobs for which they are academically and professionally overqualified. A recent OECD ranking highlighted that Spain is in a leading position in terms of immigrant underemployment. Forty-three percent of the foreign working population are in jobs for which they are overqualified, while in Europe this figure is between 20% and 25%. The standardization of all the European education systems, and not only the university system, will enable immigrants with various levels of training to be hired to meet technical and professional needs. Underemployment of

²²⁸ «Sobre crisis, retrasos y reforma laboral», Florentino Felgueroso and Sergi Jiménez, *El País* (22/02/2009).

²²⁹ *España y la nueva arquitectura económica y financiera internacional*, Fundación de Estudios Financieros.

²³⁰ <http://ed.sjtu.edu.cn/rank/2007/ARWU2007TOP500list.htm>.

²³¹ http://www.economist.com/markets/rankings/displaystory.cfm?story_id=12328207.

Spanish professionals is also high, at 24.2%, or almost half the rate among immigrants. This gap is a missed opportunity to improve the Spanish economy's competitiveness. In short, the full potential of Spanish and foreign talent is not being exploited.

The OECD believes that Spain still has a long way to go in employing its people, both Spaniards and immigrants, in jobs for which they are qualified. It recommends reducing temporary employment and promoting professional mobility among Spanish professionals, which is currently very low. Both factors have led to an increase in "overqualification" in jobs. According to a study by the economist José García Montalvo, workers between the ages of 16 and 30 are 50% more likely to have jobs for which they are overqualified if they live with their parents, and are twice as likely to have a temporary contract.

Another important aspect is that the salaries established in most wage agreements are based on professional categories rather than levels of training, which increases "overqualification." If the wage costs of a university graduate or a person with technical training are the same when they work as an administrative assistant, there will always be a preference for university graduates, to the detriment of those with technical training.

Many studies have shown the impact of the lack of labor mobility on Spanish companies' competitiveness. This is due to cultural factors and the nature of the real estate market, in which rentals are an infrequent choice. So far, it has not affected the development of most companies, as they operate within Spain, but this lack of mobility may become a burden as the level of internationalization increases. However, no government has implemented policies to increase it. Quite the opposite, as the law prohibits immigrant workers from moving to production centers located in towns other than where their work permits are issued.²³² This resistance to moving home is decreasing due to the crisis. A study by InfoJobs showed that 70% of candidates were willing to move home under the right conditions.²³³ It remains to be seen whether this increase in mobility is a temporary or permanent feature of Spanish society.

Meanwhile, businesses complain of a lack of policies that promote the attraction and retention of foreign talent, and propose some measures, such as: "Identifying a list of the world's best business schools, as occurs in more advanced EU countries, and allowing anyone who can prove that they hold one of those qualifications to work in Spain without having to go through the complex bureaucratic procedures that other foreigners normally have to undergo."²³⁴

They also have misgivings about the fact that Spanish executives who have to work abroad, or those that come from abroad to work in a Spanish company, have to make pension contributions twice (in both countries), which may prevent talent from being attracted. In this case, the solution would involve establishing agreements with other countries to prevent double contributions.

²³² *50 propuestas para mejorar la productividad española*, Instituto de la Empresa Familiar.

²³³ <http://www.elmundo.es/mundo/dinero/2009/02/11/economia/1234348378.html>.

²³⁴ *50 propuestas para mejorar la productividad española*, Instituto de la Empresa Familiar.

The business and academic sectors are calling for government-implemented incentives for the attraction of international talent. Diego Sanchez de Leon, Head of Talent and Organization at Accenture, said in an interview: "Either you compete on your own initiative to attract skilled immigrants as a country, or you end up having to compete anyway, but you start late and reluctantly."²³⁵

Another factor restricting the employment of international talent is salary levels, which are lower than in other developed countries. Of the countries analyzed by the Bank of Spain's Studies Service, Germany and Spain have undergone the biggest decline in salaries in recent years. According to the Bank of Spain, technological changes have led to a smaller workforce being required. At the same time, the services sector, where in general the influence of salaries on the end product is lower, has increased in importance in the Spanish and European economy. Recent employment reforms—in Spain and in Europe—have also contributed to making labor cheaper, as have other factors such as immigration (with salaries that are generally lower than those of Spanish workers).

Some experts feel that another of the reasons behind the less competitive salaries is the lack of flexibility in the labor market, which does not fluctuate in accordance with the laws of the market, as it does in countries like the United States. For the Spanish economy as a whole, the labor market is a factor that is a competitive disadvantage internationally when doing business, according to the World Economic Forum.²³⁶ This could be a problem when trying to attract foreign companies and encouraging them to establish themselves in Spain instead of in other countries where the conditions for doing business and therefore for offshoring are better. Difficulties with recruitment and dismissal, the high cost of the latter and a lack of flexibility in the labor market are some of the problems in Spain (see Figure 67).

²³⁵ <http://www.accenture.com/NR/rdonlyres/CC1A8AFF-1B5A-4988-ACOD-D41F685EE214/0/08Universia.pdf>.

²³⁶ *The Global Competitiveness Report 2008-2009*, World Economic Forum.

Did you know?

One of every three Spanish secondary-school students leaves school with no qualifications, double than the European average.²³⁷

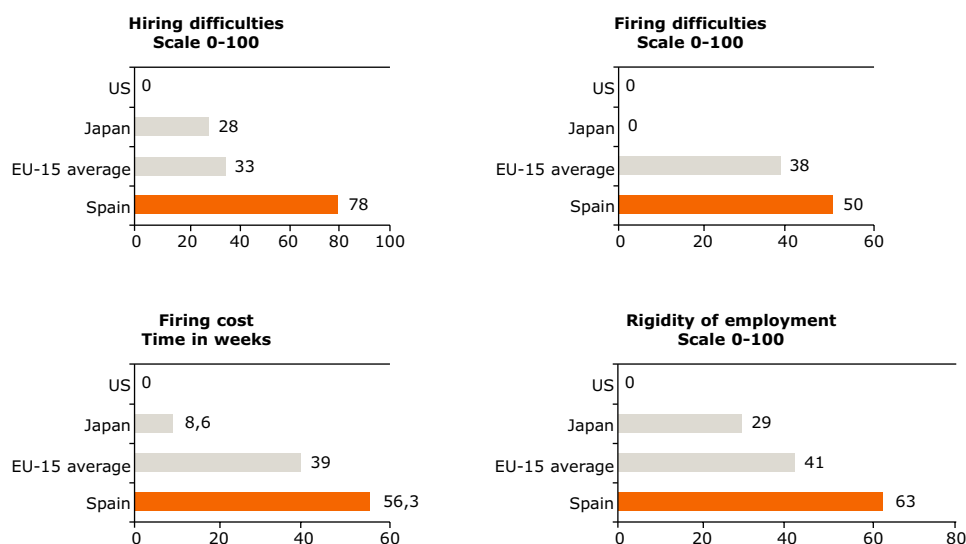


Figure 67. Main barriers to employment in Spain.

Source: http://blogs.cincodias.com/inversion/2007/05/la_flexibilidad.html.

The lack of flexibility in the job market reduces the Spanish economy's ability to react in times of crisis. The measure most frequently adopted by companies is to lay off temporary workers. Miguel Ángel Fernández Ordóñez, Governor of the Bank of Spain, said in his opening speech to seminars organized by the Federation of Savings Bank Users, that "the Spanish economy's mechanisms for the redeployment of labor do not work properly, as they encourage unemployment and have damaging effects on productivity." He also believes that contrary to what might be expected, "the current system does not protect workers, but instead is detrimental to them."²³⁸

José Luis Leal, former Minister of economics and a Future Trends Forum expert, analyzed the relationship between job insecurity and low levels of training, and as a consequence, Spain's low levels of competitiveness. "The decline in employment has to do with deeper and more complex roots: competitiveness; if we want to overcome the crisis, we must consider the worker's training in its broadest sense. The countries that are coming out of the crisis, or dealing with it well, have much higher levels of training than we do, and that is because job insecurity is a barrier to technical training. We must think not only about overcoming the recession, but about what our position in the world will be once the crisis is over. And it is impossible for us to continue to believe that we must carry on building more homes."²³⁹

In short, fostering the creation, retention and attraction of talent in Spain requires effective cooperation between the Government, the business community, the education system and society in general. The progress made in recent

²³⁷ <http://www.expansion.com/2009/04/15/economia-politica/1239807308.html>.

²³⁸ http://www.telemadrid.com/contenidos/html/elcirculo/pagina_joseluisleal.htm.

²³⁹ William Chislett, Real Instituto Elcano.

decades has been outstanding, but it is insufficient if Spain's aim is to compete successfully in the new multipolar world.

6.3. Strategies for Spanish Companies in Managing World Talent

The President of Accenture Spain, Vicente Moreno, maintains that the talent shortage is possibly one of the greatest challenges facing Spanish companies, because "Spain runs the risk of becoming isolated in this multipolar world." For this reason, he recommends that improvements in R&D be implemented, links established with Public Authorities, investments made in innovation and research, and the completion of high school education encouraged. He points out that the country "is well positioned to make progress in industries such as renewable energies."

The need to change the Spanish productive model by placing greater emphasis on innovation affects Spanish companies directly. This pressing requirement answers all doubts about the need to invest in talent in the current climate. Many experts believe that promoting innovation will be the gateway that will allow Spanish companies to join the new wave of growth when it does occur.

In fact, 87% of Spanish top executives are in some agreement or a great deal of agreement that the administration of human capital and the proper management of talent represent a strategic priority. Teamwork, knowledge management and the improvement of synergies and interaction between the different departments of a company are key factors in enabling organizations to adapt with flexibility and intelligence to changes imposed on them by the markets.²⁴⁰

In this instance, the rules listed are a response to measures that should be implemented as strategies for Spanish companies to improve their management of talent and to become highly profitable organizations.

Rule 1: "Carpe diem": Take Advantage of the Crisis

Many companies stop the recruitment process in times of crisis. Accenture is of the opinion that, while it is certainly necessary to ease up on recruitment when the economy is in trouble, if it is stopped completely this will halt the entry of the talent necessary for when business activity picks up again. During these periods it is essential for companies to adhere to recruitment planning processes (headcounting) to allow them to align their recruitment strategy with their business strategies. One approach is to draw up talent maps that mainly enable the monitoring of the availability of talent worldwide. This will lead to a better understanding of changes in the global talent map, and will make it possible to take advantage of any surplus of qualified talent caused by the crisis that, in times of economic growth, would have been very difficult or expensive to recruit.²⁴¹

²⁴⁰ <http://www.wharton.universia.net/index.cfm?fa=viewArticle&ID=1597>.

²⁴¹ *Managing Talent in Uncertain Times*, Accenture.

Leadmans, a consultancy group specialized in leadership management, has analyzed the situation facing companies recruiting top executives in times of crisis; they advise them to take advantage of the situation by headhunting good professionals who are freed up as a result of the economic situation.²⁴² The current climate provides an attractive opportunity to take experienced executives on to the team at a reasonable cost and who will also be available quickly, unlike what usually happens when signing on top executives during boom times. This period can thus be turned into the perfect opportunity to take on executive talent in line with the company's longer-term business strategy and increase its innovative capacity, which is of such importance in improving its positioning in times of crisis.

It is also true that at the moment executives are more reluctant to change companies. They opt for making their jobs secure in preference to the risk entailed by a change in times of upheaval. The rules of the game have therefore inevitably changed and companies now need to draw up their projects in much greater detail. In this way, they can present a more complete and attractive offer to the candidate that will specify the company's positioning and objectives, its strategies and the actual job that the candidate will hold, with both salary terms and prospects for advancement, guarantees for the future, etc.

Another formula used in times of economic turbulence entails assessing the value of the company's internal candidates. The best executive does not always come from outside; very often they can be found in-house. In this respect, it is essential to have effective methods for comparing staff performance in order to pick out the best.

Rule 2: Get Prepared to Succeed in the Competition for Talent

Despite the Spanish economy currently suffering from a diminished demand for talent, it should not be forgotten that other factors—such as the globalization of the labor market, the aging of the population and the shortage of talent—will continue to have an impact on companies when the situation improves.

When this happens, the demand for talent in Spain will continue to grow. According to data published in Accenture's *La Empresa Española en el Mundo Multipolar* [The Spanish Company in the Multipolar World], employment in knowledge-intensive sectors has increased 70% over the last decade, compared with a 42% increase in other sectors. Nevertheless, forecasts suggest that the supply of highly qualified new Spanish professionals will fall 4% over the next few years. How should the country, and Spanish companies, deal with the growing gap between talent demand and supply?

Given that the competition for talent will extend worldwide, new strategies will be needed for placing Spanish companies in a position to attract and retain national and international talent. This will not be an easy task since, as previously discussed, there is a diminishing supply of highly qualified professionals in Spain.

²⁴² <http://www.aprendemas.com/Noticias/DetalleNoticia.asp?Noticia=4270>.

Moreover, the immigrant population, which might serve as a major source of human capital, is not providing a sufficient number of qualified workers to satisfy current demand.

So what can Spanish companies do to attract and keep talent? Simon L. Dolan,²⁴³ professor at the ESADE business school, believes that the first thing to do is identify the human capital inside the company that is of strategic significance, because it will be these people who must be held in. Attracting and retaining such personnel is achieved by offering labor conditions that are competitive in terms of personal and salary aspirations. In order to deal with the future shortage of talent, it will be necessary to mine every source of highly qualified professionals; human resources departments will have to get used to seeking out new talent in every corner of the world.

Likewise, they will be forced to ensure that their offers meet the needs and aspirations of various ethnic groups and nationalities, women and older employees. Furthermore, a different culture must be evolved. The task of each executive is to ensure that the people in his or her team are motivated and enthusiastic.²⁴⁴ In addition to sound human resource practices, it must be ensured that the intangibles (for example, people's values) are properly in line with the company's mission and business vision.

It is necessary to find out what the motivations of candidates are and work to improve the conditions of Spanish companies in this area. According to a recent study carried out by the consulting firm Hay Group, the main reasons for attracting talent in Spanish companies are: professional development (20%), leadership in the sector (14%), and innovation (13%), superseding other factors that had traditionally been considered as decisive, such as salary (7%).²⁴⁵

From the point of view of the senior management of Spanish companies, the data indicate that six out of every ten executives at that level feel that the recruitment, motivation and the development of employees must be improved. Senior managers hope that this task can be led by the human resources departments, an approach that is quite unusual in those cases where they do not benefit from the trust of top management.²⁴⁶

Rule 3: Recognize the Strategic Importance of Human Resources

The effort made by Spanish companies to incorporate these new guidelines into the management of human resources has been considerable, but there is still a long way to go. A late start was made and building an awareness that human capital is a competitiveness factor, and as such must be managed, entails making changes in management methods.²⁴⁷

The importance of people in organizations (both as regards organizational behavior and the labor market) has converted the role of human resources into

²⁴³ <http://www.wharton.universia.net/index.cfm?fa=viewArticle&ID=1597>.

²⁴⁴ <http://www.wharton.universia.net/index.cfm?fa=viewArticle&ID=1597>.

²⁴⁵ <http://www.wharton.universia.net/index.cfm?fa=viewArticle&ID=1597>.

²⁴⁶ <http://www.wharton.universia.net/index.cfm?fa=viewArticle&ID=1597>.

²⁴⁷ <http://www.wharton.universia.net/index.cfm?fa=viewArticle&ID=1597>.

the corporate gearbox, capable of ensuring that all processes are mutually coordinated along the different time scales: long-term, through the formulation of objectives and corporate strategies; medium-term, through the planning and design of management processes; and short-term, by taking charge of the implementation and monitoring of specific plans and processes.²⁴⁸

Miguel Sanz, General Manager of Human Resources for Banesto, defines the philosophy of this department as follows: "To contribute to achieving business profit by treating people as a goal, and managing our commitment on the basis of mutual trust between the bank and the employee, and between the employee and the bank." To achieve this, Banesto launched a project that internally went by the name *Guggenheim*, to symbolize the state of the art in human resources and the innovation that was built into this ambitious renewal project, unprecedented in Spanish banking. Banesto's intention is for its Guggenheim project to have the same effect on its bank that the arrival of the namesake museum had on the city of Bilbao: a before and an after. José Manuel Casado elaborated on the nature of this project in an article on talent management: "Nevertheless, it should also be pointed out that this is not a human resources department project; I don't even consider it to be a project, but rather a philosophy and a strategic undertaking to which top management has made a commitment, since it is convinced that the commitment of its professionals is the key in enabling Banesto to 'make the leap forward' so that it can become one of the foremost banks in Europe."²⁴⁹

²⁴⁸ <http://membersbenchmarking.ie.edu/wp-content/uploads/2008/04/separata-estrategiarrhh.pdf>.

²⁴⁹ «El imperio del talento: los TATA», José Manuel Casado, *Harvard Deusto Business Review* (February 2008).

It is surprising to find that there are Spanish business sectors (albeit a minority) where the human resources manager is not a member of the management committee (see Figure 68).

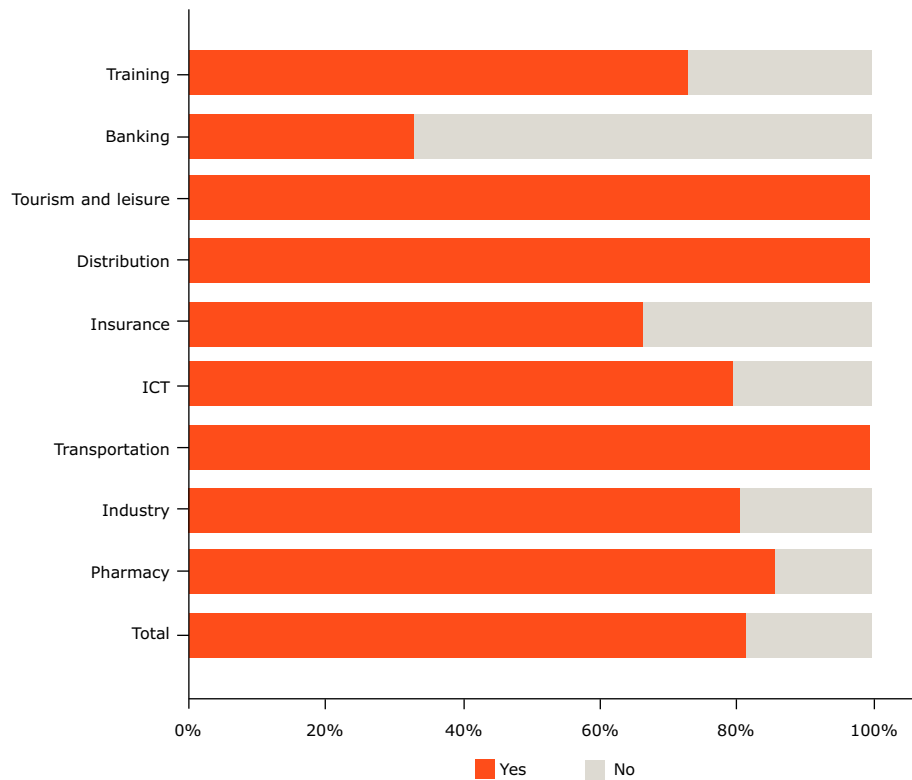


Figure 68. Participation of the HR manager in the management committee
 Source: «Estrategia de RR.HH.», *Apuntes de Benchmarking*, no. 8, 2007, Instituto de Empresa.

In an article by Accenture, it is shown that less than 30% of performance in the workplace is related to knowledge or skills. The other 70% stems from the influence of informal learning and other factors in the working environment: feedback, coaching, leadership, incentives, targets and clear work processes, etc.²⁵⁰ It is for this reason that the task of the human resources department as the instigator of this kind of project is fundamental for properly managing the talent inside organizations and achieving a competitive advantage.

Talent is one of the cornerstones of sustainability for Spanish companies and must therefore be treated as a strategic element. Companies must implement corporate human resources strategies that respond to the importance of talent management with an international approach, as well as being properly in line with the company's mission and business vision.

Some Spanish companies are aware of this and are already putting such plans into action. Telefónica, for example, besides its corporate university, has a talent-management division. Likewise, other Spanish cases, such as those of BBVA and

²⁵⁰ *Transformar el talento en alto rendimiento por medio de la especialización*, Accenture (2008).

Morgan Stanley—described by their respective human resources managers, Juan Ignacio Apoita and Javier Blanco, in the book *Gestores del Talento [Talent Managers]*—, are excellent examples of how Spanish companies are handling talent management.²⁵¹

In Spain, companies still need to view their human resources policy as a competitiveness factor that will allow them to attract and retain talent more effectively than other companies. They still need to develop the full potential of practices such as defining selection processes, training programs, remuneration policies, performance evaluation and job descriptions, to name but a few, without taking into account the cost of a bad hire.

Rule 4: Be Proactive, Create Talent

Talent is created by promoting training within the company, encouraging the interaction between professionals so that knowledge can be shared, stimulating enterprising activities, building up commitment within the organization and, of course, by means of a well-designed training program. Furthermore, in order for this talent to remain alive and active, a culture of competitiveness and innovation must be fostered.²⁵²

Technological advances can play their part in all the points of action mentioned above thus helping to create talent within the company. The new information and communication technologies are undergoing constant change and companies must adapt efficiently to the challenge of incorporating the new trends in this area. One of these new trends is Web 2.0, which permits new channels of collaboration to be incorporated that make it possible for staff to take part in global networks. The fact that the users can create their own content and participate actively is a double-edged sword. On one side, a large amount of information is available from different sources throughout the world. On the other, they are faced with “the challenge of separating the wheat from the chaff.”²⁵³ As discussed in the article “Web 2.0, un reto para la educación” [Web 2.0: a Challenge for Education], training centers are making use of the learning tools offered by the Net: master classes and tutorials via videoconference or webcam, the YouTube channel, teacher and student blogs, and social networks such as Facebook and LinkedIn.

As regards training content, Spanish companies are dedicating more and more resources to skills training. A study undertaken by the training and development consultancy Más Talento, with the collaboration of *Capital Humano*, indicates that Spanish companies view the five most important skills as being: leadership and team management; teamwork; communication, creativity and innovation; customer orientation and change management (see Figure 69). Significant changes are being noted in the order of importance for the next three years in comparison with the current year. Although leadership and team management will continue to occupy the same position, being cited by 68% of interviewees

²⁵¹ «El imperio del talento: los TATA», José Manuel Casado, *Harvard Deusto Business Review* (February 2008).

²⁵² <http://www.wharton.universia.net/index.cfm?fa=viewArticle&ID=1597>.

²⁵³ «Web 2.0, un reto para la educación», *El Mundo* (29/03/2009).

(down from 92%), creativity and innovation and change management will gain ground over other management skills. This last detail shows that companies are aware that they must prepare in-house talent for the important changes that the future will offer and that they must create a culture of innovation if they wish to achieve a competitive advantage.²⁵⁴

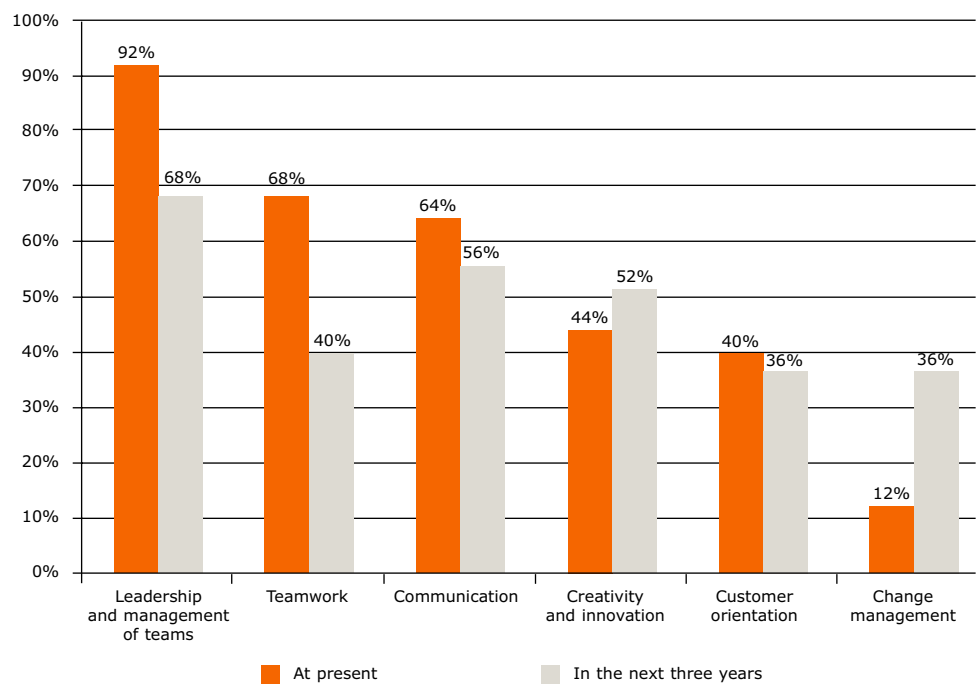


Figure 69. the five most important skills: comparison between present and future.
Source: Más Talento, 2008.

The same study highlights the fact that more than 75% of the companies surveyed, all of which are listed on the IBEX 35, allocate a considerable portion of their budget to skills training for their employees. In other words, the IBEX 35 companies invest in the development of human talent.²⁵⁵ The problem is that, in many cases, the budget is being affected by contingencies such as current restrictions due to the international crisis.

Spanish companies are investing in innovative training programs: the Telefónica Group invests a considerable proportion of its capital every year in the development and implementation of online training for its workforce; similarly, the Banco Santander has set up a virtual channel for professional development; IBM is pioneering a classroom and online training program for all employees, offering a range of courses to develop the abilities necessary to perform their job properly.

²⁵⁴ http://www.capitalhumano.es/ver_pdf.asp?idArt=48300.

²⁵⁵ «Presente y futuro de la formación en habilidades en las empresas del IBEX 35», *Capital Humano* (may 2008).

Unión Fenosa, Telefónica, BBVA, Accenture and Ferrovial are some of the companies that have made the commitment to form their own corporate university, a solution that enables them to design training programs in line with the strategic objectives of the company. The executives in charge of them assure that they are an effective tool for retaining talent.²⁵⁶

Languages are the Achilles' heel of Spain, and represent a glaring hindrance on their ability to gain a strong position on the global talent map. One of the reasons why foreign languages have failed to gain a foothold in the country can be attributed to the dubbing of films and television programs. Obligatory film dubbing was first instituted by Benito Mussolini in October 1930. This linguistic patriotism was copied by Hitler and later, in April 1941, by General Franco. Nevertheless, in other European regions (such as Scandinavia, the Netherlands, Switzerland, and the Slavonic countries) the public generally prefers subtitled films, which has evident repercussions on their level of English. According to the Spanish Sociological Research Center (CIS), just 27% of Spaniards consider themselves capable of expressing themselves in English, versus 89% of Swedes or 87% of Dutch. As companies become more international, Spanish employees have increasingly become obliged to use English and other languages in their job; for this reason, the learning of these languages has become more widespread and company-sponsored language learning programs are more and more common. Nevertheless, there is still a long way to go: 75% of Spanish companies are planning to set up business overseas, but only 44% offer courses to their employees to be able to communicate in English, according to the study undertaken by the United Kingdom Centre for English for the European Commission.²⁵⁷ Rudimentary English is no longer enough to get by in the business world.

Rule 5: Create Talent "Hubs"

According to the entrepreneur Christopher Pommerening, partner and co-founder of Active Capital Partners, Barcelona has the ingredients enabling it to become the next entrepreneurial hub of Europe along with Silicon Valley, Boston and London. These focal points of talent owe a great part of their success to the proximity of good universities.²⁵⁸

Jaime Ferrer, Partner of Accenture and specialist in strategy, management and supply chain, believes that "we need more creative and original strategies to spread talent, to share it and seek it out wherever it can be found." For this executive, the example of certain emerging countries demonstrates that this is viable when companies create talent hubs, which was impossible before information technologies developed. "Today, leading companies are developing talent centers to cover their needs in each region or even worldwide, in fields such as finance, logistics, marketing, and research and development."²⁵⁹

A very strong trend toward global information hubs can be observed. The reason for this expansion is based on the fact that, because countries can be innovative

²⁵⁶ http://www.expansionyempleo.com/2007/06/27/desarrollo_de_carrera/1010099.html.

²⁵⁷ Notici@scadadia (09/04/2007).

²⁵⁸ «Barcelona será el siguiente "hub" de emprendedores en Europa», *Expansión.com* (29-04-2008).

²⁵⁹ <http://management.infobae.com/profesional.com/notas/66489-Que-hacen-las-multinacionales-de-mercados-emergentes-para-atraer-a-los-mas-talentedos.html?cookie>.

in every sector, they are in competition and are investing large sums of money in the creation of specialized innovation centers to attract multinational companies, since not even the very largest can permit themselves the luxury of letting all their developments be made in-house, but instead have to outsource them.

Depending on the sector and the country, in some cases these hubs can be planned and official, while in other cases they have grown more spontaneously and have sprung up from the installation of a group of companies. India, for example, allocated public money to create hubs in the IT field, whereas Spain did so in biomedicine and solar technologies, like the renewable energy in Barcelona and its surrounding areas. In fact, considering its successful record in specific industries such as infrastructure, biotechnology, renewable energies and the tourism sector, these would be the best options for Spain. There are also some towns in Valencia, such as Elda, that are centers for the design and manufacture of women's shoes. It is a homegrown industry that for the most part originally started as family companies, now with three generations behind them, and that have produced shoes for brand names as well known as Lanvin and Yves Saint Laurent.²⁶⁰

Another Spanish project for the creation of talent hubs is "Málaga Valley,"²⁶¹ which aims to attract and retain talent for the city, as well as winning over companies and investments in R&D, with the aim of being a point of reference in European technology. This project, which has just started up and has demonstrated only 10% of its potential, can already claim the support of one hundred partners that belong to this club. It includes the presidents of the main Spanish and international companies in the digital and new technologies sector, including: César Alierta, President of Telefónica; Santiago Cortés of HP, Marieta del Rivero of Nokia, and Javier Rodríguez Zapatero of Google. It has already started achieving the goal of bringing Málaga into the most important area of technological excellence in Europe, with the support of Málaga City Hall and the University of Málaga, of the Technology Park of Andalucía, of the Advanced College of Telecommunications Engineers, and such important associations as ASIMELEC (the Spanish Multisector Association of Electronic Companies) and the Spanish Association of Internet Users.

²⁶⁰ «Spain's shoe industry looks homeward», *International Herald Tribune* (8/10/2008).

²⁶¹ <http://www.techweek.es/empresas/soluciones-negocio/1002884002701/atraer-talentos-convertirse-referente.1.html>.