# Talent matters

How a well-designed talent experience
can drive growth in emerging markets

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# Introduction: The talent experience

BUSINESS leaders and talent professionals have long intuitively known that investments in talent management drive business results. Yet while the positive effects of this investment are real, measuring the impact of talent management on business outcomes has proven elusive. Our recent findings illustrate that organizations with higher levels of talent management maturity tend to perform better on critical talent and business outcomes. Importantly, these findings hold true not only for global organizations but also for organizations in major emerging growth markets including India, China, and Brazil.

Historical approaches to talent management—which see talent management as a collection of transactions or services (for example, paying people, conducting annual appraisals)—often fail to provide competitive advantage to today's organizations. To be in a position to reap the benefits that talent management maturity offers, organizations globally and in emerging growth markets should instead view the talent *experience* as a networked, customizable system with individuals—and their relationship with the organization—at the center.

## A new high-impact model of talent management

We recently examined the talent practices of a sample of organizations representative of Global 2000 (G2000) organizations[1] and developed our Bersin by Deloitte Talent Management Maturity Model[2] (see figure 1). We then compared that model to three specific growth markets (India, China, and Brazil),[3] analyzing the business and talent results of organizations in all markets. We found that while the path to mature talent management may differ across markets, it can improve talent and business outcomes for all organizations.

As shown in figure 1, the vast majority of companies in all markets are low in maturity (levels 1 and 2) and are not realizing the talent and business advantages of more mature talent management. Companies in these levels are primarily focused on achieving excellence within individual talent management practices (for example, talent acquisition, performance management, learning, and leadership development).

**Figure 1. The Bersin by Deloitte Talent Management Maturity Model: Comparisons across markets**

|  | Global | India | China | Brazil |
|---|---|---|---|---|
| **Level 4** — **Inclusive talent system** — Clear, targeted, and well-communicated talent strategy • Fully developed and integrated talent activities aligned to desired strategic outcomes • Relationships with talent are systemic and tailored • Progressive diversity and inclusion approach reflected in policies and employee experience | 10% | 9% | 2% | 2% |
| **Level 3** — **Managed talent relationships** — Clear talent strategy and analysis-based understanding of the workforce • Nascent execution of systemic talent relationships • Targeted, integrated, and effective leader growth activities • Strong learning culture • Moving beyond compliance-based diversity and inclusion activities | 19% | 12% | 6% | 8% |
| **Level 2** — **Critical talent growth** — Increasingly clear talent strategy for critical talent segments • Emerging perspective on systemic talent relationships • Effective at implementing essential talent activities • Learning and leadership activities more targeted, prominent, and integrated • Other talent processes more sophisticated and integrated | 59% | 76% | 91% | 89% |
| **Level 1** — **Essential talent activities** — Almost no strategy used to direct talent management activities • Little understanding or interest in systemic talent relationships • Essential talent activities (e.g., performance management, talent acquisition) in place but often inconsistent or lacking intention • Talent activities often siloed | 12% | 3% | 1% | 1% |

Source: Bersin by Deloitte, Deloitte Consulting LLP, 2016.

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In contrast, high-maturity (levels 3 and 4) talent management organizations have better business and talent outcomes. These organizations tend to view talent as critical to their business-unit and corporate strategies and are intent on building a relationship with and an ecosystem for people to enable them to be successful. Therefore, these organizations do not limit their focus to basic talent management operational excellence. Instead, they build a talent experience that encourages a culture of growth, insight, understanding, engagement, and communication.

Practically speaking, this means that high-maturity organizations *intentionally* design technology systems, processes, and practices that all work together to enable employees to have the information, capabilities, behaviors, and resources they need, when they need them. Further, these organizations are increasingly developing their capability to "listen at scale" to the feedback of employees, so that they can rapidly customize their approach to workers, the work itself, or the market.

## QUANTIFYING THE BENEFITS OF TALENT MANAGEMENT MATURITY

As part of our research, we analyzed the relationship between talent management maturity and eight metrics[4] (figure 2). For each outcome, organizations at higher levels of maturity—levels 3 and 4—are more likely to be in the top quartile of performance than their less mature peers (with two outcomes at equal levels of performance; see chart footnote for more details).

**Figure 2. The best versus the rest—the strong performance of mature talent management organizations[5]**

| Outcome type | Outcome name | Odds of level 3 and 4 organizations scoring in top quartile of performance outcome compared to level 1 and 2 organizations | | | |
|---|---|---|---|---|---|
| | | G2000 | India | China | Brazil |
| Business | Meeting or exceeds financial targets | 1.2 times more likely | 1.2 times more likely | 1.1 times more likely | Equally likely[6] |
| | Improving processes to maximize efficiency | 1.4 times more likely | 1.3 times more likely | 1.2 times more likely | 1.6 times more likely |
| | Anticipating change and responding effectively and efficiently | 1.8 times more likely | 1.3 times more likely | 1.3 times more likely | 1.3 times more likely |
| | Innovating | 1.7 times more likely | 1.3 times more likely | 1.4 times more likely | Equally likely[6] |
| Talent | Coaching and developing people for better performance | 3.8 times more likely | 2.0 times more likely | 2.6 times more likely | 1.7 times more likely |
| | Managing performance problems | 3.6 times more likely | 1.7 times more likely | 2.4 times more likely | 1.6 times more likely |
| | Identifying and developing leaders | 2.9 times more likely | 1.7 times more likely | 2.5 times more likely | 1.6 times more likely |
| | Assessing and selecting the right candidates | 2.4 times more likely | 1.5 times more likely | 2.2 times more likely | 1.4 times more likely |

Levels 3 and 4 = high maturity; levels 1 and 2 = low maturity

Source: Bersin by Deloitte, Deloitte Consulting LLP, 2017.

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# A three-step approach to increasing talent management maturity

OUR data indicate that, in any geography, organizations can improve talent management maturity by focusing on seven areas of talent management, using a three-step approach[7] (figure 3). We will first share an overview of this three-step process before diving into how it can be used in each geography (India, China, and Brazil).
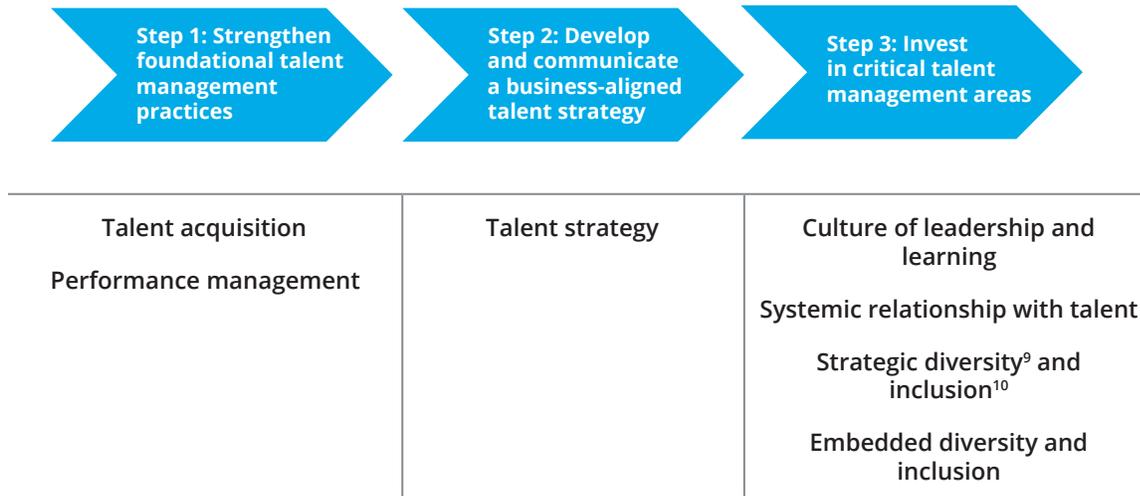
In each step, we identified the talent practices on which organizations should focus.[8] To determine these practices, we analyzed the 128 different dimensions in our survey, analyzing which drive business and talent outcomes, and then used regression and factor analysis to understand the order and grouping of the dimensions. Based on this analysis, seven talent activities showed the strongest correlations with positive business and talent outcomes. We arranged these into the three steps based on each activities' power to predict outcomes (moving from least to most predictive) and the order in which organizations tend to approach them, based on our interviews. While the resulting three-step approach may seem intuitive, it is powerful in that it clearly delineates the order in which organizations should approach evolving talent management and

which activities they should tackle at the same time (for example, leadership and learning) versus separately (performance management).

At a high level, the three-step process (see figure 3) suggests that organizations should first **strengthen foundational talent management practices**, as these activities enable them to meet their most basic of talent needs: consistently and effectively acquiring, managing, and appraising (and thus compensating and retaining) talent. These activities also lay the groundwork for more sophisticated, seamless, and customizable practices.

Second, organizations should focus on **creating talent strategies**,[11] which enable them to determine where to invest resources. This is an important focus area, as our research[12] indicates that this is the linchpin for moving out of lower maturity levels into higher levels of maturity. By going through the process of setting a talent strategy, HR organizations can create alignment with overall business objectives, prioritize talent management investments, and reduce redundant efforts across business units or functions.

**Figure 3. Three-step approach to increasing talent management maturity**

| Step 1: Strengthen foundational talent management practices | Step 2: Develop and communicate a business-aligned talent strategy | Step 3: Invest in critical talent management areas |
|---|---|---|
| Talent acquisition<br><br>Performance management | Talent strategy | Culture of leadership and learning<br><br>Systemic relationship with talent<br><br>Strategic diversity[9] and inclusion[10]<br><br>Embedded diversity and inclusion |

Source: Bersin by Deloitte, Deloitte Consulting LLP, 2017.

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Once the foundation is strengthened and a talent strategy is set, organizations should begin to **invest in activities that enable the creation of a personalized, networked, and seamless talent experience**. Based on our model, we have identified three areas below that are typically the most predictive of talent management maturity. That said, given their specific talent strategies, individual organizations may find just one or two areas—or even activities within each area—that they should prioritize.

It is important to clarify what we mean when we refer to the specific activities in the three-step process and why we focus on each of them. In figure 4 (below), we have defined each of these talent practices and their potential impacts on critical talent and business outcomes.

*These are activities that should not be siloed but should instead blend together seamlessly and can, in many instances, be customized for each employee's needs.*

It is critical to note the importance of the last two activities, which are both related to diversity and inclusion (D&I). Our research found that D&I is actually composed of two distinct factors, strategic D&I and embedded D&I, which we found to be the two most predictive factors of high talent management maturity. In practice, it is unlikely that any company would address these two factors independently; however, there are subtle differences worth noting:

**Figure 4. Talent practices and their relationship with talent and business outcomes**

| Talent practice name | Talent practice definition | G2000: Odds of level 3 and 4 organizations scoring in top quartile of performance outcome compared to level 1 and 2 organizations | | | |
|---|---|---|---|---|---|
| | | Identifying and developing leaders | Coaching and developing people | Innovating | Anticipating and responding to change |
| Talent acquisition | Ability to effectively source and select candidates | 2 times more likely | 2 times more likely | 2 times more likely | 1.4 times more likely |
| Performance management | Proficiency in establishing clear goals and expectations that are reinforced through continuous performance conversations and used for development and fair promotion decisions | 6 times more likely | 2 times more likely | 2 times more likely | 3 times more likely |
| Talent strategy | Ability to develop an integrated, business-aligned, data-driven talent strategy that is widely understood throughout the organization | 5 times more likely | 6 times more likely | 2 times more likely | 2 times more likely |
| Culture of leadership and learning | Commitment to making targeted investments in employees, as well as creating an environment that is personally engaging and stimulating | 10 times more likely | 7 times more likely | 2 times more likely | 2 times more likely |
| Systemic relationship with talent | Creation of a two-way relationship between employees and leaders concerning talent needs; includes effectively managing talent acquisition, ensuring high-quality conversations about succession management and development, and providing employees with the technology tools they need to make important data-driven decisions and to communicate with the organization | 8 times more likely | 16 times more likely | 3 times more likely | 3 times more likely |
| Strategic diversity and inclusion (D&I) | Integration of D&I policies and procedures that a limited number of influential, senior individuals decide upon and implement | 4 times more likely | 3 times more likely | 2 times more likely | 2 times more likely |
| Embedded D&I | Integration of D&I activities that individual employees experience | 3 times more likely | 4 times more likely | 2 times more likely | 2 times more likely |

Source: Bersin by Deloitte, Deloitte Consulting LLP, 2017.

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- Strategic D&I deals with policies or practices that can be decided upon and implemented by a limited number of relatively senior or influential individuals (such as aligning the D&I strategy with business outcomes and linking senior leader compensation to the achievement of D&I goals).

- Embedded D&I refers to how D&I is integrated with activities that influence individual employees' experience (that is, learning, performance management, and succession management). Unfortunately, these D&I factors are also the factors that are least effectively implemented in the G2000 and emerging market organizations. To that end, we generally recommend that organizations make a substantial investment in D&I efforts, regardless of their market.

All of the talent management practices listed in figure 4 touch on activities that are at the heart of employees' talent experience. This experience should enable employees to see how they can grow with the organization, provide them with appropriate information to make career decisions, and create an open and inclusive environment in which the organization hears, respects, and values them. These are activities that should not be siloed but should instead blend together seamlessly and can, in many instances, be customized for each employee's needs.

While all these practices are important for enhancing talent management within the organization, it is key to remember that the priorities vary by geography, as discussed in the following section.

# What to do, where? Specific actions for each emerging growth market

GIVEN the breadth of areas to focus on within talent management, it is important to understand where organizations in specific growth markets excel and where they can get the greatest benefit from investing. Figure 5 provides a high-level comparison of the seven practices of talent management maturity, across G2000 organizations and growth markets.

While there are similarities across markets, it is important to realize that the way these play out in each market may differ. For example, all markets struggle to address diversity and inclusion (even though we found it to be the largest predictor of talent management maturity), resulting in us recommending that all organizations focus on this topic intently. However, the context of D&I varies across markets given their different cultures, which means the approach will also vary.

Figure 6 explores the identified strengths and opportunities for each market. Let's start with the good news: Perhaps most interestingly, despite well-documented concerns with talent acquisition, our findings consistently indicated this is an area in which companies in growth markets tend to excel. Given talent markets' competitiveness in these countries, it is unsurprising that companies have had to improve their talent acquisition effectiveness. The challenge—as the following sections examine—is retaining and developing that talent. This is where organizations can especially focus on creating a networked, personalized, and seamless talent experience.

**Figure 5. Effectiveness\* of organizations at each factor, benchmark vs. geography**

| Step | Factor | G2000 | India | China | Brazil |
|---|---|---|---|---|---|
| **Step 1: Strengthen foundational talent management practices** | Talent acquisition | 89% | 88% | 85% | 91% |
| | Performance management | 60% | 68% | 34% | 63% |
| **Step 2: Develop and communicate a business-aligned talent strategy** | Talent strategy | 24% | 36% | 19% | 34% |
| **Step 3: Invest in critical talent management areas** | Culture of leadership and learning | 46% | 53% | 32% | 47% |
| | Systemic relationship with talent | 37% | 55% | 26% | 36% |
| | Strategic diversity and inclusion | 26% | 42% | 24% | 22% |
| | Embedded diversity and inclusion | 17% | 26% | 19% | 19% |

\* Effective to a great or moderate extent

Source: Bersin by Deloitte, Deloitte Consulting LLP, 2017.

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**Figure 6. Talent management strengths and opportunities for growth markets**

| | India | China | Brazil |
|---|---|---|---|
| **Strengths** | • Talent acquisition<br>• Fair and consistent performance *management* | • Talent acquisition | • Talent acquisition<br>• Fair and consistent performance *appraisal* |
| **Opportunities** | • Make performance management more continuous<br>• Develop talent strategies that prioritize development of strong leaders and a focus on diversity and inclusion<br>• Create a systemic relationship with talent<br>• Expand the definition of and investment in diversity and inclusion | • Emphasize the role of fairness across all talent management practices<br>• Invest in a culture of leadership and learning for key talent segments<br>• Expand the definition of and investment in diversity and inclusion | • Invest in a systemic relationship with talent<br>• Create a culture of leadership and learning across all levels<br>• Expand the definition of and investment in diversity and inclusion |

Source: Bersin by Deloitte, Deloitte Consulting LLP, 2017.

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# Using the three-step approach to help improve maturity in each geography

## Growth market: India

INDIA is a market of opportunity, competition, and complexity. But despite rapid workforce growth, employees' technical and leadership skills are often limited, creating an imbalance between labor supply and demand. Many Indian companies and Western-based multinational firms fish in the same talent pool, contributing to rising employee expectations and demands for not only better compensation but an employee experience that enables them to constantly grow and take on new roles with increasingly greater impact. As figure 7 illustrates, India tends to have a higher percentage of organizations at level 2 maturity but is on par with G2000 organizations at level 4.

**Step 1: Strengthen foundational talent management practices**

Indian organizations tend to excel at offering performance management processes, policies, and systems that are perceived to be fair and consistent (68 percent of organizations are effective to a great or moderate extent, compared to 60 percent in the G2000). This provides Indian organizations with a solid base on which to build.

Many organizations are evolving performance management so managers have more frequent conversations, which can help in personalizing the talent experience. However, this shift often comes with less documentation. Organizations doing this in the Indian context may need to supplement this approach by continuing to maintain or even enhance performance processes that emphasize transparency and fairness. Communicating extensively on how compensation and promotions are determined is one way to help improve transparency. Further, these organizations may want to continuously assess employees' perceptions of fairness via real-time feedback (for example, pulse surveys or anonymous feedback) and then communicate clearly how they are addressing these needs.

**Step 2: Develop and communicate a business-aligned talent strategy**

Our data indicates that Indian organizations currently tend to have a clear talent strategy (36 percent of organi-

**Figure 7. Talent Management Maturity Model: G2000 vs. India**

G2000    India

**Level 4**

### Inclusive talent system

Clear, targeted, and well-communicated talent strategy • Fully developed and integrated talent activities aligned to desired strategic outcomes • Relationships with talent are systemic and tailored • Progressive diversity and inclusion approach reflected in policies and employee experience

10%    9%

**Level 3**

### Managed talent relationships

Clear talent strategy and analysis-based understanding of the workforce • Nascent execution of systemic talent relationships • Targeted, integrated, and effective leader growth activities • Strong learning culture • Moving beyond compliance-based diversity and inclusion activities

19%    12%

**Level 2**

### Critical talent growth

Increasingly clear talent strategy for critical talent segments • Emerging perspective on systemic talent relationships • Effective at implementing essential talent activities • Learning and leadership activities more targeted, prominent, and integrated • Other talent processes more sophisticated and integrated

59%    76%

**Level 1**

### Essential talent activities

Almost no strategy used to direct talent management activities • Little understanding or interest in systemic talent relationships • Essential talent activities (e.g., performance management, talent acquisition) in place but often inconsistent or lacking intention • Talent activities often siloed

12%    3%

Source: Bersin by Deloitte, Deloitte Consulting LLP, 2015 and 2016.

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zations are effective to a great or moderate extent, compared to 24 percent in the G2000). However, deeper analysis found that strategy is often focused on foundational talent activities. To reach higher levels of maturity, Indian organizations should create a talent strategy that invests in establishing a greater level of understanding and responsiveness to talent throughout the organization, paying particular attention to those employees in critical talent segments.

> **Step 3: Invest in critical talent management areas**

Our analysis found that while most Indian organizations excel at formal skills-based training, they have an opportunity to create an environment in which leader growth and learning is encouraged informally as well. In partic-

ular, Indian organizations should invest in blending leadership development with other talent management activities (for example, connecting leadership competencies with the talent acquisition process, integrating D&I concepts into leadership development programs, and linking leader growth opportunities to succession management plans). Further, Indian organizations should take care to create an environment that encourages learning—even if it means failing initially—throughout all levels. To that end, Indian organizations should analyze their incentive systems to determine how to encourage learning. For example, performance appraisals may take into account the type of effort or the amount of learning someone completes, not just whether that person hit her goals.

In addition, our findings reveal that though many Indian organizations do well at establishing a systemic relationship with employees compared to

G2000 organizations (55 percent compared to 37 percent, respectively), opportunities for improvement likely also exist, especially when it comes to responding to employees.

Finally, our research shows that though Indian organizations reported their D&I activities are more integrated and strategic than in G2000 organizations, there is room for improvement. Specifically, 26 percent of responding organizations indicated they significantly or seamlessly embed D&I, while 42 percent reported they strategically address D&I (compared to 17 percent and 26 percent of G2000 organizations, respectively). However, a closer look revealed that Indian organizations' D&I efforts tend to be smaller in scale and focused primarily on women. This limited focus is different from many G2000 organizations' wide breadth of D&I initiatives and populations. Indian organizations have an opportunity to continue to invest in their D&I efforts for women while expanding their focus to other populations that are critical to engage and retain to meet their business needs.

**Figure 8. Call to action for Indian organizations**

Based on our findings, organizations operating in India should consider:

1. Reinforcing foundational aspects of talent management and begin to plan out how they will move into higher levels of talent management maturity.

2. Maintaining their focus on consistent and fair performance appraisal and management but begin to implement more continuous performance feedback that is personalized to each employee and clearly connected to learning and leadership development opportunities.

3. Creating clear talent strategies that explicitly highlight critical talent needs and how the organization intends to attract, retain, and engage employees in those relevant segments.

4. Developing a deeper relationship with talent by:

    a. Implementing real-time feedback systems (for example, pulse surveys or recognition systems)

    b. Leveraging blogs and social media, and be sure to respond to comments and feedback so that employees know their voices are heard

    c. Launching an integrated career management/talent acquisition system that captures information on employees' skills and suggests new job opportunities personalized for them

    d. Allowing employees to invest their time in innovation-related projects that provide empowerment and autonomy

5. Building a culture of leadership and learning by providing development and learning opportunities to key talent segments and efficiently integrating leadership development with other areas of talent management.

6. Expanding their perspective on diversity beyond gender and implementing D&I policies that are larger in scale and designed to enable employees to bring their whole selves to work. Leveraging employee resource groups to create and support networks of employees that can share innovative insights and ideas and embedding D&I awareness into talent management practices such as talent acquisition, performance management, and leadership development should also be considered.

## CITIBANK INDIA BUILDS A FUTURE-READY ORGANIZATION BY CREATING A TALENT PIPELINE

Citigroup is a leading global bank, headquartered in New York, that has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. In the third quarter of 2016, Citi reported net income of $3.8 billion on revenues of $17.8 billion.[13] Citi India, headquartered in Mumbai, Maharashtra, is a subsidiary with more than 10,000 employees.[14]

In this era of globalization and an increasingly competitive business environment, Citi realizes the importance of building a robust talent pipeline able to continuously innovate. With that purpose in mind, the company developed a holistic approach toward honing its talent pipeline and building leadership capabilities in its employees that focused on four critical areas:

**Focus on campus talent.** Citi recognized the need to continuously engage with local campuses to identify and tap high-potential talent through events such as its Innovation Challenge, case-based workshops, and course integrations. During the last two decades, Citi India has built a long-term relationship with many of India's top universities via engagement sessions held throughout the year that involve Citi senior leaders and local alumni.

**Focus on networking.** Networking and teamwork form an integral part of learning at Citi. All Citi associates go through a regional/global training program lasting two to six weeks. All networking programs were designed to build new hires' awareness of the franchise, products, and clients via leader sessions, group learning, and simulations.

**Focus on management education.** Citi leadership stresses the importance of management education to help build management skills, savviness, and a holistic perspective of business. The company's In-

dian School of Business (ISB) scholarship program gives high-potential analysts (recent graduates) an opportunity to pursue further studies at an ISB MBA program. Upon completion of this program and equipped with a post-graduation degree, these analysts develop readiness to take on more challenging and strategic roles across Citi businesses.

**Focus on diversity.** Citi's journey toward building a future-ready organization gained momentum and direction with the launch of its Citi Woman Leader Award program, aimed at increasing gender diversity in the management associate program and building a diverse talent pipeline in the organization. The focus is on providing career management through formal learning structures in the form of mentoring, trainings, and networking. In addition, Citi's diversity policies include flex maternity, flex work arrangements, a coaching program for mothers returning to the workplace, and various leadership programs for emerging female talent. These initiatives have all helped to decrease attrition of female talent as they move through their careers.

# Growth market: China

A S China shifts its economy from a reliance on low-skilled manufacturing to higher-end services and knowledge-based industries,[15] Chinese companies face a critical need to invest in talent management. Despite China's large population, the demand for talent exceeds supply given a shortage of skills and experience, particularly for mid-level managerial and leadership roles. This shortfall likely results from an aging population and shrinking workforce, as well as the more recent brain drain to Western companies. As figure 9 illustrates, Chinese organizations tend to be low in talent management maturity and will need substantial investments to effectively address some of their talent challenges.

**Figure 9. Talent Management Maturity Model: G2000 vs. China**

| | | G2000 | China |
|---|---|---|---|
| **Level 4** | **Inclusive talent system** — Clear, targeted, and well-communicated talent strategy • Fully developed and integrated talent activities aligned to desired strategic outcomes • Relationships with talent are systemic and tailored • Progressive diversity and inclusion approach reflected in policies and employee experience | 10% | 2% |
| **Level 3** | **Managed talent relationships** — Clear talent strategy and analysis-based understanding of the workforce • Nascent execution of systemic talent relationships • Targeted, integrated, and effective leader growth activities • Strong learning culture • Moving beyond compliance-based diversity and inclusion activities | 19% | 6% |
| **Level 2** | **Critical talent growth** — Increasingly clear talent strategy for critical talent segments • Emerging perspective on systemic talent relationships • Effective at implementing essential talent activities • Learning and leadership activities more targeted, prominent, and integrated • Other talent processes more sophisticated and integrated | 59% | 91% |
| **Level 1** | **Essential talent activities** — Almost no strategy used to direct talent management activities • Little understanding or interest in systemic talent relationships • Essential talent activities (e.g., performance management, talent acquisition) in place but often inconsistent or lacking intention • Talent activities often siloed | 12% | 1% |

Source: Bersin by Deloitte, Deloitte Consulting LLP, 2015 and 2016.

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**Step 1: Strengthen foundational talent management practices**

The most critical focus areas for Chinese organizations are the implementation and communication of fair talent policies and procedures and a focus on improving the quality of performance conversations between managers and employees. Just 34 percent of Chinese organizations told us they are effective at this to a great or moderate extent, compared to 60 percent in the G2000.

To help improve perception of fairness, Chinese organizations should increase the transparency of promotion criteria and ensure they are followed when promotion decisions are made. Further, Chinese organizations should equip managers to effectively provide observation-based feedback that is customized and appropriate for each individual. Specific potential activities could include leaders proactively creating an environment in which it is seen as "safe" to give feedback (senior leaders' communicating about and role modeling the importance of feedback can help) and adjusting the organization's incentive systems (for example, compensation, promotion criteria, or social expectations) to reinforce the importance of giving and receiving feedback. Finally, Chinese organizations may want to start by allowing anonymous feedback that is delivered privately, so as to enable employees to give and receive feedback but do so in a way that does not require them to "save face."[16]

**Step 2: Develop and communicate a business-aligned talent strategy**

Chinese organizations are less likely than other emerging markets to have a well-developed talent strategy (19 percent of organizations are effective to a great or moderate extent, compared to 24 percent for G2000 organizations and 36 percent and 34 percent for India and Brazil, respectively). Therefore, they should create talent strategies that continue to focus on foundational aspects of talent management but also help create relationships with talent, particularly with those in critical segments or groups that have been difficult to attract, retain, and engage (for example, women or Millennials).

Chinese organizations in particular may benefit from investing in workforce planning and talent analytics to support the process of setting a talent strategy. Because talent strategies often require an investment in a particular subset of the employee population, which could impact group harmony (a concept highly valued in Chinese culture[17]), it is important for HR and business leaders to illustrate the reasoning behind these investments. Using data to make strategy decisions may make it easier to explain the underlying logic. In addition, the use of data and analytics may help HR leaders to better understand their organizations' formal and informal networks and to design strategies and approaches to improve or enhance them.

**Step 3: Invest in critical talent management areas**

Our research identified that Chinese organizations should also focus on evolving their culture of learning and leadership, with only 32 percent of surveyed organizations effective at this (compared to 46 percent in the global benchmark). Chinese organizations should start by developing the capabilities of frontline and mid-level managers, who are responsible for managing the vast majority of employees. Due to the focus within Chinese culture on collective success,[18] this type of development will likely need to be designed to scale broadly across the organization. Focusing within the culture on the broad need for continuous learning is critical, as this can give managers and direct reports "permission" to have conversations about learning and development and may encourage employees to take an active role in their development.

In addition, Chinese organizations should begin investing in a systemic relationship with talent. Unfortunately, Chinese organizations are generally less effective at this than G2000 organizations, with only 26 percent of Chinese organizations effective at this (compared to 37 percent in the global benchmark).

Finally, Chinese organizations should focus on their diversity and inclusion efforts, as they, similar to G2000 organizations, tend not to be very effective in this area. For example, only 31 percent of Chinese organizations reported a focus on attracting people of diverse backgrounds. Organizations operating in China should especially focus on better attracting, engaging, and developing women[19] and Millennials[20] as these two employee types tend not to feel well-supported in the workplace.

## AIA CHINA: BUILDING A PERFORMANCE-DRIVEN CULTURE, INCREASING ENGAGEMENT

Before 2009, insurance company AIA China had no standard performance metrics. Because there was little link between pay and performance, employees did not receive the demonstrated benefits of a strong performance management system. To address this issue, the company designed a key performance indicator (KPI) pool, which identified success factors for each position and mapped positions to the company's strategic goals. Employee expectations were similarly aligned to the KPIs.

At the same time, the company shifted its pay structure toward variable pay, including short- and long-term bonus components to reward high performers. To further align employee and company interests and increase employee engagement, AIA China also launched an employee share purchase plan. Taken

**Figure 10. Call to action for Chinese organizations**

Based on our findings, organizations operating in China should consider:

1. Strengthening their foundational talent practices so as to put in place a solid base for overall talent management maturity.

2. Creating fair and inclusive performance management processes that are culturally acceptable.

3. Developing a unique talent strategy, based on data, that is focused on retaining critical talent segments, such as skilled women and Millennials.

4. Building a strong and relevant culture of leadership and learning by providing training and development opportunities that will help bridge current leadership gaps and attract talent at all levels.

5. Developing a systemic relationship with talent that embraces employee-centric technology systems to help improve functionality for workforce planning, succession management, and talent acquisition. Specifically, this could include:

    a. Expanding leaders' understanding of talent through qualitative (in other words, direct conversations with employees, discussions on overall levels of talent capability or succession management readiness) or quantitative (in other words, surveys or assessments of skills capabilities) means

    b. Implementing technology that allows managers and direct reports to provide and access information about employees' skills, capabilities, knowledge, and career preferences

    c. Creating organizational structures that allow the organization to effectively respond to new talent information

    d. Providing resources and opportunities to employees that enable them to develop a responsive interaction with the organization

6. Developing more embedded and strategic D&I practices, particularly for women and Millennials.

together, these initiatives reinforced the company's strong interest in changing the culture to emphasize performance. They also increased employee engagement from 20 percent to 63 percent, particularly among high performers. As a result, talent retention rose as sales agent turnover dropped to half the industry average. For these and other talent management reforms, the company has won recognition as a leading employer in the industry.

## Growth market: Brazil

Political challenges and an economic downturn have changed the landscape dramatically for organizations operating within Brazil. To complicate matters, an aging workforce, lack of investment in learning and leadership development, and gaps in the education system have contributed to a shortage of qualified talent to fill available roles. Figure 11 illustrates that, similar to China, organizations in Brazil tend to struggle with creating a mature talent management environment.

**Figure 11. Talent Management Maturity Model: G2000 vs. Brazil**

G2000    Brazil

**Level 4**

## Inclusive talent system

Clear, targeted, and well-communicated talent strategy • Fully developed and integrated talent activities aligned to desired strategic outcomes • Relationships with talent are systemic and tailored • Progressive diversity and inclusion approach reflected in policies and employee experience

10%    2%

**Level 3**

## Managed talent relationships

Clear talent strategy and analysis-based understanding of the workforce • Nascent execution of systemic talent relationships • Targeted, integrated, and effective leader growth activities • Strong learning culture • Moving beyond compliance-based diversity and inclusion activities

19%    8%

**Level 2**

## Critical talent growth

Increasingly clear talent strategy for critical talent segments • Emerging perspective on systemic talent relationships • Effective at implementing essential talent activities • Learning and leadership activities more targeted, prominent, and integrated • Other talent processes more sophisticated and integrated

59%    89%

**Level 1**

## Essential talent activities

Almost no strategy used to direct talent management activities • Little understanding or interest in systemic talent relationships • Essential talent activities (e.g., performance management, talent acquisition) in place but often inconsistent or lacking intention • Talent activities often siloed

12%    1%

Source: Bersin by Deloitte, Deloitte Consulting LLP, 2015 and 2016.

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Brazilian organizations tend to excel at talent acquisition (91 percent are effective to a great or moderate extent, compared to 89 percent in the G2000) but could continue to improve upon these practices.

**Step 1: Strengthen foundational talent management practices**

Brazilian organizations should create partnerships with local education systems to help create and maintain a steady supply of entry-level talent; this can be done through apprenticeships and the continued, if not increased, use of internships. These practices can help round out deficiencies in the educational system and signal to potential candidates that the organization values continued development. Brazil-ian employers can create a seamless talent experience for these populations by connecting the talent acquisition, learning and development, and career management practices for a single vision of how a prospective employee can join and grow with the organization. This approach can create a competitive employee value proposition difficult for others to replicate.

In addition, Brazilian organizations' performance management efforts should continue to evolve. Our analysis reveals that while Brazilian organizations may be proficient in *appraising* performance, few have mastered *managing* performance. Specifically, many managers are not engaging in performance conversations, nor are they held accountable for employee development.

**Step 2: Develop and communicate a business-aligned talent strategy**

Most Brazilian organizations we surveyed lack a clear talent strategy. Therefore, they should focus on creating business-aligned talent strategies that can, in particular, improve the leadership and learning culture of the organization, and expand D&I initiatives in terms of scope and population (for example, beyond what is mandated by the government). Further, many Brazilian organizations view competency models as synonymous with talent strategies. These are not synonymous, and the alignment of a competency model to organizational objectives, while important, is insufficient to address talent strategy development. To address this, HR leaders should focus on developing a talent strategy that identifies the most important talent priorities, given the organization's business objectives and existing talent gaps.

**Step 3: Invest in critical talent management areas**

While Brazilian organizations typically excel at providing development to executive leaders, a large majority of front-line and middle managers and leaders are left without significant development and training. Therefore, a primary area of focus for Brazilian organizations should be improving the importance placed on leadership and learning throughout the organization. To do so, Brazilian organizations should expand their perspective and definition of leadership to include those lower in the organizational hierarchy and offer those individuals a broader set of development opportunities. In addition, leadership development should be integrated with other talent management practices: integrating leadership competencies into the talent acquisition process, integrating D&I concepts into leadership development programs, and connecting leader growth opportunities to succession management plans.

Another area of focus is having a systemic relationship with talent.[21] Though Brazilian organizations report approximately the same level of effectiveness as G2000 organizations (36 percent vs. 37 percent, respectively) there are opportunities for improvement. In general, Brazilian organizations should improve two-way communication between employees and their managers, colleagues, and the organization more broadly about talent capabilities, needs, and preferences. Further, Brazilian organizations should focus on improving the quality and breadth of their succession management conversations (only 40 percent of surveyed Brazilian organizations indicated leaders have succession management discussions to a moderate or great extent, compared to 50 percent in Global 2000 organizations).

Finally, like G2000 organizations, Brazilian organizations should focus on their diversity and inclusion efforts. Though Brazilian organizations reported their D&I activities were more integrated and strategic than G2000 organizations, analysis revealed that Brazilian organizations' D&I efforts are typically smaller in scale and focused primarily on government-mandated diversity standards. This limited focus is different from many G2000 organizations' wide breadth of D&I initiatives and populations. Brazilian organizations have an opportunity to continue to invest in their compulsory D&I efforts, while expanding their focus to other populations that may be critical to their business needs.

## ONE COMPANY'S APPROACH TO LEADERSHIP AND LEARNING TO NAVIGATE A CHALLENGING MARKETPLACE

A multinational corporation recognized that its Brazilian arm was continuing to navigate persistently difficult national economic conditions. A company source indicated that while production has declined, manufacturing capacity has remained flat. The decline in production has caused Brazilian manufacturers to reduce their workforce significantly, with many companies using the "3 for 1" approach—keeping one person in a position where three were needed previously.

Because of the external pressures on the company, several key obstacles were hindering its growth, including (1) difficulty promoting people, (2) generational conflicts among its workforce, and (3) a

**Figure 12. Call to action for Brazilian organizations**

Based on our findings, organizations operating in Brazil should consider:

1. Focusing on moving to a higher level of maturity by first creating clear, business-aligned talent strategies.

2. Building on their strong ability to source and select talent locally and continue to especially leverage internships.

3. Enabling managers to hold frequent and meaningful performance-related conversations with direct reports.

4. Increasing their efforts and investment in development and learning initiatives, focusing on developing front-line employees and middle management, as well as critical talent segments.

5. Creating talent strategies and, once created, strongly communicating and integrating them with D&I and talent analytics initiatives.

6. Improving the two-way relationship between employees and the organization by making changes such as the following:

   a. Implementing tools/systems, such as blogs, goal management software, or recognition management systems, that are user-friendly and facilitate two-way conversations between individual employees and their managers, colleagues, and the organization

   b. Developing core succession management processes

   c. Clearly communicating the expectation of managers and leaders around creating a two-way dialogue with reports about their needs and desires, particularly with regard to succession management conversations

   d. Training managers and leaders to hold succession management conversations that are uniform across the organization, as well as providing coaching and mentoring to managers as they develop this skill

   e. Equipping managers with the quantitative insights and qualitative skills to have ongoing conversations with their direct reports and that help them manage their people more effectively

7. Addressing issues of diversity and inclusion by creating policies and procedures that reinforce these efforts and holding leaders accountable to these policies and procedures.

lack of diversity, both cultural and gender. To meet these challenges head on, the organization undertook a number of steps, including formally encouraging and facilitating cross-moves within the organization, thereby ensuring the rotation of top talent across various business units. Employees are able to seek out greater opportunities within the company's Brazilian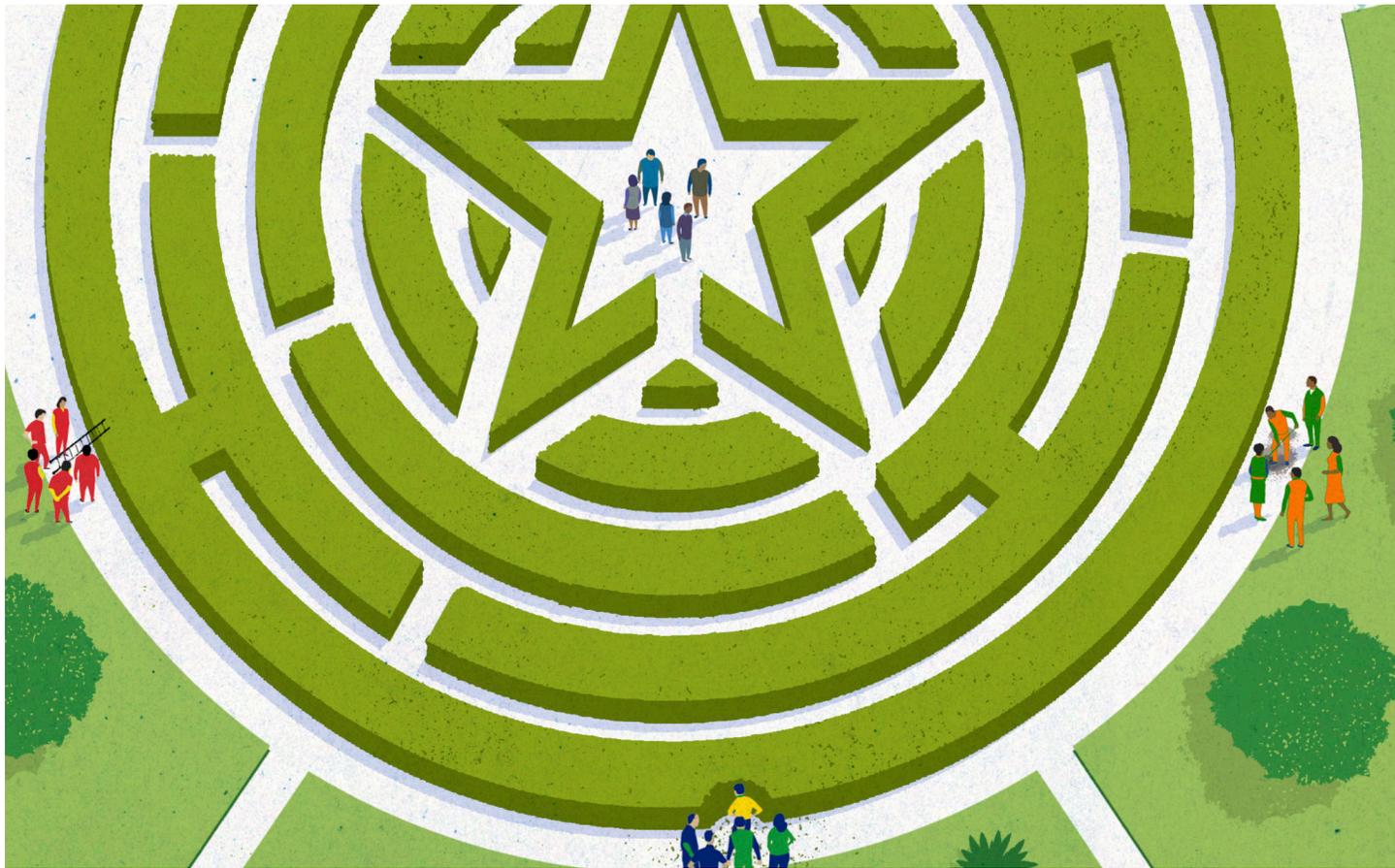 arm as well as in those areas that enabled them to gain global exposure. This strategy emphasizes the importance of top talent, gives these leaders greater visibility into the company's inner workings, and positions the organization for future growth.

To focus further on employee development, the company revised its career management cycle to

include additional points throughout the year during which feedback, goals, and expectations could be discussed. Among the newly introduced steps are employee dialogues, midyear reviews, and development conferences.

Last, the company undertook a series of initiatives to foster greater workplace diversity. Chief among those efforts was to place greater emphasis on both the training of female workers and the development of a more robust female talent pipeline. Through a combination of cultural and online training, the organization sought to embrace its workforce's diversity by encouraging the inclusion of women along with individuals from a broad range of cultures. This effort was implemented to bolster the company's talent pipeline and foster greater retention across the workforce, particularly among the highest performers.

Thus far, the company has benefited tremendously from the changes it has implemented. The revised career management cycle has given HR greater visibility into the performance of talented and promising individuals, leading to higher retention rates. The encouragement of cross-functional moves has given employees greater autonomy over their careers, while encouraging them to pursue beneficial and comprehensive development opportunities within the organization. Employee satisfaction has risen, too: Assuming ownership of one's career has empowered employees to more openly and proactively voice concerns as well as seek fresh and challenging opportunities. The talent pipeline has grown increasingly robust through these changes, which should position the organization to meet the challenging economic and automotive marketplace head on.

# Conclusion: Next steps

EMPLOYEES are seeking a talent experience that traditional areas of talent management cannot create, and yesterday's approach to talent management will no longer effectively provide competitive advantage. A new approach is key—one that puts employees at the center and creates a personalized, networked experience for them. Organizations that do this can increase their likelihood of performing strongly on other important talent and business outcomes. To do this, organizations in G2000 and emerging markets should continue to leverage foundational strengths, create business-aligned talent strategies, and then invest in critical areas of talent management. However, leaders should also pay careful attention to the nuances of their relevant markets and implement changes accordingly.

For top executives and talent managers, our research poses a number of critical questions that can help leaders begin to address talent management maturity:

- Do you have a clear view of your organization's level of talent management maturity?

- Are business objective and talent management clearly aligned?

- Can business leaders, across the organization, articulate why talent management maturity matters to the organization?

- Do you have a talent strategy in place to provide guidance in efforts to move further up the talent maturity model?

- Are you investing effort and resources on factors that impact talent management maturity, and ultimately business and talent outcomes?

- Which talent practices in the organization are delivering the most business value?

- How should talent management practices differ across emerging markets?

In conclusion, our research in India, China, and Brazil has shown that a talent strategy mapped toward driving business results can deliver superior performance compared to one merely emphasizing the effectiveness of talent management processes. This indicates that insights about the market in which organizations operate are critical in how an organization addresses talent management. Companies with global operations should seek out business- and market-specific insights to customize their organizations' generic talent strategy to local markets to be able to achieve the most value. Talent management matters and understanding what drives talent management maturity, and acting upon it appropriately, delivers better business results.

# ENDNOTES

1. We surveyed 454 organizations with more than $750 million in revenue; we used this as a benchmarking group. We also conducted more than 50 interviews with executives from organizations of this size.

2. Stacia Sherman Garr, Candace Atamanik, and David Mallon, *High-impact talent management: The new talent management maturity model*, Bersin by Deloitte, Deloitte Consulting LLP, 2015, http://marketing.bersin. com/high-impact-talent-management.html.

3. The number of organizations in the sample population for each country: India, n = 269; China, n = 235; Brazil, n = 253.

4. Please note these are self-reported metrics.

5. The odds ratios presented in this figure indicate the presence of a relationship, indicating that talent management maturity and important outcomes are related to each other. This information should not be used to infer causation. Instead, it should be used as a reference that, in general, organizations with increased levels of talent management maturity also tend to experience greater odds of enhanced performance in various business and talent outcomes.

6. The data collected indicates that Brazilian organizations at high and low levels of talent management maturity have a similar likelihood of being in the top quartile for two business metrics: (1) innovating and (2) meeting or exceeding financial targets. This is most likely due to a lack of representation at the extreme ends of talent management maturity (i.e., level 1 and level 4) among Brazilian organizations, which makes it difficult to uncover true relationships in the data. Therefore, we suggest that leaders interpret these results with extreme caution. Given the results we have seen in other countries and in the G2000 data set, it is unlikely that Brazilian organizations that are low in talent management maturity would be equally likely as those at higher levels to be in the top quartile for either innovation or meeting or exceeding financial targets.

7. While our model identifies three steps for talent management maturity, individual organizations may find just one or two areas—or even activities within each step—that they should specifically prioritize.

8. While our discussion will focus on six areas of talent management, it is important to recognize these six are not inclusive of all factors contributing to talent management maturity. These are, however, areas in which markets differ the most and provide the most opportunity to increase maturity.

9. We define diversity as "the variety of people and ideas within a company. Organizations often define the diversity of their people according to legally protected differences, such as race, gender, age, disability, sexual orientation, maternity status, and other "nonvisible" qualities and backgrounds. While organizations may use legally protected differences to define diversity, it is important to remember that people are multidimensional in their diversity. The elements and factors that contribute to diversity can be both visible (traditional) and invisible." (See Bersin by Deloitte, "Diversity," www.bersin.com/lexicon/Details. aspx?id=17302.)

10. We define inclusion as "creating an environment in which people feel involved, respected, valued, and connected—and to which individuals bring their "authentic" selves (their ideas, backgrounds, and perspectives) to the team and to the business." (See Bersin by Deloitte, "Inclusion," www.bersin.com/Lexicon/ Details.aspx?id=17303.)

11. Our three-step approach places the talent strategy step after the foundational practices of talent acquisition and performance management step, as our analysis shows that foundational activities are essential even if the organization has not yet developed a strategic talent management approach. Once organizations have set their talent strategy, they can and should return to their talent acquisition and performance management practices and refine them to further align with that strategy.

12. Garr, Atamanik, and Mallon, *High-impact talent management*.

13. Citibank, www.citigroup.com/citi/about/citi_at_a_glance.html, accessed December 20, 2016.

14. Citigroup, www.citigroup.com/citi/about/history/, accessed December 20, 2016.

15. Gary Coleman, Ira Kalish, Dan Konigsburg, and Xu Sitao, *Competitiveness: Catching the next wave—China*, Deloitte, 2014, https://www2.deloitte.com/global/en/pages/about-deloitte/articles/china-competitiveness-report.html.

16. In Chinese society, maintaining self-respect and personal reputation (often referred to as "face") is critical. "Face" can be "lost," "saved," or "given," and criticism, public reprimands, sarcasm, and other behaviors can have a negative impact on "face." As a result, it is customary in China to avoid being direct, especially if any negative content may be inferred. Sylvia Vorhauser-Smith, *Into China: Talent management essentials in a land of paradox*, PageUp People, 2012, www.pageuppeople.com/wp-content/uploads/2012/06/Into-China-Talent-Management-Essentials.pdf.

17. Ibid.

18. Ibid.

19. "Managing talent in China today: A fresh perspective," Deloitte DBriefs, October 10, 2013.

20. Arnold Sun, Edward Tse, and John Jullens, "People challenges in China," Booz & Co., 2011, www.johnjullens.com/UploadFileCode/UploadTest/20121028123733.pdf.

21. For definition, refer to figure 4.

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