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CHALLENGES

IMD WORLD TALENT REPORT 2015

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By the IMD World Competitiveness Center



DOES ECONOMIC POWER ENSURE AN EFFECTIVE TALENT PIPELINE?

IMD RELEASES ITS 2015 WORLD TALENT REPORT

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Intuitively observers could assume that economic power translates directly into talent development. One may be inclined, that is, to think that the greater a country's economic clout the more developed its talent pipe. It may thus surprise many readers to find some economic superpowers somewhat languishing in the *IMD World Talent Report 2015*, our latest annual analysis of how countries meet the talent needs of the businesses operating within their economies.

To be precise, we find two of the mightiest economies faring rather unimpressively in the talent rankings: the US lies in 14th place and China Mainland trails far behind in the 40th position. Our data highlight thus that sheer economic clout and an ability to develop, attract and retain talent do not necessarily correlate.

The *World Talent Report's* rankings are based on 20 years' worth of competitiveness-related data, including an in-depth survey of more than 4,000 executives in the 61 countries the study currently covers. We focus on three main categories: investment/development, appeal and readiness. These factors, in turn, are derived from a much broader range of indicators, including education, apprenticeship, employee training, brain-drain, cost of living, worker motivation, quality of life, language skills, remuneration and tax rates.

The main categories are aggregated into a yearly overall ranking. This year's top 10 is as follows.

Top 10 countries	
Country	2015 Ranking
Switzerland	1
Denmark	2
Luxembourg	3
Norway	4
Netherlands	5
Finland	6
Germany	7
Canada	8
Belgium	9
Singapore	10

In addition, each country's evolution in the various factors is followed over the course of the period from 2005 to 2015. The objective is to identify the most talent-competitive countries; those economies that have achieved a top 10 place in five or more years during the period assessed. The following are the most talent-competitive countries.

Country	# years in top 10
Austria	7
Canada	11
Denmark	11
Finland	9
Ireland	5
Netherlands	10
Norway	6
Singapore	8
Sweden	8
Switzerland	11

Many of these countries may not strike the reader as obvious candidates for the top spots. In fact, it seems fair to suggest that many among us still routinely view a number of these economies through a reductionist prism. None more so than first-ranked Switzerland, which is often considered to be an economy that merely excels in the production of watches, cheese and chocolates.

To be sure, our top ranked economies are all high-income and financially stable. However, they certainly cannot claim to be among the undisputed global economic superpowers. Yet, the complexity and sophistication of the global marketplace demand that to succeed, these countries must achieve an effective and continuous flow in their talent pipeline.

What is it that differentiates the top talent-competitive countries from the likes of China Mainland and the USA? One key characteristic is “agility”. All the high-ranking countries consistently exhibit a capacity to shape policies that preserve their talent pipeline, particularly by achieving a positive balance between encouraging talent locally and tapping into the best that other countries have to offer.

It might initially be difficult to conceive of countries like, for example, the Netherlands as a talent powerhouse, yet there are several fundamental factors that underline their ability to succeed including an able institutional framework, a progressive culture and an effective educational system. These factors constantly feed a country’s willingness and ability to reach out, absorb and integrate talent. To put it succinctly, flexibility, incorporation and innovation are all characteristics of talent-competitive countries.

Essential to agility is “openness,” which encompasses some of the qualities that drive talent-competitiveness: from an eagerness to be flexible and engage at different levels (i.e., commercial, social or political) to a determination to produce and/or embrace new ideas. We can employ two interconnected concepts to further underscore the relevance of openness.

The first concept is central to Karl Popper’s philosophy of science. Popper contends that the aim of a scientific experiment should be to falsify rather than to prove a particular theory. In the long run “all theories” have “zero probability;” they are “equally unprovable” and “equally improbable” (Lakatos, 1970). For Popper, all human thought and activities undergo a process of “trial and error” in which success depends on “the number and variety” of trials undertaken (Popper, 1940). It would be a stretch of the imagination, however, to infer that the most talent-competitive countries are staunch Popperian disciples. His propositions, nevertheless, are undoubtedly pertinent.

Talent-competitive countries preserve their talent pipelines by refining, revising or eliminating ineffective ideas. They are visionary and proactive in their policy-making responding positively and decisively when an approach no longer works well. Like falsified scientific theories, unsuccessful policies and outdated strategies are replaced by policies and strategies that are better and more farsighted. This is crucial to talent-competitiveness.

The second concept we might draw on is proposed by Carl Sagan. Sagan considers progress as requiring an “exquisite balance”. He indicates that complete skepticism does not allow for the absorption of new ideas but “...If you are open to the point of gullibility and have not an ounce of skeptical sense in you then you cannot distinguish the useful ideas from the worthless ones” (cited in Shermer, 2002). What is needed thus is openness to new and radical notions and, concomitantly, a fair amount of common-sense to distinguish irrelevant and farfetched ideas (see Shermer, 2001).

The unprecedented pace of change and the increasing importance placed on innovation, accentuates the relevance of agility based on the openness to explore new ideas. Agility thus increases the talent-challenges of countries firmly rooted in incremental approaches; those that value the cozy certainty of piecemeal change above the potential of what Schumpeter labels “creative destruction”. Similarly, agility furthers the demands on countries experiencing a self-imposed initiative-overload, constantly moving from one grand talent strategy to another without allowing for its impact to take effect. Only those countries that achieve an “exquisite balance” can expect to remain genuinely talent-competitive.

For countries such as China Mainland and, to mention another example of a large economy that ranks disappointingly, Brazil, these are lessons that remain to be fully understood in order to strengthen their talent pipeline. For countries such as the USA, they might just be lessons of which sight is often lost amid fluctuating economic and sociopolitical concerns.

Talent-competitive countries do not necessarily rely on their economic power for bolstering their talent pool but they exhibit agility in the generation of policies and strategies that shape their talent pipeline. Ultimately, talent is a multifaceted phenomenon for less-developed and developed countries alike. As our data show, there are many attributes to nurture, many obstacles to overcome and many dynamics to perfect.

The IMD World Talent Report 2015 is available from the following website:

www.imd.org/talent-report

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