Global talent management: exploring talent identification in the multinational enterprise

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Abstract: In recent decades, interest in talent management has continued to grow among practitioners, consultants and academics. Conceptual development and subsequent empirical analysis has been limited and struggled to keep pace with the plethora of management consultancy reports in the area. More recently, global talent management has come to the fore due to the increasing importance and challenges Multinational Enterprises (MNEs) face in satisfying their talent demands. This paper analyses the operationalisation of the talent identification stage in global talent management. In doing so, we find that the use of talent pool segmentation is becoming a popular means of identifying and managing talent; however, MNEs face a number of challenges in ensuring that it is an effective system.

Keywords: talent identification; GTM; global talent management; talent pools; MNE; multinational enterprise; high potentials.

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1 Introduction

Over the past decade or more, there has been a marked interest among practitioners, consultants and academics in the topic of talent management. The emergence of talent management was largely premised on changing worldwide demographics coupled with a more demanding workforce (Tulgan, 2004). For instance, a recent report shows major concerns in Europe over the ageing workforce (Carone et al., 2009). The USA is projected to witness a 15% decline in the number of workers in the 35–44 age bracket between 2000 and 2015 (Chambers et al., 1998). Further, the Japanese working population in the 15 to 29 age range has declined by 14% since 1970 and countries such as China and India, while having more favourable demographics, are struggling to produce sufficient numbers of the required calibre of employee (Stahl et al., 2007). More recently, the global financial crisis has impacted on almost every nation with organisational restructuring, downsizing, closures and job losses a seemingly daily occurrence across the developed and developing world. This may potentially dilute the importance of talent management as labour shortages become less acute. However, we contend that although the context may have changed, talent management is arguably becoming ever more critical because a firm’s talent represents one of the key determining factors in ensuring organisational sustainability and, in the long run, organisational prosperity.

Interest in talent management has also stemmed from, at least rhetorically speaking, an increasing acknowledgement that competitive advantage can be derived from the skills and capabilities of the firm’s most talented employees (Barney, 1991; Cheese et al., 2008). Global Talent Management (GTM) has come to represent a particularly important
focus for the Multinational Enterprise (MNE) as workforces have increased in size, diversity, education standards and mobility (Briscoe et al., 2009; Tarique and Schulter, 2010). Additionally, the requirement of possessing an adequate managerial cadre with the competence to manage in the global sphere is imperative for implementing internationalisation strategies (cf. Suutari, 2002; Sloan et al., 2003). However, concern is increasingly expressed regarding shortages of this talent.

In spite of its growth as a research field, there remains a major imbalance between work of academic rigour and ubiquitous consultancy reports. A frequent criticism of the talent management literature concerns its lack of conceptual and theoretical development, although there have been some valuable recent contributions in this regard, notably a very useful edited volume by Vaiman and Vance (2008), a review by Lewis and Heckman (2006), a conceptual model developed by Collings and Mellahi (2009) as well as the work of Boudreau and Ramstad (2005, 2007). However, none of these works draw on empirical data or explore the challenges of operating a global system. One of the most under-researched and discussed aspects of talent management is the area of talent identification, something which this paper seeks to redress. This is one of the most critical elements of any talent management system because the ‘availability of talent per se is of little strategic value if it is not identified, nurtured and used effectively’ (Mellahi and Collings, 2010, p.5). In the context of maximising the strategic advantage of the global workforce through the inclusion of a range of talented individuals of different nationalities reflecting the organisation’s global footprint is key. Consequently, the challenge for the MNE is to effectively identify those high-potential and high-performing employees around the global organisation and to ensure they fill the key positions within the MNE’s global network.

This paper is primarily concerned with the talent identification aspect of talent management. Specifically, we analyse how talent identification is operationalised in practice and explore some of the challenges and issues that arise from this. A mixed method, exploratory research approach, is utilised for this purpose which takes the form of a nationally representative survey of MNEs in Ireland as well as a case study investigation in the Irish operations of a US firm, internationally renowned for its HR systems, including talent management. The case study primarily consists of interviews with key stakeholders in the talent management process which provide rich data on the experience of the ‘talented’ as well as from those vested with responsibility for managing talent.

We now briefly outline what we mean by GTM before engaging with the literature that focuses on talent identification. This involves discussing talent pool segmentation and succession planning and also engaging with the global context that MNEs inevitably operate within and the importance thereof. Then, we set out the research methods before setting out our findings. Finally, we discuss our empirical findings in the context of existing knowledge and set out some practical implications and avenues for further research.

2 Global talent management defined

There is no common consensus on the meaning of talent management (see Lewis and Heckman, 2006) and GTM (see Scullion et al., 2010). This is highlighted in Table 1 which depicts the diversity of definitions and meanings.
Table 1  Talent management definitions

<table>
<thead>
<tr>
<th>Definitions of talent management</th>
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<tr>
<td>It is a mindset, where talent is at the forefront of organisational success.</td>
<td>Creelman (2004, p.3)</td>
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<tr>
<td>A matter of anticipating the need for human capital and then setting out a plan to meet it.</td>
<td>Cappelli (2008b, p.74)</td>
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<tr>
<td>Additional management processes and opportunities that are made available to people in the organisation who are considered to be talent.</td>
<td>Blass (2007, p.3)</td>
</tr>
<tr>
<td>Involves integrated HR practices charged with attracting and retaining the right people in the right jobs at the right time.</td>
<td>Heinen and O’Neill (2004); Piansoongnern et al. (2008).</td>
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<tr>
<td>It is about attracting, identifying, recruiting, developing, motivating, promoting and retaining employees with strong potential to succeed within the organisation.</td>
<td>Berger and Berger (2004); Laff (2006); Baron and Armstrong (2007)</td>
</tr>
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<td>It requires doing what human resource functions have always done but they must now do it faster, using the internet or outsourcing, and they must do it across the entire organisation, rather than within a department or division.</td>
<td>Olsen (2000)</td>
</tr>
<tr>
<td>Recruitment, development, measurement and management of high-potential employees.</td>
<td>Stahl et al. (2007, p.9).</td>
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<tr>
<td>An attempt to ensure everyone in the company, at all levels, work to the top of their potential.</td>
<td>Redford (2005)</td>
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<td>A set of processes designed to ensure the adequate flow of employees into jobs throughout the organisation.</td>
<td>Kesler (2002)</td>
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<tr>
<td>The identification, development and management of the talent portfolio, i.e. the number, type and quality of employees that will most effectively fulfil the company’s strategic and operating objectives.</td>
<td>Knez and Ruse (2004, p.231)</td>
</tr>
<tr>
<td>Concerned with identifying and developing high-potential talent across the organisation’s worldwide operations.</td>
<td>Becker et al. (2004)</td>
</tr>
<tr>
<td>Management and human resource management decisions and practices that relate to and involve the entire workforce.</td>
<td>Briscoe (2008, p.197)</td>
</tr>
<tr>
<td>Umbrella like HR concept, focusing on high achievers covering the entire process from hire to retire in addition to tying HR to strategy.</td>
<td>Brandt and Kull (2007, p.7)</td>
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<tr>
<td>It is based on the recognition and development of top performers which thereby can provide the organisation with better performance and a competitive advantage.</td>
<td></td>
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<tr>
<td>The identification, development, engagement, retention and deployment of talent within a specific organisational context.</td>
<td>CIPD (2006, p.1)</td>
</tr>
<tr>
<td>Hiring, training, retention and all activities that relate to developing and growing your workforce.</td>
<td>HR Focus (2005, p.13)</td>
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<tr>
<td>It represents an integrated process of ensuring the organisation has a continuous supply of highly productive individuals in the right job, at the right time.</td>
<td>Sullivan (2004)</td>
</tr>
<tr>
<td>A specific way of attracting and retaining the key knowledge and capabilities of the future.</td>
<td>Blackman and Kennedy (2008, p.2)</td>
</tr>
<tr>
<td>Categorising and nurturing skills that will be needed to maintain future competitive advantage.</td>
<td>Frank and Taylor (2004)</td>
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We do not undertake any considerable discussion of the diversity of definitions but merely wish to point out this issue and note that much of the literature is preoccupied with this. Instead, we suggest that attempting to arrive at a common definition of talent and talent management is unfeasible and problematic. While a catch-all definition would greatly assist researchers in creating a common point of departure, it would involve downplaying the myriad of complexities that inevitably exist. Indeed, the word ‘talent’ itself may be problematic for organisations because it carries the implicit implication that other employees are not talented. For the purposes of this paper, we suggest that the definition proposed by Scullion et al. (2010) is useful as it captures many of the recurring themes and underlying essence of GTM including our particular focus, namely talent identification.

Global talent management includes all organizational activities for the purpose of attracting, selecting, developing, and retaining the best employees in the most strategic roles (those roles necessary to achieve organizational strategic priorities) on a global scale. Global talent management takes into account the differences in both organizations’ global strategic priorities as well as the differences across national contexts for how talent should be managed in the countries where they operate. (Scullion et al., 2010)

3 Talent identification

It is the unique context of the MNE that can bring competitive advantage but this requires identifying, nurturing and effectively using the talent available in their global operations (Mellahi and Collings, 2010). To maximise the strategic advantage of the global workforce, MNEs need to include a range of talented individuals of different nationalities to reflect the organisation’s global footprint. Consequently, the challenge for the MNE is to effectively identify those high-potential and high-performing employees around the global organisation and to ensure they fill the key positions within the MNE’s global network. Despite the centrality of this dimension of GTM our literature review found little research on talent identification.

We have suggested that there is little benefit in a common definition of talent and instead point towards the need to adopt a contingency approach in identifying talent according to the organisation’s strategy and objectives. Generally speaking, talent has been defined as ‘the sum of a person’s abilities...his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgement, attitude, character and drive’ (Michaels et al., 2001, p.xii). Further, Boudreau and Ramstad (2007, p.2) suggest it refers to ‘the resource that includes the potential and realized capacities of individuals and groups and how they are organized, including those within the organization and those who might join the organization’. These represent useful starting points in recognising that talent is more than just every individual in the organisation and note the importance of both capability and potential. However, they fail to consider the importance of the relevance of their skills and competences vis-à-vis the organisation in which they work and the contribution they make to it. In this regard, Ulrich (2006) progresses the debate by suggesting that talent should be identified as a mix of competence, commitment and contribution in respect to specific contexts (i.e. the organisation). Both competence and contribution relate to inputs. Competence refers to the knowledge, skills and values that
individuals bring to their role. Commitment refers the application of these competencies in the workplace and the engagement of employees with their work role. Contribution on the other hand relates to employees outputs and their role in organisational success from their work and ensuring they themselves find meaning and value in their work.

In summary, organisations should consider how employee competencies fit with the strategic requirements of the organisation and their potential contribution to organisational performance (Collings and Mellahi, 2009). Consequently, rather than solely focusing on inputs, talent management requires a change in mindset to the potential outputs (Huselid et al., 2005).

4 Talent pool segmentation: the route forward?

In their detailed review, Lewis and Heckman (2006) identified three perspectives of talent management. First, talent management is essentially treated as an alternative label for human resource management. Second, talent management involves filling each organisational role with the most talented individuals (A players) and removing the poorest employees (C players). Such an approach resonates with the populist management approach championed by Jack Welch (Welch, 2001). Third is the approach which focuses on building talent pools. This involves the identification of pools of individuals with the potential to move into a number of future, higher level strategic roles (Karaevli and Hall, 2003). Additionally, there may be horizontal deployment of such talented individuals in the organisation. This approach focuses on Stahl et al.’s (2007) work who found that their case study MNEs recruit the best people and then place them into positions rather than recruiting for specific positions. Consequently, there is somewhat of a change in focus to recruiting the ‘right people in the right place’ rather than the traditional focus on one specific role (Stahl et al., 2007). The use of talent pools also involves a shift of focus to identifying high potential at an earlier stage and casting a broader net across different categories of staff (Farndale et al., 2010). Identifying people with only a very specific future role in mind can be counter-productive and wasteful because if a business changes strategies, a different type of role may be required. There is also the growing issue of the so-called ‘boundaryless’ career (see Arthur and Rousseau, 1996 for a discussion). Consequently, identifying high potentials according to particular competencies, predetermined as having a differential impact in helping advance the organisations’ corporate objectives, may be a better placed system than the traditional, narrowly focused, system of succession planning. When a specific role arrives, the organisation can train the person into the particular requirements of that role.

Arguably, a result of this approach would be that recruitment ‘ahead of the curve’ is particularly apt (Sparrow, 2007; Collings and Mellahi, 2009). In other words, organisations moving away from vacancy led recruitment to proactively recruiting high-potential individuals that can fill roles as and when they become available. As a result, there is much resonance to professional sports where talent spotting is a key aspect of ensuring team longevity and success (Smilansky, 2006). The financial services MNE, Zurich, identify their future business requirements in terms of the knowledge, skills and competencies that will be required to ensure long-term corporate success but which they do not currently possess in-house. Organisations that proactively analyse their needs and
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their current capacities will arguably be better placed than those that do not. There is also similarity with Cappelli’s linking of talent management to supply chain management. Specifically, Cappelli (2008b, p.77) argues ‘how employees advance through development jobs and experiences are remarkably similar to how products move through a supply chain’. A key failure of many traditional talent management systems is a mismatch between supply and demand, characterised by an oversupply of management talent and resulting in higher employee turnover, or layoffs and restructuring, or an under-supply where key positions cannot be filled (Cappelli, 2008a). Recruiting ahead of the curve (with future competence requirements in mind may) help address this potential mismatch.

5 Global or local talent management

Talent management becomes a particularly complex issue in MNEs due to the global context. A major source of competitive advantage of MNEs stems from effectively managing the issue of global integration while maintaining local responsiveness (Bartlett and Ghoshal, 1990). To benefit from this dual logic, it is important that MNEs have a culturally diverse management team. MNEs that fail to acknowledge and use talent available at subsidiary level are likely to struggle with achieving this because subsidiary level management are better equipped to deal with local issues (Gong, 2003). A key dilemma is should MNEs implement standardised systems for assessing employees/high potentials or do they need to have locally based systems? For instance, what impact will different cultures have on standardised performance appraisal or rating instruments? Standardised rating scales may be appraised in different manners due to the inevitable level of subjectivity they involve. HSBC, for example, utilise a hybrid system for GTM (Ready and Conger, 2007). Talent pools are locally managed and initially involve new assignments within the region or business unit but in time these high potentials will participate in cross-boundary assignments (this refers to those with the potential to move to a senior role within the region/business unit). However, in addition to these pools, the local top management team identify those who are viewed as having potential to assume more senior executive roles. This is a global, centrally managed talent pool. However, just as with much of the broader talent management literature, we find little empirical evidence on how MNEs manage the inevitable complexities of operating a GTM system.

6 Research methodology

6.1 Research design

As a consequence of the relatively undeveloped nature of academic enquiry on talent management, we employed an exploratory research approach. Such approaches are recommended where little is known on the subject matter or where it is quite vague or does not have a solid theoretical foundation (Eisenhardt, 1989; Tucker et al., 1998). The first phase of this study was a large-scale survey of MNEs involving structured interviews with senior HR practitioners in MNEs. This served as a means of establishing whether key elements of GTM were taking place in MNEs (McDonnell et al., 2010).
Utilising a case study of a leading international exemplar MNE, we undertook more in-depth qualitative work to allow us to develop a greater understanding of GTM and more specifically, the talent identification process. Furthermore, we also provide evidence from the perspective of the ‘talented’. The case organisation was selected due to the high regard it holds among the practitioner community for its focus and track record in human resource management and talent management. We thus selected a ‘best practice’ MNE because we believed that the process of GTM would be patently observable and the greatest opportunity to mimic or extend emergent, albeit limited, theory (Pettigrew, 1988; Flyvbjerg, 2006). This case study utilised in tandem with the survey and secondary documentation allows a more multi-faceted and nuanced picture of the operationalisation of this key issue in MNEs.

6.2 Large-scale survey

This study consisted of the first representative study of human resource practices in MNEs in Ireland (see Lavelle et al., 2009a). From a total valid sample of 414 MNEs, 260 questionnaires which considered five core areas—the HR function, pay and performance management, employee representation and consultation, employee involvement and communication, and training, development and organisational learning were collected. The survey was administered through structured personal interviews with the most senior HR practitioner able to answer for all of the Irish operations. This invariably tended to be the HR Director/Manager. Some qualitative comments were also collected when the respondent volunteered additional information. This fieldwork commenced in June 2006 and finished in February 2007. An overall response rate of 63% was achieved which included 213 foreign and 47 Irish-owned MNEs.

6.3 Case study

The case study organisation, referred to as CompuCo (for anonymity reasons), is a large global, US-owned, Fortune 500, information and communication technology company employing approximately 4,00,000 employees worldwide. Its first expansion in Europe arrived in the 1920s when three manufacturing facilities were established. Its first foray into Ireland came about in the 1950s with a small sales and service operation before establishing an international call centre in the mid-1990s. CompuCo Ireland now has substantial operations in Ireland beyond sales/service and has their call centre representing the worldwide company’s premier operation for product development. Currently some 3500 people are employed in the Irish operations.

This case study involved a combination of in-depth interviews with key informants and also the use of secondary sources such as annual reports, external commentary on the organisation and the company website (Yin, 1981; Eisenhardt, 1989; Yin, 2003). Two in-depth interviews took place with the Director of HR in the Irish operations who was also a member of the pivotal talent pool and one interview took place with the Infrastructure Country Manager, part of the second most important talent pool. There were also further periodical follow-ups via telephone and email. While it is important to acknowledge the limited number of interviews, each interview was detailed...
and involved key ‘actors’ in the talent management process and their continued availability for telephone and email follow-up was useful. These interviewees provide two differing perspectives in terms of them being members of different talent pools in CompuCo while the HR Director also holds a vital leadership role in the overall GTM process (see Table 2 for the key characteristics of both participants).

Table 2  Case study – interviewee profile

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<th>Director of HR</th>
<th>Infrastructure Country Manager</th>
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<tbody>
<tr>
<td>Brief job description</td>
<td>Responsible for HR across all of the Irish operations</td>
<td>End-to-end responsibility for all infrastructure business from selling to deliver, financials and business development</td>
</tr>
<tr>
<td>Time with company</td>
<td>Seven years</td>
<td>Nine years</td>
</tr>
<tr>
<td>Gender</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Nationality</td>
<td>Irish</td>
<td>Irish</td>
</tr>
<tr>
<td>Date of interview(s)</td>
<td>5 March and 30 June 2008</td>
<td>30 June 2008</td>
</tr>
<tr>
<td>Interview objectives</td>
<td>1st interview: More open, general discussion on TM in the organisation. The aim was to gather attitudes towards TM and how it operated.</td>
<td>In-depth interview aimed at gaining an understanding of another key employee’s perspective on talent management. This involved investigating whether there was a common meaning of TM in the organisation, and their thoughts on the system in place.</td>
</tr>
<tr>
<td>Talent pool member</td>
<td>Executive resource pool</td>
<td>Top talent pool</td>
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Interviews were recorded using a dictaphone and subsequently transcribed. An issue-focused analytical approach was taken to data analysis (Stake, 1995). Due to the exploratory nature of the study, we kept the data coding quite open ended. The first interview was considerably more open and unstructured compared to subsequent interviews where we sought to further explore issues and ideas garnered from the initial interview.

7 Results

The large-scale study signified that it is not solely the senior management team that are treated as talent in MNEs. Of note was the importance of functional level employees to organisational success. Specifically, the study found that 52% of organisations formally identified a key group of employees (e.g. engineers, chemists, etc.) who possess critical skills and capabilities in terms of contributing to the firm’s core competence (McDonnell, 2008).
CompuCo also held differing perspectives as to what talent meant which was intrinsically linked to the corporate strategy with the following quote indicative:

*If you take a particular division or area of CompuCo’s business, for example Services, they would have a strategy about where they see their business growing, shrinking, where they might want to develop etc. All of that needs to be reflected back into the talent that they are developing...so the talent pool is not being managed in isolation, input is coming from the business in terms of, this is what we want from our talent and we are introducing processes to record whether people are willing to travel and information like that. This is a very simple example but it shows the link.*

HR Director

*Strategy comes first, it has to. We are a business and business comes first. I would say that CompuCo’s business strategy determines its approach to talent but it is a very integrated approach.*

HR Director

A process of talent pool segmentation was utilised in CompuCo. These talent pools serve to identify high-performing and high-potential employees. They began talent pool identification and development in CompuCo because of the more competitive environment in which they found themselves. Specifically, the challenge of obtaining the right skills had increased. This was not just related to a leadership gap but also involved issues over key functional employees who play significant contributions to the achievement of the organisation’s corporate objectives. Specifically, they operate a system of three differential talent pools categorised by their strategic importance:

1. Technical Resource Pool (TRP)
2. Top Talent Pool (TTP)
3. Executive Resource Pool (ERP)
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The ‘key group’ established as relatively common in the survey is somewhat akin to the TRP identified in CompuCo. This represents a pool of key technical people who are not necessarily being groomed for future leadership positions but are more likely to continue in their current technical area of expertise. In saying that, they can still get to senior executive level through the technical route by becoming what was termed as ‘distinguished engineers’. Within this talent pool, there were three categories of employees, all of which stem from the most important business segments of their operations:

1. **The software lab**: key research and development staff
2. **Manufacturing**: specialist engineers deemed key to the manufacturing process
3. **Domestic sales and services**: employees who work with the most important customers.

As illustrated in Figure 1, the identification of different categories of key groups was less common in the survey with only 17% of MNEs highlighting that they formally identify more than one functional key group (Lavelle et al., 2009). This talent pool tended to be quite small in CompuCo and was locally managed by the different business units. They were responsible for deciding on who were the key, highest performing, high-potential individuals. The HR Director was not even particularly knowledgeable on this talent pool, while the Infrastructure Country Manager was completely unaware of the TRP’s existence.

The TTP is a more generic type pool encompassing individuals at different organisational levels who are viewed as possessing potential to move into management roles, although maybe not as far as the top management team.

*It is the crème de la crème of our high potential regular employees*

HR Director

A key reason behind the establishment of the TTP was a realisation that they needed to identify and develop high potentials earlier CompuCo. Approximately 10% of the general workforce (Irish operations) is included in this talent pool which was established in 2001. This pool had a greater HR involvement, than the TRP, in conjunction with line and senior managers. It was primarily locally managed but corporate management did monitor outcomes in terms of promotions and so forth. However, the TTP appears not to be particularly structured and formally managed. Managers nominate individuals to this group which is often based on annual appraisals. Individuals do not have structured programme of training and development because they are in the TTP although they do receive greater opportunities and are more likely to be considered for career moves, job rotation and promotion in comparison to the ‘general’ employee population. The TTP is quite a fluid pool as individuals move in and out depending on performance and individual situations. For instance, an example was provided whereby someone on maternity leave decided to only return in a part-time capacity and was not interested in being in the TTP. After some time, the individual re-considered this and was allowed re-enter the pool. The fluidity of the pool was also important in that it provided few expectations in terms of future promotional opportunities.

>You are really saying to these people [in the TTP] that we have identified you as one of the employees who has really strong potential,... from time to time we will run development opportunities and in those cases I would like you to be one of the people. Whereas with the ERP, what you are actually saying to the person is that one day we think that you will be an executive.

HR Director
This group is somewhat akin to our measure in the survey where 65% of MNEs indicated they have formal systems of succession planning for high potentials (McDonnell, 2008; McDonnell et al., 2010). Generally, this took the form of succession planning across all of the Irish operations and was predominantly driven from corporate level, indicated by the high percentage of global systems (see Figure 2).

**Figure 2** Succession planning for senior management potential

The final talent pool, the ERP, is viewed as the most critical. The ERP consists of current executives and those which are viewed as possessing the potential to become senior executives. ERP members were those that had the highest differential impact on the firm’s corporate strategy.

*It is really a pool for the organisational elite... You can only gain entry at a certain seniority level. We have bands for regular employees from 1 to 10 and you can only get into the pool if you are a band 10 or band 9 soon to be promoted to band 10 by exception. The next move to get promoted to after a band 10 is executive. There are a lot of people in CompuCo who are a band 10 and would stay at band 10. They are seen as strong leaders but they are not seen as people who are strong enough on all the leadership competencies to become an executive, which represents a higher level of competence.*

HR Director

The ERP is global in reach (i.e. across 160 countries), centrally managed and tends to be small. For example, approximately 20 employees from the Irish operations are included. As a result, there is little discretion in how the ERP is managed, specific assessments must take place each year regarding how people are developing, opinions on the jobs ERP members might move into are collected by head office, in addition to their readiness for executive positions. Membership to this group also demands high levels of personal flexibility, commitment and a willingness to travel. Overall, the ERP is considerably
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more formal than the other talent pools. For instance, it is only the ERP that gets its members to self-assess against the predetermined global leadership competencies. There is considerable discussion with and between senior management highlighting the employee’s key strengths and weaknesses and this is then built into development programmes. The level of communication with respect to what is happening in the business, and the training, development and promotional opportunities available is also considerably higher with these individuals than with other talent pool members within CompuCo.

We are also able to point to the survey results as providing support for this because formal development programmes were far more common for senior management potentials, vis-à-vis those identified in the key group. Specifically, almost three-quarters of MNEs have a formal development programme for their senior management potential, whereas less than one-quarter of all MNEs have a formal development programme for the key group.²

Figure 3 illustrates the hierarchical structure of the three talent pools. Essentially, the ERP is at the top level above the TTP. The TRP is more on the side because it only involves technical people and they can be appointed to levels as high as director. Thus, the ERP represents the organisation’s pivotal talent, the TTP symbolises highly valued talent and the TRP somewhere varying between the two.

Figure 3 CompuCo’s talent pool hierarchy

It was noted that a relatively common occurrence was for individuals from the TTP to move onto the ERP, although not given.

*It would be normal to be a member of the TTP before the ERP but you may have an individual who enters CompuCo at a high level, for example a band 10, who would go into the ERP. But you would normally have someone who has been in the TTP through the ranks.*

Infrastructure Country Manager
Noteworthy was the HR Director being strong in her view that the talent management process was one based on identifying pools of people rather than explicitly identifying the critical ‘A’ or pivotal positions.

For example, the ERP is a pool of people, not positions. They [people] could be in any position but they have to be a certain level. By definition, they are probably in some of the most important jobs, but how should I put this, you could be in a very important job in CompuCo but not in the pool. We may not see you as having a longer term in senior positions. We don’t see you as high potential, you may have topped out, you may have got to a band 10 just below executive level and you could have peaked…it is a pool of people, but they are probably in the more strategically important positions but it is not exclusive if you know what I am saying.

Thus, while there is not an explicit appraisal of the most important positions in terms of sustainable competitive advantage, it seems that the most pivotal talents in the organisation take up the most important positions. With respect to the other talent pools, this is less the case. For instance, members of the TTP can vary from someone at quite a junior level (e.g. graduate with two years experience) to someone who is in quite a critical position (such as the Infrastructure Country Manager).

In addition, the research participants both made it known that every employee (i.e. including those outside the talent pools) had a personal development plan and there were no issues of alienating individuals outside of the three talent pools. The HR Director and Infrastructure Country Manager both stated that the talent pools were essentially additional programmes that selected the exceptionally performing staff and more importantly those with the greatest potential to take on higher value-added roles. The organisation was aware of the need to ensure employees not in a talent pool did not feel they were being categorised as ‘talentless’.

There is no secrecy, but we have to be careful that we are not creating a two tier system. We want everyone to feel valued, and to be honest with you I would think that most employees feel quite special anyway whether they are in a talent pool or not. Again I think it is down to how good their manager is or if their manager spends enough time with them on their own career development, as long as they deserve it of course.

Regarding being a member of talent pools, it’s not like it is not discussed…generally the people that would be in my peer group would just be at different phases of their careers and it is not right for them at this phase of their career.

Both interviewees also suggested CompuCo favours internal development and promotion although talent is also ‘bought’. Indeed, this continues to increase in CompuCo due to the strong corporate focus on business expansion through acquisitions. The key criteria applied to internal employees in deciding on whether they should be included in the talent pools are also used for external candidates.
Global talent management

8 Discussion and conclusions

In this paper, we have explored one of the most critical aspects of any GTM system, namely the identification of talent. Through our survey and case study data, it is clear that GTM is treated as an area of importance to many MNEs but also poses some major challenges.

Our initial observations of the case study suggested that talent management was little more than a re-labelling of HRM (i.e. a case of the emperor’s new clothes) comprising the conventional HR practices of recruitment, development, motivation and retention (cf. Olsen, 2000; Heinen and O’Neill, 2004; Cohn et al., 2005). However, through our in-depth interview data it emerges that a structured and formal process of talent pool segmentation takes place which varies in management from the global to local level.

Succession planning has traditionally been the method organisations used to identify talent. However, this activity has been criticised for its narrow focus on top management. It also tended to involve top management identifying someone that could take up their position in the future but this sort of approach assumed a stable environment coupled with individual aspirations of staying with the one organisation and moving up the hierarchical ladder in time (Beardwell, 2007). Neither situations currently pertains as the business environment is in a constant state of flux and the boundaryless career appears to be endemic. A major reservation regarding conventional succession planning arises when the identified person (successor) leaves the organisation. For these reasons, a number of recent conceptual pieces have suggested the move towards developing talent pools (Boudreau and Ramstad, 2005; Boudreau and Ramstad, 2007; Collings and Mellahi, 2009).

This approach was evident in our case study, with the identification of three different talent pools differentiated by their impact and importance to corporate strategy. In essence, the talent pools represented a hierarchy of importance with the most critical pool being those individuals deemed to hold senior executive potential. There were links with this talent pool to succession planning in that it involved a small cadre of individuals who had reached particular levels of seniority and were earmarked for the most senior positions in the future. However, a key difference was that individuals were not identified with one role in mind but could potentially take up one of a number of senior roles as the need arose. Consequently, there was a strong focus on assessing these individuals against the key competencies that appointees to such senior roles would require as dictated by corporate level management. This fits the argument of Cappelli (2008b) who recommends organisations should develop employees with competencies that potentially fit a number of roles rather than being so narrow as to be tied to one specific role. A key benefit of this approach is that it better positions an organisation for changing business conditions in that, for example, it allows for the more flexible deployment of talent across business units and divisions. In other words, this approach allows for both vertical and horizontal movement. The recent contribution by Collings and Mellahi (2009) recommended organisations firstly identify pivotal positions and then identify the individuals, through talent pools, to take up these positions as the need arises. We feel this approach is fraught with danger insofar as organisations may only identify the top leadership roles as pivotal and thus there is little change from traditional succession planning. Through analysing the efficiency, effectiveness and impact of various individuals on business success, the Human Capital (HC) Bridge Framework may represent a useful tool for practitioners in addressing this potential issue (Boudreau and Ramstad, 2007).
While the use of talent pools represents a potentially positive move, there are also some negative connotations behind their use. Talent management primarily came to prominence due to an under-supply of talent whereby organisations were reporting great difficulty in filling positions. Indeed, this was the key reason behind the development of three talent pools in CompuCo. They set up the TTP because they felt they needed to begin identifying and developing high-potential individuals earlier in their career. However, organisations may also get it wrong in terms of having too much talent which may (or not) become the case due to recent organisational and downsizing on the back of the global financial crisis. The supply-demand issue is thus a critical challenge for MNEs (Tarique and Schuler, 2010). As a consequence, we argue that organisations must undertake dynamic HR and manpower planning in conjunction with an analysis of macro issues (e.g. demographics). Under-supply is a clearly visible issue but over-supply is also likely to cause problems. For instance, individuals who are part of talent pools might reasonably expect their full range of skills and abilities to be utilised so as to provide role challenges and motivation. They are unlikely to be remaining in such roles if this is not the case or, if they do, they are unlikely to remain content and motivated in roles that fail to utilise their skills. Consequently, too much talent could be problematic in terms of retaining employee motivation and high performance levels (Cappelli, 2008b).

The preceding point also links to the broader issue of employees who are not in a talent pool. The case study participants both noted the importance of not alienating such individuals and not making them feel like they were not valued or ‘talentless’. This raises a number of issues: firstly, should individuals be told that they are high potential or not and, secondly, how do you manage the expectations of the ‘talented’ and ‘less talented’? The evidence here was that each individual had a personal development plan and received training and that the talent pools incorporated additional development. Great emphasis was placed on the role of individual managers in working with individuals outside the talent pools to ensure they felt valued. We suggest that this area is something that should not be neglected because while these individuals may not have the (perceived) potential to move to the higher organisational echelons, the importance of ‘B players’ cannot be underestimated. There is a need to take heed of Pfeffer (2001, p.248) who suggested that ‘fighting the war for talent is hazardous to your organization’s health’. Too great a focus on particular cadres of employees and over-emphasising individual performance has the potential to bring destructive influences (Mellahi and Collings, 2010).

Whether talent should be ‘made’ or ‘bought’ also arose in our research. Implicitly, it seems GTM is predominantly related to internal employees. However, we advocate that organisations need to combine internal identification and development with use of the external labour market (Cappelli, 2008b; Collings and Mellahi, 2009). This clearly links back to the supply-demand challenge in that ‘buying in’ high-performing and high-potential individuals rather than spending significant resources on developing internal staff may be possible. However, a policy of over-emphasising the external labour market is also fraught with danger because external conditions are likely to represent a transient rather than permanent situation (Collings and Mellahi, 2009). However, a solely internal labour market focus is also problematic because it can lead to a lack of new ideas and creativity in the organisation (Beardwell, 2007).

Our findings and analysis raise a number of challenges and suggestions for practitioners. Most notable is the issue of what do to with employees who are not classified as ‘talent’ under an organisation’s talent management system. The term ‘talented’ is a
particularly loaded one, particularly insofar as not being thus classified can be taken to mean one is ‘talentless’. This has the potential to raise major issues within the organisation such as de-motivation and dissatisfaction with considerable potential for reduced performance. While we advocate focusing resources in terms of the differential contribution made to the corporate strategy, it is important that the rest of the workforce is not forgotten about. Related to this, Pfeffer (2001) notes the dangers of focusing too much on specific individuals without taking into account the contribution of the team because individual performance is often linked to the contribution that more than just one employee makes. Second is the global versus local issue. Management needs to be aware of the strengths and limitations of adopting a decentralised or centralised approach to GTM. Our case study showed that a hybrid system was in situ where the most pivotal talent pool (ERP) was centrally managed compared to the locally managed TTP and TRP. There are considerable merits in this approach, although we advocate the importance for MNEs such as CompuCo to ‘cast the net wide’ in terms of who has talent. In other words, the TTP should represent the global footprint of the organisation and not merely an ethnocentric attitude (i.e. a pool of parent country nationals).

While this paper has provided much needed empirical insight into the talent identification process of GTM, it is important to acknowledge that our findings are primarily based on a single case study. Despite our large-scale survey evidence, the generalisability of our findings is therefore limited. However, we contend that this work represents a useful starting point on which scholars can build upon through expanding the research to incorporate a greater number of organisations as well as delving into further detail on key aspects of our findings. In particular, our paper identifies a number of areas worthy of further consideration. For instance, an in-depth analysis of the global versus local dynamic of talent management and the challenges that will inevitably arise from attempting to implement an effective GTM system would be useful. Further, research that explores how inclusive or exclusive GTM should be and the outcomes of this would be welcome. In consideration of the global financial crisis, empirical work that explores whether talent management has moved off the agenda of top management or whether it continues to be a critical concern would be interesting. In addition, we propose that longitudinal research which follows ‘identified talent’ through their career would be well received. For instance, it is widely argued that the rise of organisational interest in talent management has coincided with individuals taking more responsibility for their careers and the rise of the boundaryless career. Understanding how these issues play out in the long term would make a welcome contribution.

References


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Notes

1 Due to the blind review process and also the case study organisation and interviewees request for anonymity and confidentiality, we are unable to divulge the organisation’s name and thus we exclude references that cite this organisation as an exemplar in talent management

2 This figure is based on the total population. Some 52% of MNEs that stated they identify a key group indicated there is a formal development programme for them.