High Noon in the War for Talent
How MNC’s establish their global talents pools

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Abstract
Global talent management has been widely discussed in academia during the last decade and is described as one of the keys for future success. Nevertheless the methods and procedures for the best practices are still not fully understood.

This study focuses on the use of global talent pools for which multinational corporations (MNC) establish groups of individuals foreseen to take on important roles in the top tier management of the organization. Earlier researches are lacking to explain how these pools are established and for what purpose.

By investigating a number of global MNCs this study shows that the creation of global talent pools not only focuses on human capital retention but also is a tool used to emphasize control of subsidiaries creating a role somewhat similar to expats. Furthermore by gathering talents into pools, social bonds between the members are formed which are seen as very valuable for forming an inter-organizational network. Another important aspect from the research findings is the homogeneity of people in these groups where mid-age Caucasian men dominate, highlighting the failure in fulfilling company diversity goals.

Key Words: Global Talent Management, Global Talent Pools, Succession Planning, Corporate Control, Diversity.

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1 Introduction

“People are not your most important asset. The RIGHT people are.”

- Jim Collins in Good to Great

In 1997 the McKinsey Company released their report *War for Talent*. The message was clear: one of the largest challenges for tomorrow’s companies will be to attract, retain and promote senior executive talent. Not only was the supply of potential candidates predicted to diminish from year 2000 but the research also pointed out critical deficiencies in how companies handle their talent management.

As a consequence the process of recruiting talented and potential future leaders has during the last decade gained attention both in academic research as well as on a corporate level where talent management today is seen as one of the biggest challenges for HR practitioners (Scullion, Collings, & Caligiuri, 2010). The academic research is relatively unanimous in its results where for example Ready and Conger (2007) in a large global study highlight the lack of talented candidates for MNCs to fill strategic positions while Zander, Zander, Gaffney and Olsson (2010) even states that the problem of finding the right candidates might threaten the entire foundation of the MNCs. The phenomenon can still be, in many aspects, seen as a relatively unexplored field where the knowledge is limited.

One of the specific topics within the field that still has acquired fairly little attention is the global talent management, which mainly focuses on finding and developing talents on a global level. Instead of focusing on the entire human capital stock, talent management shifts its focus onto a global scale in which it puts an emphasis on identifying a number of key employees and thereby creates groups described as *global talent pools* (Lewis & Heckman, 2006). These individuals are highly important for ensuring the internal consistency and a future competitive advantage of the organization where cross-cultural training and a global perspective are of the essence. A common measure used by MNCs to find and develop these employees is by the construction of global leadership programs. The first step is to enhance the skills of current leaders with extraordinary talent and potential. Following that, the programs aims to train and develop their skills and knowledge as a preparation for a role as leaders in a global context.
This pool of global leaders can subsequently be used throughout different subsidiaries as well as in HQ positions in long- as well as short-term assignments (Harzing & Pinnington, 2011).

The global talent management and the creation of these global talent pools is described as one of the future key strategic challenges for MNCs to be able to succeed in the global environment (Lewis & Heckman, 2006). The statement becomes even more evident considering the fierce competition for a limited number of potential candidates with the right experience and background on the global market especially bearing in mind the increasing importance of emerging markets (Scullion, Collings, & Gunnigle, 2007).

The purpose of these global talent pools is today somewhat unclear. Some companies focus solely on succession planning for future top management positions, while others create different pools based on different competency profiles and thereby differing career paths (Stahl, Björkman, Ferndale, Morris, Paauwe, Stiles, Trevor, Wright, 2007). Other researchers such as Boudreau, Ramstad, and Dowling (2002) highlight the lack of strategic anchorage in using global talent pools by some companies while others tend to use them as network builders and as a way to spread the culture and strategy throughout company.

The field of global talent management has been put under a magnifying glass for the last couple of years but the research on the role of the global talent pools and why a person is considered a potential candidate is still not fully understood. For example Li & Scullion (2010) point out that the relationship between talent management and knowledge management can be considered both theoretical and empirically underdeveloped, especially on a global level. Other researchers such as Mäkelä, Björkman and Ehrnrooth (2010) are striving at giving a first contribution to the phenomenon by highlighting not only performance as determinative but also a number of other factors such as cultural and institutional distance as well as homophily between candidate and decision maker. These aspects are highlighted as important when deciding on who will be labeled as a talent or not. The existing research stresses the limitations of the research/results and framework used and urge for more research to be done within the field.
1.1 Background and Problematization

As the globalization of today brings economies closer to each other, the demand for managers with an extensive global worldview becomes of the highest importance and for tomorrow’s global leaders will be a necessity. In many cases an international background becomes more or less required where foreign and cross-cultural training becomes a big part of the internal education provided for potential future leaders in the global talent pool. As the global talents of today will be the global leaders of tomorrow these individuals and their characteristics becomes highly interesting (Harzing & Pinnington, 2011).

When examining the relatively new field of global talent pools a number of aspects are worth looking at especially considering that the current research within the field is seen as rather non-existent. Questions considering, how, why and which individuals are recruited for these types of assignments can be described as critical subjects valuable from both a managerial standpoint as well as an contribution to the lack of existing academic research within the area. The recruitment process becomes especially noteworthy, as many of these individuals are aimed to be tomorrow’s top global leaders. An investigation of who is being recruited and on what criteria is therefore expected not only to contribute to the research regarding the phenomenon of global talent pools, but also to shed light upon how companies actively work towards achieving their diversification goals. This aspect is an issue very up-to-date as the top tier organizational diversification is a well-described problem as today’s group of global leaders can be describes as a relatively homogenous group (Adler, 2002).

The above-described situation indicates a number of biases that are affecting the recruitment of global leaders and that the selection might not always be based on pure skill and/or professional abilities. Instead a number of surface-level characteristics such as gender, age, race and functionality background as well as deeply-rooted cultural values such as shared norms, religious and political attitudes as well as personalities are, consciously or subconsciously, influencing the choice of members for the global talent pools (Harrison, Price, Gavin, & Florey, 2002; Cannella Jr., Park, & Lee, 2008).

The obvious questions for this part of the research is whether this line of action also affects the recruitment process of global talent pools and whether this group of individuals shows a higher degree of diversification compared to the global leaders of today.
Chapter 1. Introduction

The purpose of the recruitment is a vital element as this is considered an important factor when determining the most suitable candidates.

1.2 Research Purpose

The aim of the research in this report is based on examining the field of talent management in a global context described as global talent pools. The main focus is primarily on elements regarding whom, how and why a person will be labeled as a talent and suitable member for the global talent pool of an MNC. These three questions in their turn raise yet another question: why are talent pools used at all? The purpose of this research will be to attempt to discuss and find the answer to all the questions raised concerning talent pools.

The field of global talent pools can today be described as an unexplored area where previous academic research is relatively limited. Among those existing, the results in this report are intended to add value to the contributions made by Mäkelä et. al (2010) and Li and Scullion (2010) by giving an insight on how the recruitment process is designed and which factors can be seen as decisive when choosing candidates.

A second contribution of this paper is to clarify which individuals today are members of these groups and thereby add to today’s research on how and if HR practitioners are actively working to fulfill company diversity goals by attaining a multifaceted approach. This will be especially valuable since the current research indicates that a number of biases influence the choices of candidates, thereby making the current global talent pools consist of a rather homogeneous group of individuals.

To fulfill the purpose of the research the following question has been set as the foundation, or so called research question.

*How do Multinational Corporations establish their global talent pools?*

As the research question is very broad and might contain many aspects, a number of sub-questions have been defined to narrow down the research.

- What purpose(s) do the global talent pools serve the MNCs?
- How do MNCs recruit to their global talent pools?
- What criteria is used when MNCs decide upon who will be labeled a ‘talent’?
- Which individuals are members of the global talent pools today?
1.3 Proceeding Disposition

Chapter 2 – Theoretical Framework
The second chapter consists of a literature review where theories of global talent management, seen as central for study, are presented. As the academic field as such is relatively new and limited additional theories will be included from related research areas.

Chapter 3 – Methodology
The methods from which the data has been collected are discussed in this chapter. Furthermore the limitations of the study are presented as well as a discussion regarding validity and reliability.

Chapter 4 – Empirical Findings and Result
In this chapter the MNCs studied are first briefly presented on a general level. Secondly the results from the interviews are presented and a description of how the MNCs are working with global talent pools is done linked to the research questions stated in the first chapter.

Chapter 5 – Analysis
In the analysis chapter the results from the empirical gathering are compared to the previously described theoretical framework. Similarities and divergences between the two are pointed out with its basis in the research question and sub-research questions found in the first chapter.

Chapter 6 – Conclusion
The last chapter summarizes the most important findings in the study. Moreover the main contributions to current research as well as managerial implications are highlighted as well as recommendations for future research. Finally the possible limitations of the study conducted are addressed.
2 Theoretical Framework

The chapter gives a background of the current academic research relevant for examining global talent pools. As the field is considered relatively unknown literature from related areas such as global talent management are also used to give solid framework for the upcoming research. The chapter ends with a summary of the theories presented.

2.1 The Recruitment Process of Global Talent Pools

The importance of attracting the right talents and candidates is vital for every MNC around the world. Due to the fact that the use of talent management is considered a rather recent occurrence, the expression itself still lacks a clear definition in academia (McDonnell, Lamare, Gunnigle, & Lavelle, 2010). The basics behind the strategy of talent pools can be defined as the identification, attraction, and promotion of individuals with a high potential as future top executives. Within this scope an approach taken by the organization to only focus on a small number of candidates is also gaining increasing attention. For example Unilever only labels 15 percent of its management employees as ‘talents’, thus creating a pool of 500 individuals of the total of 60,000 employees worldwide (Woollard, 2010).

The recruitment of global talents and how the processes in constructed is tightly related to how and why an individual is selected and included in the global talent pool. According to Mäkelä et. al. (2010) the evaluation and choice of talents is a two-phase process. The description has its foundation in the research on strategic search and choice and focuses on two distinctive evaluations: experience based and cognitive based.

Figure 1. Talent Pool Recruitment Process
Source: Mäkelä et al. (2010)
Chapter 2. Theoretical Framework

The first stage of the process is mainly based on previous experience, achievements and feedback. This first stage usually determines if a person has the ability to become a projected member of the talent pool and can be seen as a first filter to eliminate a number of candidates to get a smaller, more manageable group of potential individuals. The immediate manager of the employee in question usually conducts this first stage of the process. It is this manager who then has to make his/her decision to recommend a potential talent on personal experience (Mäkelä, et. al. 2010).

For the second stage the evaluation is based on a more prospective approach where the potential candidate and predicted ability of the talent is reviewed as a way to determine whether to include, or not to include the person in the talent pool. The second stage in contrary to the first one is usually carried out by HR managers at a headquarter level where the bias in terms of personal relations and local variance is expected to be lower (Mäkelä, et. al. 2010).

Breaugh & Starke (2000) confirms many of these theories in their research regarding the recruitment processes but in addition highlight the importance of clarifying the objectives of the recruitment and what strategic impact it is supposed to have. It is essential to understand what message the recruitment of a certain individual sends, not only to the applicant, but also to other employees as it signifies what characteristics the specific organization considers desirable.

2.2 Organizational Location of Talents

When conducting the recruitment process talents should be found in various parts of the organization. According to a matrix developed by Lepak and Snell (1999) the human labor capital can be divided into four groups based on uniqueness and value of human capital. Theses two criteria have their foundation in the resource-based view of an organization and the model has been widely used in HR research in general and talent management in particular as seen in findings by McDonnell, et. al. (2010), Mäkelä, et. al., (2010) as well as Collings and Mellahi, (2009).

Uniqueness of human capital is usually based in the skills of an employee, which are specific for a certain organization and are hard to find on the open market. The knowledge and skills are often tacit in nature with expertise in one or more specific fields.
Skills characterized by low degree of uniqueness on however are often generic and can easily be found on the open labor market (Lepak & Snell, 1999; McDonnell et. al. 2010).

Value of human capital is on the other hand rooted in the value it brings to a specific organization. The argument is based in the question if the skill can be seen as part of the company’s core competences and thereby actively adds to the competitive advantage (McDonnell et. al., 2010; Lepak & Snell, 1999).

As seen in the picture, labor located in the first quadrant are considered both to be unique for the organization as well as of great value making them employees with core competences as well as important for the competitive advantage of the entire organization. In addition this group of employees are often equipped with unique skills vital for the company with a high degree of tacit knowledge. It is therefore hard for the company to find replacements on the open labor market (Lepak & Snell, 1999; McDonnell, et.al. 2010).

The other quadrants have some characteristics making them less vital to the organization. As for the second quadrant the value of this group of employees are high but widely available on the labor market. As an example, companies often hire accountants due to their importance to the firm, even though their skills cannot be considered unique nor irreplaceable for the organization (Lepak & Snell, 1999; McDonnell, et.al. 2010).
The third quadrant consists of employees that are replaceable as well as of low importance for the organization’s competitive advantage and often inhabit skills described as public knowledge. As a consequence many firms decrease the number of employees in this category by contracting and outsourcing externally (Lepak & Snell, 1999; McDonnell, et.al. 2010).

As for the last group of employees located in quadrant four, these individuals often have unique knowledge and skills but their value for the organization is limited. An example of this would be certain types of juridical positions are unique and take a long time to develop. Their value to the company is limited thus it is often considered more efficient to form alliances or long-term relationships with external partners for the entire or part of the skills needed (Lepak & Snell, 1999; McDonnell, et.al. 2010).

2.3 Choosing the Talent Pool

Not surprisingly it is in the first quarter of this matrix where candidates of the organizational talent pool most often are found and should be focused on. These employees show the highest potential for internal development due to the fact that their skills are very crucial for the specific organization and are often labeled as core employees. According to McDonnell et. al. (2010) the quadrant can be divided into two subgroups: the first one consists of specialists’ functions, critical to organizational learning and core competences and may range from analysts to researchers and R&D staff. The second group on the other hand is made up of individuals characterized by a high potential for becoming the next generation of leaders. These people most often possess, or are predicted to possess, skills highly valuable for the organization and to add great future value to the competitive advantage of the company (McDonnell et. al. 2010).

To be able to gain and develop the skills and take full advantage of these high potential individuals current research highlights the need for a different set of human resource tools for the members of the first quadrant compared to the other quadrants (Collings & Mellahi, 2009). Since these individuals are seen as more valuable for the organization the resources invested consequentially becomes higher compared to the other groups of employees. Examples of such tools and activities are different kinds of education such as tailor made programs, pay systems based on employee learning and other activities intended to create commitment to the company due to the importance of these employees (Lepak & Snell,1999).
Moreover, a measure argued as vital for successfully replacing of key positions is the use of succession planning where the potential talents in a natural way are transitioned into the role as leaders (McDonnell et. al., 2010).

An important factor is the need of attracting and retaining individuals from all sections of the organization to get a diversified pool of talents. Mellahi & Collings (2010) argue that there are a number of advantages of choosing not only employees from the HQ and/or home country of the organization. The first reason is that it is considered necessary as a way to achieve global integration with local responsiveness. By having a culturally diversified group of managers the ability to respond to local demands from politicians, employees, suppliers, and customers is improved. Research states that managers from the host country are more efficient and possess the necessary skills and knowledge needed to deal with the complexity of their host market.

Secondly, a diversified group of top managers legitimizes the organization as an internationally focused entity and decreases the amount of home bias and parochialism (Sambharya, 1996). In addition research made by Mellahi & Collings (2010) states that by appointing local employees to the management team it allows the MNC to access certain resources essential for the success of the company not available with non-local managers.

Third, by enabling subsidiary high potential candidates to be viewed as potential global leaders the motivation among those employees will increase. In fact the use of a well-balanced and diversified system, when determining the global talent pool, has been described as one of the most efficient incentives to retain and motivate talents (Mellahi & Collings, 2010).

The importance of recognizing talent in every part of the organization to be able to fill positions and share knowledge and experience with other departments consequentially becomes a strategic advantage. Especially to be able to meet the diversified demand of customers becomes evident specifically for the MNCs. All employees within the organization must therefore have the same opportunity to be evaluated as potential talents (Collings, Scullion & Dowling, 2009).
2.4 Determining Factors in the Selection Process

To develop an efficient and successful recruitment and selection process to find these global leaders a thoroughgoing understanding of the competences vital for a top position in a global context is of the highest essence (Harzing & Pinnington, 2011). A broad definition is provided by Mäkelä et. al. (pp. 137, 2010) who define talents in MNC as:

"those employees who are high performing and continuously improving within their current position... are mobile and have the potential and the willingness for further growth in other key positions”

Attempts to identify and clarify what type of competences that are the most important has in addition been done throughout the last ten years but researchers have yet to agree on a set of dominating variables even if a clear pattern can be seen. For example Caligiuri & Santo (2001) argue that many competences, mainly related to knowledge, can be developed through training such as global assignments and cross-cultural training. On the other hand, some competences mainly correlated to personal characteristics thus requiring other types of education, as they are considered more difficult to influence through a talent program. Consequentially for global leadership programs it is argued that a higher focus should be held at the personal characteristics level rather than on the level of experience and earlier knowledge since those show a higher tendency of development during the program.

Harzing and Pinnington (2011) also highlight a number of competences associated with and of highest importance for an efficient global leadership. As for those competences the importance of personal characteristics once again is a reoccurring theme where traits such as business and organizational savviness, inquisitiveness and highly developed communicative skills are described as essential to a global leader. In addition, skills related to leadership such as the capability to lead, motivate and inspire a diverse workforces, self-awareness and the ability to create visions and strategies are seen as vital.

Even though the characteristics of potential future global leaders might have a number of general skills and personal features of highest importance one needs to keep in mind the diversified demands of every specific organization.
A set of more distinctive characteristics, such as certain knowledge or specific skills, can make someone eligible for a specific position and should also be taken into consideration when deciding who is a talent and who is not (Harzing & Pinnington, 2011).

The recruitment of talents is not completely competence-based and Mäkelä et. al. (2010) describe the recruitment process of talents as influenced by various types of biases. As MNCs are operating in a multinational context these biases are consequentially often caused by a geographical and cultural distance.

The decision on whether or not a person should be selected into the talent pool, is made by decision makers in the second stage, the stage in which biases most often affect the process. It is furthermore suggested by Nishii, Lepak, & Schneider (2008) that even though the biases are tacit and unintended, it can have a big organizational impact. As the types of biases are seen as important, they will be discussed more in detail in the following section.

2.4.1 Cultural and Institutionalized Distance

The parameter of cultural and institutionalized distance is mainly derived from the phenomenon of differing practices in subsidiaries and headquarters as described by Kostova and Roth (2002). As an explanation the environmental context of a subsidiary is expected to have a high impact on how operations are being managed. In addition the subsidiary dependencies on headquarter as well as levels of trust and identity sharing is predicted to affect the levels of implementation as well as internalization by the subsidiary. In other words, recommendations for candidates from subsidiaries with practices highly differentiating from the headquarters are expected to be perceived as less trustworthy compared to candidates from subsidiaries with more similar practices. In addition candidates from the headquarter are also favored since their achievements and evaluations are seen as more valid (Mäkelä et. al. 2010).

Ma and Allen (2009) use the cultural dimensions of Hofstede, which described differences between nationalities and region affecting values and behaviours to describe the distance between job seeker and recruiter. Culture can here be expected to influence the recruitment process in three ways:
• Affecting signals that the job seeker attends to.
• Influencing how the job seeker interprets signals received relating to information and interactions.
• Influencing how these signals affect reactions and decisions made by both job seeker and HR managers.

Creditable relationships within the organization is expected to play an important role especially in cultures with high levels of collectivism where informal sources are seen as more important and reliable when selecting potential candidates. The cultural values of both the individual as well as the subsidiary, wherever he or she originally comes from, are also expected to influence whether an individual is perceived to fit in the organization or not. The cultural dimension of masculinity vs. femininity is also described as an influencing factor as individuals in masculine cultures are expected to value ambition, successful achievements, dominance, and competition, whereas feminine cultures appreciate relationships and put forward the achievements of the group rather than the individual success (Ma & Allen, 2009).

Harzing and Pinnington (2011) also touch upon the problems regarding cultural distance as procedures and differences in communication as well as personal practices are difficult to measure. This is expected to create problems when transferring practices from subsidiaries to main or regional headquarters even though certain skills, such as technical abilities, certain roles and responsibilities accompanying various positions, are seen as less culturally bound.

2.4.2 Homophily

Homophily is a phenomenon described as a person’s tendency to relate more positively to people similar to themselves compared to dissimilar persons. Evidence from a number of studies has confirmed the fact that managers tend to promote and rate people higher that have a similar background and characteristics as themselves (Tsui, Porter, & Egan, 2002).

The definition of ‘similar’ has many dimensions and might be based on three different sets of variables. A first set is described as a socio-demographic dimension and consists of factors related to age, gender, race, and ethnicity and can be seen as characteristics we are born with and cannot control.
Secondly a set of variables are focused on cultural factors such as nationality, language, and religion while the third, designated as behavioral similarities, is consisting of values and attitudes, education, social class, and abilities (McPherson & Smith-Lovin, 1987; McPherson, Smith-Lovin, & Cook, 2001).

According to Mäkelä et. al. (2010) cultural and linguistic homophiles are seen as the ones mostly related to recruitment of talent pools and is considered especially important in a multinational environment. The similarities and dissimilarities are affecting the process in two major ways: first, similar candidates are expected to be more visible than less similar ones hence aiding the identification of global talents. Thus the internal knowledge flows in MNCs are described as more efficient within informal homophily centered clusters rather then between them. This assumption creates incentives for decision makers within a specific cluster to find potential candidates more easily since they may be more aware of their achievements and performances as they are communicated by personal interaction as well as by third-party knowledge within the particular cluster.

Secondly the similarity between decision makers and potential candidates is expected to influence the perception of competence whereas stereotypes and preconceived beliefs will act as disadvantages for dissimilar candidates (Roberson, Galvin, & Charles, 2007). In addition uncertainty avoidance is described as an affecting factor as it is seen as safer to promote and choose a candidate with expected similar behavioral patterns (Singh, Hansen, & Podolny, 2008).

2.4.3 Network Position

The last parameter of bias influencing the selection process of choosing a candidate for the talent pool in an MNC is based on the position she or he has in the organization. It is suggested that individuals in central positions are benefiting from the higher amount of inflow and outflow of information compared to employees in less central subsidiaries (Mäkelä et. al. 2010). Furthermore the closeness to contacts higher up in the organizational hierarchy is usually more accessible at headquarter or central subsidiaries and considered to be an advantage in obtaining career progressing aid such as career sponsorship and internal education (Seibert, Kraimer, & Liden, 2001).
Candidates located in central parts of the organization are thereby consequentially showing a tendency of being discovered and labeled as talents more frequently compared to employees in less central parts of the MNC (Mäkelä et al. 2010).

2.4.4 Other Potential Biases

While Nishii et al. (2008) states that the biases affecting the recruitment process are more or less unintended, other scholars state the contrary. An example described by Harzing and Pinnington (2011) is the topic of international transfer of managers, which in turn is closely related to the selection of global talents. This research states that the use of certain types of candidates is a more or less deliberate strategy utilized by MNCs. Similarities are seen with the international orientations provided by Perlmutter (1969) on how MNCs organize their structure, which also affects their staffing policies. For example, ethnocentric-oriented companies would focus on home country nationals, whereas polycentric-oriented companies concentrate on diversification and local knowledge while a company described as geocentric will appoint the most suitable person no matter where she/he is from. Parallels can be derived from the use of expatriates where the selection of candidates is different based on the types of organizational structures of the MNC and the reason for sending them out (Harzing, 2001).

2.5 Motives Behind the Global Talent Pool

Today, the establishment of different types of global talent pools is becoming a more or less common practice among HR practitioners in MNCs throughout the world. It is a way to educate and develop the core employees but the exact motives are often shrouded in mystery. In fact current research highlights the lack of foundation in the corporate strategy of the talent pools where the establishments is often poorly supported within the overall strategy.

![Figure 3. Talent Management Activities and Goals](Source: Stahl et al. (2007))
Consequentially the motives for both talent pools and its members can sometimes be diffuse or the actual use may differ from the intended one (Boudreau, et. al 2002; Nishii, et. al. 2008).

The underlying problem is reflected in academic research where the lack of theoretic support is evident. The motive behind global talent pools is merely touched upon by scholars such as Mäkelä, et.al. (2010) who focus on why a candidate is chosen as a talent and other researchers such as Lewis and Heckman, (2006), Tarique and Schuler, (2010) and Rothwell, (2011) focus their findings on how the candidates are found and recruited.

In the area of global talent management, an area closely connected to the phenomenon of global talent pools, more extensive research can be found. Stahl, et.al., (2007) have constructed a matrix describing the principles, practices and processes of talent management in a multinational context that can be seen in figure three.

With the matrix as point of departure, it becomes clear that talent management is a multifaceted concept where many details and objectives needs to be taken into account as a measure to create a successful talent management system. Other academic researchers such as Garrow and Hirsch (2008) and Tarique and Schuler (2010) confirm this and describe talent management as a procedure with multiple goals and objectives. As for the purpose of global talent management it also becomes clear that it is not consistent with any best practice to have only the HR department as responsible and only owner. Various stakeholders such as top executives and managers on all levels need to actively contribute to the use of an efficient talent management system (Stahl, et. al., 2007). Regarding the description of what talent management actually is, its function, and what purpose it fulfills within an organization, Lewis and Hackman (2006) identified three different types of streams within academia described below.

2.5.1 Global Talent Management

Some talent management practitioners focus on succession planning, training and leadership development and their function can be described as the ability to find suitable candidates for top executive positions. This approach emanates from the need to fill key positions within a company and has in recent research been described as one of the main concerns of MNCs and is a vital feature of talent management (McDonnell et. al. 2010).
As a consequence this definition is broad and very much in line with what previously was described as human resource management and the concepts used by this field of research can be labeled as merely a change of terminology. A noteworthy change has occurred in the type of procedures used, as they are expected to be more efficient and based on new methods such as Internet and outsourcing. Furthermore by using a global standpoint rather than a national, one where high-potential candidates are not only developed and recruited on a country or regional level, a more accurate and favorable selection process for talents is used (Lewis & Heckman, 2006).

For this type of succession planning the internal human capital stock often provides a more valuable source compared to external candidates. This becomes especially evident if the company has a well-developed educational system providing mid-level managers with the right kind of knowledge and experience preparing them for positions higher up in the hierarchy (Brant, Dooley, & Iman, 2008).

By educating a number of talented candidates, the company facilitates the recruitment process, as it secures the internal consistency and embeddedness in the corporate culture by using employees from the internal talent stock rather than using external human capital (Stahl et. al. 2007). In fact the importance of education and leadership programs highlighted within this field of research is evident, because it is a way to “grow talent” as described by Lewis and Heckman (2006).

Hiring candidates from mid-level segments consequentially sends a signal and motivates other employees as they see opportunities for promotion and that internal human capital is preferred rather than external. Furthermore, research has shown that external executive hires are far more expensive compared to internal hires, which adds to the advantage of using talent management in general and talent pools in particular (Brant, et.al. 2008).

The second point provided by Lewis and Heckman (2006) highlights the concept of talent pools as the main function of talent management and actually touches upon the subject of global talent pools. It’s focus is similar to the first argument, where practices such as staffing and succession planning are seen as vital but in addition emphasizes functions such as recruiting and selection processes.
Chapter 2. Theoretical Framework

For this type of succession planning and recruitment the talent pools are a widely used concept where companies hire high-potential candidates, put them in a position and promotes them once an available post appears rather than recruiting new people for every new position (Stahl et.al. 2007).

In line with what has previously been described as different quadrants of employees, research within this field provides a similar view because only a low share of the employees usually are part of these pools for future need (Lepak & Snell, 1999). Recent reports have for example highlighted the Indian MNC Infosys, which only chooses approximately 1% of their employees to be members of these future leader talent pools (Stahl et.al. 2007).

The procedures associated with talent pools are moreover generally focused internally rather than externally to analyze a future employee need while optimizing the company resources. In addition, career planning for individuals in organizational talent pools is another feature where managers associated with the talent management process commonly decide on flows, rules and the organizational hierarchy. Potential candidates can be selected on a global scale in order to facilitate the task of attracting employees from various parts of the organization’s enterprise-systems (Lewis & Heckman, 2006).

Use of training and development is described as a vital part in this area of research where different types of tools such as leadership programs are commonly used to educate members for future tasks. Another important and well-used tool is that of line manager involvement. Here, the recruitment and development of skills at all levels have the ability to create a culture where every individual actively takes responsibility for their own development and seeks new challenges preferably within the organization. Although the value of these types of assignments has been stated both inside and outside of academia, the use of job rotation and cross-functional assignments either within or across different business units is still seen as underutilized where organizations show signs of shortage in their ability to implement these types of transfers (Stahl. et.al, 2007). This is seen as a huge drawback as global talent pools are not used to their full potential even though the transfer of individuals within talent pools could provide further competitive advantage. This becomes more evident in studies done by Kang, Morris, and Snell (2007) as well as Adler and Kwon (2002) which emphasize the need of focus on knowledge flows across different groups and capital stocks in HR architecture as a way to coordinate and balance the complex environment of multinational corporations.
The last stream of research described by Lewis and Heckman (2006) is mainly focused on the task of filling the entire organization with top-grade employees described as “A-performers” who are untied to global or functional boundaries. Individuals with lower performance ability are labeled as “B-” or “C-performers” and are sought to be replaced with more talented individuals. This type of stream has been criticized due to the fact that building a MNC with only “A-performers” is neither possible, nor desirable. Also, considering that every employee in the entire organization should use the same talent management system makes this approach very similar to square human resource management (Collings & Mellahi, 2009).

In addition to the research and literature review made by Lewis and Heckman some other research has indicated other values in a well-developed talent management system in general and by using talent pools in particular. Stahl et.al. (2007) underline the importance of international transfers where the use of talent pools can be an effective tool to provide high-potential candidates with a international perspective as well as by creating a network throughout the organization. These contributions make the aim of talent pool members similar to the roles and purposes of expats, making this a way to control subsidiaries by socialization and by creating informal networks (Harzing, 2001; Edström & Galbraith, 1977). For this type of rotation programs, there is a focus on specific needs in terms of business or development projects with time frames lasting from between six to eighteen months to complete short to medium assignments (Stahl et. al., 2007).

2.6 Theoretical Summary

The second chapter has established a framework describing where the academic research regarding global talent pools stands at up to today. The field is fairly undeveloped, with various authors even defining ‘global talent pools’ differently. Although the research is somewhat diverging, some general patterns can be seen when it comes to how and why talent pools are created and which individuals are labeled as talents.

Current research indicates that people within talent pools most often are found inside the existing human capital pool and possess company-specific skills and core competences. These individuals are often recommended in one way or another from managers closely associated with the talent and might for example be their responsible manager. The selection and recruitment process are often described as two-fold in which the second step is conducted by
HR managers which evaluate the candidates provided/suggested/recommended by managers throughout the organization. A number of unintentional biases are suspected to influence the second step of the process such as homophily between candidate and deciding manager, cultural distance and network positioning. These factors are described by some researchers as extremely important and can be seen as potential difficulties for creating diversified talent pools. Other researchers argue that these choices of homogeneous talent pools are more or less a deliberate move by MNCs and a part of their global strategy.

The purpose and processes used to create talent pools are somewhat unclear and no best practices or clear patterns can be found within the current research. According to many scholars, succession planning and staffing seems to be one of the main objectives and is a reoccurring theme throughout various types of studies. An interesting point of view has been presented by some researchers is the use of global talent pools as a way to coordinate and control various subsidiaries throughout the organization by creating social networks and relationships which are important for members of these types of pools. These types of propositions makes the members of the global talent pools similar to that of expats even though their projects usually have shorter time frames.

As a last point, the importance of a company-wide talent management system, where processes are not only managed by the HR department, is emphasized by many of the researchers. Instead the participation of people and functions from various levels and departments are described as a key behind creating a successful talent pool contributing to the competitive advantage of the MNC.
3 Methodology

In this section the purpose is to give insight to the methodological approach used in the research process. The chapter starts with an overall methodological approach and will proceed to describe how the data has been collected and analyzed. It ends with a discussion regarding the validity and creditability of the study.

3.1. Research Approach

The purpose of this study is to examine the field of global talent pools and to answer the questions why the pools are established, how they are established and who the individuals within those pools are. This research area is seen as relatively unknown and few theoretical contributions have been done. The study and its methods consequentially are partly in line with what is described as an explorative approach, where the aim is to describe a new phenomenon. The use of an explorative approach is suitable to get an insight to a certain topic and thereby often found valuable in the beginning of a research topic and consequentially fitting for this study (c.f. Earl, 2010).

The aim of the study cannot merely be considered an exploration of the phenomenon, as that is usually seen to be the negative aspect of exploratory studies, because it does not provide satisfactory answers to the research questions (c.f. Earl, 2010). To avoid such a narrow focus, a mixed approach will be used, in which a descriptive approach is of equal importance in determining the procedures and construction of talents pools.

With a methodological strategy based on an exploratory and descriptive approach the use of a qualitative standpoint is suitable. The choice of this approach is mainly motivated by the nature of the qualitative standpoint with its aim to understand the social world and bring value to the interpretations of the participants (Bryman & Bell, 2007). A qualitative approach demands a deeper understanding of the experiences and perspectives of the subject explored. The interplay between researcher and research units is of the essence and gives a deeper understanding compared to the qualitative approach (Holme & Solvang, 1997). This becomes an advantage as this study is examining an unknown field of research where previous research is limited. Furthermore the purpose of the study consists of explaining and describing the processes connected to the creation of global talent pools and is expected to demand practices where discussion and analyses are of higher use compared to numbers and fixed variables which are expected to bring less to the study. (c.f. Eriksson & Wiedersheim-Paul, 2006).
3.2. Research Design

3.2.1 Case Study

The research topic of this study is based on the phenomenon of global talent pools used by MNCs and is considered a new subject in academic research. Exploratory as well as descriptive characteristics of the subjects presented in the earlier section motivate the use of case studies. For example Yin (2007) underlined the use of case studies to study one or a set of decisions and answered why and how they are done as well as the implications of them. As these characteristics are seen as foundations for this research, the use of case studies is considered applicable. It is further motivated by the advantage of using case studies when focusing on the operational connections and when the phenomenon must be studied over time which both are obvious tasks in the case of global talent pools (c.f. Yin, 2007).

Moreover, the contextual importance of the case studies is significant where not only the phenomenon itself is of interest but also the situation as a whole. The global talent pools can exemplify this as they have an important, but not superior role in the study because its context has a significant impact. In these situations Yin (2007) points out that case studies as suitable since the contextual impact is taken into account and/or the boundaries between the context and phenomenon might be unclear.

Bryman and Bell (2007) also argue that case studies are excellent tools when conducting a qualitative study as it combines several approaches, such as explorative and descriptive, in order to avoid the reliance on a single approach which is an additional reason for the choice of the case study method in this study.

3.2.2 Multiple Case Studies

Upon deciding on what case studies to use in the methodology, one can distinguish between utilizing a single-case study or a multiple-case study. Blumberg, Cooper, and Schindler (2008) state that investigating a topic in more than one context is generally preferred as the results are considered stronger where the possibility to generalize is higher. Single case studies are preferred in extreme or unique cases where the chances to replicate are small. As the use of global talent pools cannot be said to be neither unique nor extreme, the choice of multiple case studies has been used as a way to increase the possibility to generalize the results.
The possibility to replicate the cases is seen as a prerequisite for using multiple case studies where the selection of cases is based on what Blumberg et al (2008) designate as replication logic rather than sampling logic. Each case chosen must be carefully examined ensuring the results either predicts similar results or predicts different results but for evident reasons providing the researcher with strong support for his/her hypothesis (Yin, 2007). In this study the cases have been selected based on their similarities which is comparable to a number of MNCs who seen to be given the same prerequisites for establishing global talent pools and are therefore expected to predict similar results or, for obvious reasons, diverge from the expected results. One can thereby briefly describe the study as the same experiment being done on a number of different units which is in line with the characteristics described by Yin (2007) and Blumberg et. al. (2008) as a method often used in multiple case studies to strengthen the final results.

Another advantage of this type of technique is the possibility to use the insights given in one of the cases studied and apply those to the other cases. Consequentially a reformulation of the theoretical framework used as a base for the cases might be appropriate as a way to reevaluate and develop the model for the data selection. This becomes especially valuable when the researcher has limited knowledge of the topic and interesting insights might be gathered as the study is being conducted (c.f Yin, 2007). As current research on global talent pools is scarce this advantage becomes an important aspect as a way to reformulate and reevaluate the data gathering where certain features might be revealed as more important than others and thereby deserve more attention in the following cases.

An important aspect of multiple case studies in this context is found in the question regarding units of analysis. It should be pointed out that a study is not considered a multiple case study merely based on the fact that a number of different units as each case might involve more than one unit. Instead the context of the units and its boundaries plays an important role in deciding where one case ends and another starts (c.f. Yin, 2007). In this case the units are MNCs that are active within the same global context, with their different characteristics in terms of organizational structure, national and industrial background, which support the multiple case study as the appropriate one.
Chapter 3. Methodology

3.2.3 Case Selection

This study is no different from many other case studies where the possible choices of cases are many. Since several of the large MNCs around the world are expected to use this type of procedures, theoretically any of them can be chosen for this study. Due to the fact that the research is dependent on some organizational prerequisites a number of criteria has been determined for a company to qualify:

**Size**
Since the research is dependent on MNCs with enough turnover and employees to benefit from creating a talent pool, consequently the size of the company plays a major role when determining the sample of possible MNCs. For this research a limit has been set that the potential candidate must have at least 5000 employees preferably in all continents and a turnover of at least 500 million USD.

**Multinational presence**
Furthermore the numbers of subsidiaries in other countries are crucial for a MNC to be able to create a multifaceted and diversified talent pools. Therefore the international presence of the corporation has been an important factor when choosing possible respondents. A criteria set forth was that the MNC must have subsidiaries in at least three continents as a way to secure its international presence.

These criteria have been used to rule out many smaller MNCs without enough resources to successfully create global talent pools. Nevertheless the sample of possible candidates to include in the study is still very large. Other factors such as convenience reasons, accessibility, and geographical location might instead be the major criteria on which the selection of cases is based (Yin 2007). As the resources both in terms of funding and time are limited, the primary focus has therefore been set on MNCs with a connection to Sweden either through a subsidiary or because the organizational headquarter is located here.

Once these criteria were decided upon, the number of possible candidates has shrunk rapidly into a more manageable number. From those remaining, a couple of MNCs have been chosen highly based on their willingness to participate as well as their HR structure.
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The HR structure is grounded on the fact that not every company uses the practices of talent pools and consequently some additional MNCs have been eliminated from the sample.

Critique might be aimed towards the fact that the sampling is more based on willingness to cooperate rather than population position of the MNCs consequentially affecting the representativeness often highlighted by quantitative research methods (Bryman & Bell, 2007). Although as described by Silverman (2005) for projects with limited time and resources, such as student research, the method of purposive sampling is seen as appropriate where cases are chosen based on the likelihood of a specific appearance to occur rather than a random choice.

3.2.4 The Cases

MNCs chosen have been divided into two clusters or industries, pharmaceuticals and manufacturing. Those two groups are seen as relatively different as organizational features are disparate based on the characteristics of the industry in which factors such as lead time, customer preferences, and capital intensity are expected to influence their organizational behavior. In addition, the separation enables a comparison of respondents both within the two clusters and between them, which is expected to enrich the analysis. The companies representing each industry can be seen in figure four below:

![Figure 4. Study Objects](Source: Authors Own)
3.3 Data Collection

3.3.1 Primary Data

The selection of primary data has been conducted through personal interviews with representatives from the selected companies. A majority of the interviews has been done with managers from the global HR departments, but one of the interviews was done with a local HR manager and an additional one with an employee who currently is a member of the global talent pool. By interviewing both local and global HR managers as well as a global talent, the purpose is to get a more nuanced and balanced picture of the procedures when establishing the global talent pools and the talents role within the organization. The interviewees were chosen based on their knowledge of the practice of global talent management and talent pools in the MNC as all of them were closely tied to these talent management processes and could provide valuable insight to their specific MNC. Only one interview per MNC was conducted except for one case company where both a local HR manager and a global talent were interviewed. Finally, there is always a risk that personal opinions and values might influence the data and that is something I were aware of and have tried to keep it to a minimum. This risk will furthermore be discussed later on in this chapter.

For the purpose of this research, the interviews have been conducted in a semi-structured fashion as this will allow to capture the experiences and standpoints of the interviewees most appropriately. Semi-structured interviews provide the interviewee with open-ended questions rather directed ones, causing them to answer more openly, thus avoiding predetermined answers. A mix of open-ended questions combined with more closed questions is a common way to gather information in qualitative studies. In this type of study the same type of information is desired from every respondent but the exact words or possible answers are not decided upon beforehand, making them not totally open and not totally structured and thereby given the name semi-structured (c.f. Merriam, 1994).

3.3.2 Interview Guide

Even though the interviews were semi-structured a interview guide was created prior to the interviews as a way to make sure that certain topics where being touched upon during the personal interviews as the same type of information was desired from all the MNCs.
The questions in the interview guide are mainly related to the current global talent management process within the MNC but have in addition also touched upon the background of the respondents as well as the historical development of talent management within the MNC. The interview guide has been used as a tool throughout the personal interviews and in some cases also sent out to the respondents before the interview was done to give them a possibility to prepare for the interview and/or make sure that the right persons are participating in the interview.

3.3.3 The Interview Process

Interviews were open ended and based on the above described interview guide. As for many interviews in case studies, the questions were flexible and the interview had more similarities to a discussion rather than an interrogation. The reason, which also is described by Yin (2007), is that case interviews need to function on two levels: first it is important to get the respondent comfortable and confident where “how” questions are seen as less likely to meet resistance compared to ”why” questions. On the other hand the interview needs to fulfill the aim of the interview. By using the interview guide as a starting point, a discussion to cover all its aspects was found to be a successful method as a way to create a friendly atmosphere as well as to gather the answers needed as set forth by interview guide.

To be able to benefit from personal impressions and observations the interviews were conducted as face-to-face interviews at the respondents’ work office. In addition, by using this type of interviews the respondents where able to use internal documents, PowerPoint presentations as well as drawn illustrations. Thus, conducting the interviews in this manner, strengthened the reasons and benefits of using face-to-face rather than telephone interviews. (c.f.Bryman & Bell, 2007).

Enabling the possibility to go back and analyze the interviews and at the same time have total focus on the interview, all interviews where recorded using a dictaphone. In addition, this secured that no information went missing in the process. If the informant needed to be contacted again, either to clarify answers or to add new information, contact was taken up either by e-mail or telephone.
3.3.4 Secondary Data

In addition to the interviews conducted, some secondary data was gathered. This was mainly focused on background information, such as the organizational structure of the MNC, for which websites and electronic sources were used. Internal documents provided by the respondents were also used, such as lists of members in the talent pools with details in regard to gender, age, and nationality and criteria for selection.

3.4 Data Analysis

For qualitative data collection there are a number of features that makes them difficult to analyze, which was also a problem, encountered in this study. These difficulties can mainly be related to the fact that the researcher often knows less about the phenomenon than the people interviewed and often cannot determine if it is correct or not. Furthermore the primary data gathered tends to be exposed to thoughts, feeling, and interpretations by both the interviewees as well as from the researchers themselves (c.f. Langley, 1999).

As a way to avoid personal interpretations, especially from the researcher, all the interviews were transcribed word for word into writing after each interview. This made it possible to go back and continuously evaluate what was said during these sessions and determine what could be seen as relevant or not. Furthermore it gave a more comprehensive picture of the interviews where similarities and differences between MNCs could be more easily discovered. The procedure also facilitated the comparison of the empirical evidence with the theoretical framework which made it possible to determine whether the data found in the interviews was either supporting or rejecting previously conducted research (c.f. Eisenhardt & Graebner, 2007).

One of the main objectives in qualitative research is to build some kind of theory from the selected cases. For this study, the comparison of data collected from the MNCs and the theoretical framework became the foundation for a first theory focusing on how MNCs recruit individuals to their global talent pools (c.f. Eisenhardt & Graebner, 2007, Langley, 1999).
3.5 Research Limitations and Quality of the Study

One of the main obstacles with case studies is the difficulty to verify a correct reflection of the phenomenon because it is often not applicable to the entire population (c.f. Yin, 2011). To make sure that this study reflected the actual phenomenon and consequentially had a high validity, certain measures were taken. First of all, more than one case was used, which strengthens the validity in comparison to a single case study. Furthermore, by comparing and evaluating the different data gathered from more than one source, the risk for personal opinions and company specific procedures was more easily identified and could be taken into account. It should however be pointed out that as all informants, except for one, were representatives from HR, this could have influenced the validity as the data reflects the views from just one department, which could have been improved by interviewing additional employees in other parts of the organization. On the other hand, the HR representatives were not only found on a global but also on a local level. This is presumed to give a more balanced description and thereby strengthen the validity (c.f. Yin, 2011).

Another aspect in terms of validity is the fact that all the interviews were done with MNCs from Sweden, except for Roche, which is from Switzerland. This could affect the results of the study and complicate the generalization and theory building since the processes conducted in Swedish (and Swiss) firms might differ compared to those done in other parts of the world. Certain practices can be rooted in the culture of the country. The study should consequentially not be used as a way to generalize a theory for all MNCs around the world. For the purpose as such, where the main emphasis lies upon explaining and describing a relatively unknown phenomenon, the study can be stated as valid and a new study with the same orientation would most likely describe the processes of establishing global talent pools in a similar way (c.f. Yin, 2011).

Another concept closely tied to validity is the question regarding how reliable the study is. As described by Eriksson and Kovalainen (2008), a high reliability is a way to determine that the same results would be found if doing similar studies. As a way to strengthen the reliability personal reflections from both the researcher and the informants has been avoided as much as possible during both the interviews as well as the data analysis. For the interviews the persons interviewed were continually asked to elaborate if answers were unclear. Furthermore, in all interviews internal documents presenting the processes were used as a way to back up the
statements from the interviewees. As the data was recorded and transcribed after each interview, personal interpretations from the researcher were avoided to a higher extent, to further strengthen the reliability. It should nevertheless be stated that as qualitative research in its nature is influenced by judgments and interpretations from the researcher, no absolute findings in terms of numbers or statistical results could be stated from the quantitative research, which inevitably will affect the reliability (c.f. Yin, 2007).
4 Empirical Findings and Results

This section starts with a brief presentation of the case companies giving a background to their main characteristics and key figures. Secondly the results from the multiple case studies will be presented with its foundation in the research question with an insight into the management of the global talent pools of the case companies.

4.1 The Cases

IKEA
The Swedish furniture company IKEA was founded in 1943 by Ingvar Kamprad and has today grown to become the largest home furniture company in the world. IKEA today employs almost 125,000 people around the world, most of them in the retail division of the organization. A strong concentration of IKEA’s employees can be found in the European market where almost 80% of their staff is located, followed by North America, Asia, and Australia (IKEA, 2010).

In 2010, IKEA increased its turnover with almost 8%, compared to the previous year, reaching a total of more than USD 32 billion, increasing its market share in almost all of its 26 markets. Divided by region, 80% of the sales were done in the European region wherein the purchasing was focused to the Asian (30%) and European (67%) markets. In addition, IKEA opened up an additional twelve stores reaching a total of 280 stores worldwide of which the majority are exclusively owned by the IKEA group (90%) and the other 10% run on a franchise basis by external partners (IKEA, 2010).

Volvo Car Corporation
The Automotive manufacturer Volvo was established in 1927 as a subsidiary to SKF. Initially Volvo was producing cars as well as trucks and buses but in 1999 Volvo Group sold the car division to Ford Motor Company. Severely hit by the recent financial crisis, Ford decided to sell Volvo Cars, which in 2010 was bought by Chinese automotive manufacturer Geely. Volvo Cars currently employees almost 20,000 people of which the majority can be found in Sweden and Belgium. In 2010 Volvo had a turnover of almost USD 12.5 billion where the main markets were found in the United States, Western Europe, and China (Volvo Car Corporation, 2011).
Roche
Roche was founded in 1896 in Switzerland and has grown to become one of the largest healthcare companies in the world. The Roche group is divided into two divisions, pharmaceuticals and diagnostics, of where the latter is acting as the respondent in this research. The total group employs more than 80 000 people worldwide with its human capital concentration in Europe (43%) followed by North America (29%) and Asia (19%). In 2010 Roche showed a turnover of over USD 53 billion where Unites States, Western Europe, and Japan amounted for the largest share of the sales (Roche, 2011).

Mölnlycke Health Care
Mölnlycke Health Care has its beginnings all the way back in 1849 when Mölnlycke was established as a textile company. Over the years, the company has evolved into a company focused on surgical and wound care and was acquired by SCA in 1975. Although in 1997 the division was established as an independent company, in 2007 the Swedish investment company Investor bought over 95% of the shares. Mölnlycke Health Care had a turnover of almost USD 1,3 billion in 2010 where nearly 75% of the sales were done within EU, 20% in North America, and 4% in Asia/Pacific. The company has more than 7000 employees with its human capital stock concentrated in the European (44%) and Asian (52%) regions (Mölnlycke Health Care, 2010)

4.2 General Observations of Practices in Global Talent Management
All the interviewed MNCs employees described talent management as a relatively new concept. As stated in one interview, talent management has only been present for about a decade on the global level:

“Fifteen years ago there was no real centralized idea about how we work at X. Instead each function had their own way of doing things... now we are more centralized”.

When examining each company individually, the pharmaceutical ones are generally further along in their development processes. One firm, for example, had just implemented its second generation of global talent management systems. Overall, the use of the concept as such, had been in existence at least during the last decade in all the MNCs at which the informants worked. There was a consensus that the implementation process had not been an easy one.
Each company stressed its difficulties in gathering all departments and subsidiaries in one place and determine uniform concepts, processes, tools, and terminology to be used throughout the entire company. One company representative stated:

“The complexity in such a large company becomes problematic when all departments are so extremely different and they work in different ways which is founded in those people that are in charge...this makes everything we control from the supporting functions enormously complex to match everyone...”

All the firms highlighted the common process within all parts of the organization as one big difference from previous talent practices. Different tools, process, and terminology had been used in various parts of the MNC creating very disparate talent pools both on a local as well as on a global level. One manufacturing MNC also put forward the importance of having a clear goal and purpose of the talent management both locally and as well as globally which had not been the case earlier.

For the last couple of years the recent financial crisis has affected all companies in their work with talent management. Due to the large investments such as education needed in talent management in general and in particular for talent pools, these are areas greatly affected by the budget cuts and downsizing of the companies that was happening until around 2009. One pharmaceutical firm employee exemplifies this challenge stating that:

“... under the economic crisis this was off the agenda as there was not much time for new initiatives. But after that it has come back on the agenda much because people see the problem of aging especially in Western countries...where especially for certain professional jobs you don’t get enough people with the right skills and experience”.

During the last two years a change can be seen, as stated in the quote, where talent management is once again back high up on the agenda for all the MNCs interviewed.

4.3 Recruitment Process for Global Talent Pools

The recruitment process can be described as divided into several steps of evaluations and discussions. To get a good picture of this process, these steps will be presented in the following section.
4.3.1 Step 1: First Identification of a Talent

In the first step of the process of finding potential talents every manager, no matter what part of the organization he or she is in, is responsible for locating and putting forward individuals in their team that they perceive to be talents. The evaluation is normally done in personal reviews once or twice a year that every employee is expected to take part in.

To avoid biases and personal beliefs to get in the way of the process, certain standardized evaluation tools have been developed in order to make this process consistent and transparent throughout the entire organization. This is a line of action can be found both in the firms of the pharmaceutical cluster as well as in the manufacturing cluster and can be exemplified by the words from the representative from one of the manufacturing companies:

“What we have decided is that all the subsidiaries within X have agreed on using the same recruitment process with the same steps, tools and criteria. This is to make sure that the quality is the same...”

As a way to evaluate every employee, two parameters are used: performance and potential. The assessment of performance is more or less based on the employee’s past achievements within the company. Every employee is graded on how well they have met the goals set up during their previous personal review. For this purpose a grid is often used where the employee is ranked in a number of letters but which basically can be divided into exceeds expectations, meet expectations, and did not meet expectations.

Generally the process varies little between MNCs in this process. One clear difference does exist between MNCs studied in this research: the pharmaceutical companies have a higher differentiation compared to the manufacturing ones especially for the first and last categories. One company divided the sub-parameter exceeds expectations into: exceeds and outstanding. The category did not meet expectations was divided into below requirements and development (often for employees in a new role or recently hired).
The other parameter, *potential*, is less specific as it is harder to measure and all the company representatives agreed on this point as highlighted in one of the interviews:

“It is a complete matter of judgment based on what the managers put forward...even if we have criteria for what a high potential should be like…”

Another interviewee confirmed by explaining it the following way:

“... We use various types of tests, which help us to evaluate, but I still feel that we need to find other tools since it is very difficult to estimate potential. In this aspect we are not complete but I think we are getting closer today compared to five years ago”.

The criteria for estimating potential is decided and communicated from a central/global level for all the MNCs as a way to verify the consistency throughout the organization as described in one interview:

“This is a uniform process where we all use the same terminology and the same way of estimating potential...so the headquarter sends out all the material we use and then it is the exact same process that is being conducted no matter where you are in the organization”

There are some differences between the MNCs and their way of using the *potential* evaluation. The manufacturing MNCs are more flexible in their criteria compared to those used in the pharmaceutical ones and are more likely to change criteria based on which level and position the person in question is trying to get hired for. This is motivated by the fact that individuals higher up in the organization might need different potential characteristics compared to lower-level employees. For pharmaceutical MNCs the tools and evaluation methods are much more fixed as described by one of these interviewees:

“It doesn’t matter where in the organization you are, even if you are in an executive position, it is still the same evaluation methods and the same view at it.”

Some of the criteria when establishing *potential* are nevertheless similar for all the MNCs, as well as for all position within the organization, which are:
• Geographical mobility
• Personal drive and willingness to develop
• Excellent proven track record in terms of performance
• Potential to take on a more senior role
• Ability to do, or already have experience from a cross-functional move

Based on these two parameters, the manager decides which people within their group they consider to be talents. Thereafter an additional review meeting is done often together with local HR. This step differs a bit between the MNCs where in the case of one manufacturing MNC, the line manager has a meeting only with local HR representatives. For one of the pharmaceutical MNCs this second review involves the whole or parts of their local executive management team. As a last example, one MNC from both the manufacturing and the pharmaceutical cluster have a meeting with HR and other managers in similar positions with potential talent pool candidates of their own.

For the second review the manager will present and motivate her/his choices, which will result in whether or not an individual will proceed in the process. In this stage, managers and HR-representatives can also discuss why the manager decided against electing certain individuals to be part of the talent pools. According to all companies, this is one way to deal with potential biases and personal opinions where more than one person brings input into the process and can be exemplified by one of the interviewees from one of the pharmaceutical MNCs:

“As HR-manager I have a rather good overview over the persons in the organization and am also very involved in those processes. If someone would work in the organization I would probably ask why you have evaluated the person the way you did. Also often the persons come to me as well to discuss...and it would be quite obvious if a person was held back by a manager.“

MNC representatives do admit that the potential evaluation process is problematic as it is exposed to personal opinions and possible biases. To solve this problem the MNCs are trying to standardize the tools and evaluation instruments as much as possible as a way to make sure that the same methods and terminology are used throughout the organization.
The problem of potential biases and personal opinions are described by one of the manufacturing interviewees:

“... How can we identify and what is the real talent. Everybody has talent but what specific talent do we need. We do have expressed criteria for making this evaluation... previously I think that this evaluation easily might have be subjective. One might say that we are in the middle of this process but it is not easy.”

After the second review has been done, all employees within the organization, including talents, are mapped which is a very similar process for all the MNCs studied. Figure five below is a standardized model based on the interviews and how all the MNCs classify their employees. The black boxes symbolize the people with high performance as well as high potential and are usually the ones chosen for talent pools. People with only high ratings on performance are still very valuable for the company but might not be considered for a higher position in the company. On the opposite end, people with low rankings on both performance and potential found in the white box are less valuable and are first given a personal improvement plan and if not successful, they will eventually be sorted out of the organization.

![Figure 5. Evaluation Grid](image)

*Source: Authors Own*
4.3.2 Step 2. Evaluation of Potential Talents

The second stage of procedure for evaluation of potential talent pool candidates in the second stage differs depending on whether the talent is based on a lower or higher hierarchical level in the organization. One MNC has decided to divide their talents into local and global ones where the local talents are on a lower hierarchical level than the global ones. For the local talents and other talents lower down in the organization, the evaluation is more or less done on a local level with only minor influences from the global corporate HR-department. There are some minor differences in how much influence the global corporate HR-department has with two of the MNCs HR-departments following up on these talent-reviews on a global level while in the two other companies it was totally left to the local organization to make the decisions. Local talents are thereafter gathered into a local talent pool, which is mainly handled by the local organization. The difference between a local and global talent is described by on the MNCs as follows:

“... For a local talent, then you are in the local talent pool, and yes you will be highlighted since we send this material upwards. But as a global talent, then you are put in a global talent pool and as a global talent you are much more visible higher up in the organization and there will also be a higher emphasis on your personal development...”

For individuals higher up in the corporate hierarchy or those labeled as global talents, the global corporate HR department has a more significant role in determining which of the potential talents that finally will be put in a global talent pool. As for these global talent pools each business area or subsidiary representative will once again have to present and motivate the candidates they have chosen in front of the global HR department. Consequentially the list of potential candidates will be reduced further when the candidates from all the various parts of the organization are compared. This is explained in one of the interviews:

“Regarding the higher levels, which we follow up on centrally, this is requested from each unit...thereafter we have a common meeting where every department manager will present and argue based on our criteria. Thereafter these arguments will be challenged since the list is usually quite long and you need to reduce a couple of names to get the absolute best ones.”
This greater influence from the global HR-department is a reoccurring theme in this second step of the process found in all the MNCs researched. While the MNCs in the manufacturing clusters mainly involve the HR-department, the process for MNCs in the pharmaceutical cluster differs. For those firms, not only the global HR-department plays a significant role in the review, but also external consultants, which are brought in. This creates additional steps where the candidates are elucidated by various tests and tools, which are standardized and comparable all over the world. The tests are used as a way to measure potential and not knowledge, which is explained by one of the MNC representatives from the pharmaceutical cluster:

“...Because we're measuring potential and not measuring knowledge or experience. And someone from manufacturing is different from someone from marketing etc. but how you do things should be the same. And if you look at most research, how you do most things, that is linked to potential and not the knowledge you have.”

In addition these types of external tests generate a more detailed development plan, which is created for all the talents in the pharmaceutical MNCs. These plans record what specific skills or knowledge every individual needs to improve. Another procedure done by one of the pharmaceutical MNCs includes involving the department or business unit to where the chosen talent is expected to take his/her next career step. At this point the responsible local manager is no longer in charge and the decision will be made by the new department as to whether the candidate will be proceeding to the external consultancy tests or not. This line of action is used as a way to make sure that the level above agrees on a person being chosen as a talent.

Once this second review is completed, the global corporate HR from both the pharmaceutical and manufacturing MNCs will have a list of individuals from the entire organization. These individuals are then labeled as high potentials, key potentials, global talents or something equivalent to that and a global talent pool has been created.

4.3.3 Step 3. Development of Talent

As the pool of talent has been established, the MNCs develop and educate their talents. For the manufacturing MNCs no specific modules or development programs has been created that
are similar for all persons within the pool as a way to educate and develop their skills and abilities. Instead these persons are referred to apply for activities such as leadership programs available for all employees. This standpoint is explained by one of the MNCs employees in this cluster:

“Well, we don't really have these persons as a group but we just have them identified. Here are persons, works within the business and have a position where they work 100%...then it might be so that they themselves have individual development plans...but that is different from person to person.”

On the other hand, for the MNCs within the pharmaceutical cluster this process is more streamlined. The members of the pools are continuously being offered education and sent to tailor-made activities together with other talents with the overall aim towards increasing their performance and prepare them for tasks usually higher up within the organization. Usually these programs are the same for all global talents even though the people in the different talent pools might have different backgrounds where some might be salespersons and other engineers. The common programs offered to all talents are motivated by the perception that certain skills and abilities are necessary no matter where in the organization you are. A representative from one of the MNCs describes it in the following way:

“...We have company values and leadership competences and you are evaluated based on those and they are the same no matter where you are within the organization which means that it is the same evaluation scale and therefore should also be the same programs for everyone.”

The interviewees point out that the global talents still can apply for the general programs and activities offered by the MNC to all its employees. Consequentially some global talents might participate in certain training while other will not. Also, one of the MNCs within the pharmaceutical cluster uses multiple global talent pools where different departments have their own pool. In this case each global talent pool has its own specific programs aimed towards the specific department to where the global talent pool is belonging.

4.4 The Use of Global Talent Pools

Once the MNCs have established their global talent pools, they can be used in different ways. As for MNCs within manufacturing, the pools’ main objective is succession planning and to
fill vacancies higher up in the organization. Furthermore by mapping their talents and their qualifications, the MNCs make sure that the right competences can be found within the organization and if not, to make sure that persons with the requested types of skills and background are being recruited into the organization. This standpoint as described by one informant from the MNCs from the manufacturing cluster:

“It is partly the succession (planning) but also that we have the right competence for the future where the business’ needs will change...it is here where the talent comes in and that you have people which have talent for things that might not be fully understood or completely new. So it is partly related to succession but also to development of competences.”

The MNCs in the pharmaceutical cluster have a more active standpoint when it comes to using their talent pools. These people are not only more frequently attending programs and courses tailor-made for high potentials but also on a regular basis used in highly prioritized projects throughout the organization. These projects are conducted in collaboration with other global talents from other parts of the organization and examples of projects are managing integration processes of an acquired firms or market development in less developed parts of the organization. The purpose of these projects is not described as solely to solve specific problems but also to function as education for the global talents and strengthens their personal development. This is described as a active move done by the MNCs which sees these types of projects as an important part of the education provided to their talents and is explained by one of the MNCs representatives in the following way:

“The nice thing about those projects is twofold, those projects need good people and those are the good people. And the second one is that these projects help people to develop. Because they get exposure, they see new things etc etc... so that’s where the link is.”

It is also highlighted by all the companies within the pharmaceutical cluster the importance of these types of projects has in terms of getting exposure from people higher up in the hierarchy.

The main reason is that those projects often include contact with employees higher up in the organization and sometimes even the executive management team. Moreover it is a way to create a network between other talents in other business units and other parts of the world. The social aspects of the projects and the network building in these common educational
modules for the global talents are described as a very valuable asset. One of the interviewees within this cluster with experience of being a part of a global talent pool describes it as follows:

“This (program) gave me the opportunity to meet people from other parts of the organization and to establish a network, which facilitates movements throughout the organization. Also this (network) has been very valuable to me since I can use it in the day-to-day work as I can contact people on the same function in other parts of the world and ask them “how do you do this”. I use these talents very much as a sounding board for my personal development since we became so close, tight and gained trust in each other which has made me use them as a sounding board, mentors and as a place to get support.”

It should furthermore be highlighted that all the MNCs interviewed pointed out, that if a person had been labeled as a local talent and given a new role, higher up in the hierarchy, he or she is removed from that talent pool and once again had to prove themselves to be put in a new, global talent pool, higher up in the organization.

4.5 Characteristics of the Talent Pools

The sizes of the global talent pools for the MNCs interviewed were similar for the companies ranging from 70 up till 113. The numbers were not fixed and all the MNCs continually strived towards expanded their pools. Also as the MNCs interviewed are differing in terms of number of employees the percentage of employees labeled as talents differ and a large MNCs does not automatically have a large global talent pool and vice versa.

4.5.1 Professional Background and Nationality

In the global talent pools, no specific background or education for the talents are more common than the others. Instead the pools more or less reflect the impact of the departments as a whole where large departments have a higher percentage of representatives in the global talents pools compared to smaller ones.

In terms of how long specific persons have been in both their current role as well as in the company as a whole is differing where the global talent pools might consist of person quite recently hired and person with a long career within the company.
Chapter 4. Empirical Findings and Results

One of the aspects highlighted by many of the MNCs in terms of diversity is the lack of representatives from the Asian market as talents from this region is clearly underrepresented. This is exemplified by a statement from one of the interviews made when asked a question about diversity in terms of nationality:

“We are proceeding in a good way but we still have potential to take in more people mainly from the Asian region. Europe and U.S. are represented but it is in Asia we feel that we need more (people) since we have such a strong expansion there.”

The national background of the talents is also interlinked to the sizes of various departments where large subsidiaries accounts for a higher number of talents. As individuals from the country in which they are located usually dominate these departments a higher percentage of talents from these countries are found. This becomes especially evident in those MNCs with a large headquarter organization where a higher percentage of high potentials are from the home market. Consequentially the global talent pools for the majority of MNCs interviewed, a higher percentage of individuals labeled as high potentials from the home market of the firm were found.

4.5.2 Gender and Age

For the parameter of gender all the MNCs interviewed had a more or less explicit goal of having a diversified group of managers as well as talent pools. Nevertheless all the MNCs showed a striking overrepresentation of men even in these companies where the majority of the workforce was female. As an example one of the MNCs had a representation of 41% females in their top tier global talent pool even though women to 65% dominate their organization. Another MNC informant explained to have a relative balance between men and women in their global talent pools. Their total workforce was although consisting of almost 70% women.

MNCs with less women in their total workforce showed an even lower percentages of women in their global talent pools with numbers as low as 20% of their global talents being women. When asked for a reason for this phenomenon no MNC could give an answer even though one of the interviewees explained it as follows:
"My personal opinion is that we are not good enough on this matter and that we need more women on those positions and also for diversity in general. But if we look at what we have, then we work relatively active to bring forth those...it therefore actually falls on the lower levels where we need to fight to have this in mind..."

It should also be pointed out that for one MNC that had global talent pools on a lower level in the hierarchy, they showed a better representation of women. At this level the number of women was set to 50% as a prerequisite when establishing this pool. The importance of the local or talent pools lower down in the hierarchy was furthermore highlighted by a majority of the MNCs as the key to having a better gender diversity in the global talent pools higher up in the hierarchy.

In the global talent pools no specific age can be detected as more common even though the manufacturing cluster shows a higher amount of older persons in their global talent pool. For example one of the MNCs has an average age in their higher global talent pool of 41 years where the oldest talent is 51 and the youngest 32. For the pharmaceutical cluster the representation in terms of age is more widespread and a higher degree of younger persons are found with an average age around mid thirties for their global talent pools. The age perspective is also depending on which level the talent pool is on in the organizational hierarchy. Consequentially talent pools higher up in the hierarchy usually consist of older individuals to a higher extent since these pools are containing individuals in more senior positions.
5. Analysis

In this section the empirical evidence and results are analyzed in relation to the theoretical framework. With this basis the main objective is to confirm or reject earlier research within the field as well as to fill the gaps not examined until now. The basis for the section can be found in the research question and sub-research questions stated in the first chapter of the paper.

5.1 How Do MNCs Recruit to Their Global Talent Pools?

As first described in research by Mäkelä et. al. (2010) the recruitment process to global talent pools is more or less structured as a two phase process where the initial recommendation of an individual as a potential talent is done by the closest responsible manager. Looking at the empirical data, it becomes evident that this line of action is also conducted in the MNCs studied in this report. Although on the contrary to what is described by Mäkelä et al. this first step of the process is often much more controlled by the corporate HR department that provides the local managers with a specific set of tools to use when evaluating each possible candidate. The boundaries between what is decided by the corporate HR or the local managers consequentially become rather unclear. It becomes difficult to point out the distinctive decision maker since the local manager is highly influenced by directions from the corporate HR with the main intention of reducing personal interpretations. The first phase is also often including a number of other decision makers such as local HR managers or even the entire local executive management team.

The final decision whether to include a person in a global talent pool is made in the second phase of the process and is again not solely based on decisions made by a HR manager at a headquarter level as suggested by Mäkelä et. al. (2010). All the MNCs employees interviewed stressed this decision to be based on a discussion on who will and who will not be labeled as a talent and is finally decided by both the local organization as well as the central HR department. In addition some of the MNCs also included other departments in the decision. This line of action can partly be derived as a way to avoid conflicts, as the local organization feels disregarded and not part of the final decision even though the costs for the global talent most often are taken locally. Secondly by including various types of functions the risk for potential biases are expected to decrease.
The examining of the pharmaceutical MNCs also points out that the second phase is often much more detailed and includes several steps where standardized tests and external consultants are used as a way to verify that the right person has been selected and to further avoid biases or inconsistencies in the evaluation process of the employees. This line of action has not been described in earlier research even though research done by Mäkelä et al. (2010) and Harzing and Pinnington (2011) point at certain potential biases that are predicted to influence the selection process and need to be counteracted. How this is done has however not been described in earlier research and is one of the results that should be highlighted.

As confirmed by all the MNCs representatives and specifically highlighted by one of the manufacturing MNCs informant the clarification of objectives of the recruitment process is vital for the success of the talent pool. An understanding is therefore necessary from both the local organization as well as from headquarters in which the purpose for why these individuals are being selected must be evident. As for previous findings this can be linked to the research made by Breaugh and Starke (2000) who highlight the importance of clarifying the objectives and strategic impact of the recruitment. Many of the MNCs employees also confirm that earlier this has not always been the case, which can be linked to the higher complexity in involving various departments. Nevertheless, by not including all parties concerned, this has led to internal conflicts mostly between HQ and the local organization.

5.2 What Criteria Are Used When MNCs Decide Upon Who Will Be a Talent?

In a classification of employees found in research by e.g. Lepak & Snell (1999) and McDonnel et al (2010) it is suggested that the corporate talents are found among people that have unique competences in combination with a high amount of value brought into the organization. The results in this paper on the other hand do not confirm these suggestions even though some linkages can be found to how much value a person adds to the organization in terms of performance and delivery. Instead the employees in all positions are reviewed and based on criteria relating to their performance and potential it is decided whether they will be considered as talents or not. Consequentially no evident connection is found to the importance of what Lepak & Snell (1999) as well as McDonnel et al. (2010) describe as uniqueness of human capital. How unique the competences of an employee are, is not seen as decisive when determining who will be labeled a talent and who will not.
As found in the study other criteria rather than uniqueness and value added are more frequently used. Especially a grid consisting of the two parameters, potential and performance, are used by all the MNCs observed even if the definitions and terminology are slightly different. As mentioned previously the parameter performance can be linked to how much value the individual brings to the organization. On the other hand, no evident link between potential and uniqueness is found.

However if comparing the results from this study to the theories found in the 2\textsuperscript{nd} chapter (p.11) the definition made by Mäkelä et. al. (2010) it is strikingly precise:

“(talents are) those employees who are high performing and continuously improving within their current position…are mobile and have the potential and the willingness for further growth in other key positions.”

Notably is that the factors presented on page 35 consisting of common criteria that all the MNCs highlighted as distinctive for a global talent and most of them are found in the definition by Mäkelä et al. (2010).

As for performance this parameter is relatively easy to measure since it is based on the previous delivery of the employee. The other parameter, potential, however is much more vague since it deals with what an employee is predicated to perform and not only in his/her current position but also in other positions in the MNC. This unclear definition of potential and its estimating nature also makes possible biases more likely to influence the recruitment process even if the firms in general, and especially MNCs in the pharmaceutical cluster, try to standardize their tests and evaluation methods as much as possible. That talents might be selected more based on personal values and opinions are therefore suggested and will be discussed more in detail later on in this section. This suggestion is also in line with what is suggested in earlier research made by for example Mäkelä et. al. (2010), Kostova and Roth (2002) and Roberson et. al. (2007) which all highlight that biases related to cultural distance, homophily and network position will affect the recruitment process.

In terms of talent, no clear definition of what ‘potential’ is and how it should be measured can be found in the empirical findings. Of course some similarities can be found like specific prerequisites such as personal drive and geographical mobility.
Nevertheless to give a distinct definition of more specific criteria in terms of what potential is that can be said are the correct and generally accepted ones based on the empirical data, is not possible. A suggested explanation for this finding is that the use of talent pools in general and global talent pools in particular can be described as a young procedure where clear definitions and a distinct best practice have not yet been developed.

5.3 Which Individuals Are Today Members of Global Talent Pools?

For the recruitment of global talent pools the processes studied in this paper have a tendency of promoting people from the home country similar to what is described by Harzing (2010) in her discussion of roles of expats where people from the home market more often are sent out. However it is worth noticing that this can be explained by the fact that many of the larger departments are located in the home market and consequently send more candidates to the evaluations. This means that no clear imbalance can be affirmed where an extraordinary high percentage of the global talents are from the home country if comparing to how the total human capital stock is composed.

On the opposite to what for example Siebert et. al. (2001) and Mäkelä (2010) describe in their discussion of potential biases no clear proof can be found that persons with a more central network position should have a higher tendency of being labeled as talents. However the aspect of homophily and cultural difference does show a significant impact on the recruitment of global talents. This is evident as individuals from the Asian region are much less frequently found in the global talent pools of all the MNCs even though some of them have considerable operations and are expanding heavily in that region. One can hereby assume that people representing MNCs from Western Europe and the United States have a higher degree of homophily and lower cultural distance between each other compared to individuals from the Asian region where the cultural clashes might reduce the homophily and influence the selection of candidates. It should furthermore be stated that this seems to be a comprehensive phenomenon, as there appears to be no difference between the two clusters in which the MNCs are located.
A similar pattern is seen when it comes the examination of men vs. women in the talent pools where an imbalance is evident. This becomes very noteworthy since even though indications have been pointing in this direction in related research by for example Adler (2002) and Linehan, Scullion, & Walsh (2001) but no evident results have previously been shown for the selection of candidates for global talent pools. The result from this study further strengthens the suggestion that personal biases are influencing the processes since more managers today are male compared to female.

A possible explanation of the unbalance is that male managers show a higher tendency of being selected into the global talent pools compared to women. This is also interesting in terms of corporate diversification which today can be seen as a high priority at least stated by the annual reports of a majority of today’s MNCs and so also from the corporate representatives interviewed in this study. As the members of the global talent pools in most considerations are expected to fill the vacancies higher up in the organization this indicates that for the group of tomorrow’s global leaders, there will still be a majority of men. It should be stressed that some of the MNCs interviewed had global talent pools, but at a lower hierarchical level, showing a better balance of men vs. women which might indicate that when and if these people will reach talent pools higher up in the organization, a shift toward a more gender balanced top management will be seen.

The last characteristic of the global talent pools that is important to highlight is the age of the members since there is also a lack of earlier research within this area. As stated in the empirical findings there are no clear patterns in terms of age even though for obvious reasons people are usually in their early forties rather than late twenties. This can often be explained by the fact that the parameter of performance demands that a person has been within the company for a number of years. Also the fact that the global talent pools are often higher up in the hierarchy is an explaining factor, as these people have most likely previously been a part of a local talent pool at a lower level. As they have been promoted to a higher level, they have once again been evaluated as possible candidates for a talent pool higher up in the hierarchy. This type of climbing up the career ladder usually takes some time and therefore more suitable candidates can be expected to be found among the senior employees in the firm.
It should although be pointed out that several of the MNCs highlighted the need to have younger persons higher up in the organization although there are no signs of younger members within the talent pools yet, turning that desire into what seems to be more of an ongoing process.

A logical and expected outcome from the empirical study would be that a process without biases and distortions would create a talent pool reflecting the company composition as a whole in terms of diversity and functional representation. Nevertheless when examining the empirical results it becomes evident that this is not the case. Instead certain biases very similar to those discussed by Tsui et al (2002) and Mäkelä et. al. (2010) are evident where certain types of characteristics are more commonly seen within the talent pools compared to the firms entire human capital stock. Consequentially a clear distortion in how the MNCs recruit to their talent pools is suggested. Another interesting aspect is that many of the individuals in the global talent pools, especially on the higher levels of the organization, are likely to be promoted to the highest positions in the MNCs within the near future. The results therefore give an insight into whether a shift in the composition of tomorrow’s global leaders can be expected and if a possible shift in terms of diversity is likely to occur. The results in this study point towards a shift occurring in the foreseeable future (see e.g. CFO (2007) and Lyly-Yrjänäinen & Macías, (2009)), though it might not be as large of a shift from the status quo as hoped for.

5.4 What Purpose(s) Do Gobal Talent Pools Serve the MNCs?

The purpose of the global talent pools has not been clearly defined in earlier research due to the fact that the practice/habit of creating global talents pools is rather recent/ has only been in existence for about a decade. Stahl et. al. (2007) argue that the purpose of global talent pools is rather multifaceted while other researchers such as McDonnell et. al. (2010) state that the purpose of global talent management is solely to work with the succession planning of the employees.

For this research both of those statements can to be described as correct since the two clusters differ remarkably. When first examining the manufacturing cluster, the procedures used are much more linked to the research by McDonnel (2010), which focuses only on succession planning.
Here, the talents are not a pool, except on paper, and their main responsibilities are to fill positions higher up in the hierarchy. This idea is reflected in how MNCs develop their talents in terms of education, where measurements are based on the individual and what specific skills they need to develop in their current role, rather than similar educational modules for the entire pool. For example, a talent in a certain position might participate in leadership programs together with employees not part of a talent pool, but holding similar positions throughout the MNC.

This is furthermore in line with the findings of Brant et. al. (2008) since these types of pools almost entirely are recruited internally. In the manufacturing MNCs, the well-developed educational system presented in this research, cannot be found to the same extent. This statement is motivated by the fact that the education provided is focused on the individual level and differ from person to person, as one global talent might participate in a particular educational activity while another talent might not. Brant et. al (2008) instead emphasize an overall educational system of the high potentials providing them with skills seen as necessary for all managers on a certain level.

Even though transfers, both between functions and departments, are used within this cluster, it is done to a very limited extent. Some of the interviewed individuals admit that this is a deficiency in the organization and they are actively trying to enhance these types of cross-moves. The absence of these types of transfers are not uncommon and has been discussed by Kang et. al. (2007) and Adler and Kwon (2002). Allowing and encouraging employees to do cross-functional moves, creates a potential way for building competitive advantage and facilitating the knowledge flows within the MNCs, which can be very valuable. For the global talent pools of MNCs within the manufacturing cluster, these types of synergies are currently not taken fully advantage of. Explanations, such as complexity and different professions, are suggested, but as seen when comparing with the pharmaceutical cluster these are barriers possible to overcome.

The situation for the MNCs within the pharmaceutical cluster shows a higher tendency of using their talent pools more actively, even if the succession planning still plays a major role. Here, educational programs are offered to all the members of the talent pools with the view that all employees on a certain level should be provided with some similar knowledge.
This does not hinder that specific types of education might be appropriate for one individual and not for the other and consequentially the training given to the global talents might differ in some aspects. Nevertheless, it can be argued that these programs tailor-made for the global talents give the individuals broader experience, not only within their field of expertise. This consequentially enables cross-functional moves to a higher extent, compared to the manufacturing MNCs where the education is more focused on the needs of a specific function or department.

Furthermore the global talents in the pharmaceutical MNCs are frequently used in projects of high importance for the MNC and might be on a local as well as global level. Besides solving the task itself, this is also described as a way to socialize and create networks in other areas of the MNC. An evident link can be drawn to the research on expats by Harzing (2001) where the roles of global talents become especially similar to those described as bumble bees and spiders with the main role of socialization and creating informal communication networks throughout the organization. As the expat as such also is a declining form of employment, these results indicate that the global talents in some aspects are filling similar functions. The advantage in this type of procedure is that the global talents in this case will not be stationed in the same place for a long period of time and consequentially can be able to participate in various projects simultaneously and still have a specific working position in the company. Doubtlessly, the improvement in communication enabled by the rapid progress of the IT-technology has played a major role for these types of projects where the possibility to communicate across borders and between departments has increased enormously.

There are no evident explanations for why the two clusters differ in how they use their talent pools. One can argue that, by initially providing the global talents with education on a broader level as well as a global social network, their use throughout the organization increases. By initially investing more money into development of the global talent pools, these types of cross-functional global projects moreover become easier to conduct and the valuable knowledge flows described by Kang et. al. (2007) and Adler and Kwon (2002) will be more efficient and create synergies throughout the organization. One should keep in mind that these types of procedures are costly and take time to implement. As the pharmaceutical MNCs generally have been working longer with their implementation of global talent pools, they might be ahead of the MNCs from the manufacturing cluster.
Chapter 6. Conclusion

6. Conclusion

The last chapter summarizes the results and highlights the main contribution of the research. It also discusses the managerial and academic impact, which are presented in the findings. Finally, a suggestion of potential future research is proposed as a way to further broaden the understanding of global talent pools and how they are used by MNCs.

6.1 Concluding Remarks

In this study the purpose has been to reveal how MNCs actively work with establishing their talents pools and how they use them and which persons are members of the pools. As the topic is relatively untouched, in terms of academic research, the main focus has been on describing the phenomenon of global talent pools itself and which factors exist that influence the process. Since the findings uncovered differences between MNCs, the sample was divided into two clusters, pharmaceutical and manufacturing MNCs, as a way to easier identify potential differences and similarities. This enables a discussion regarding whether a certain line of action is linked to a certain type of cluster.

The examination of the two clusters has shown interesting evidence where both similarities and differences can be found between the two. First of all, it is clear that the recruitment process for global talent pools is a two-phase process with many participants and not a procedure including only one department, which was especially evident for the pharmaceutical MNCs. The cooperation between the local and global organization is a common goal for all parties involved, as highlighted by all MNCs employees interviewed. An interesting difference between the two clusters gives the impression that the pharmaceutical MNCs have come further in their work with global talent pools as their recruitment process is more structured, has more steps and shows less exposure to biases such as personal judgment, values and opinions.

Even so, the issue of potential biases is one of the most interesting findings from this study as the individuals selected for the talent pools shows a significant homogeneity. A majority of the members in the pools are men, born in Europe or the United States and in their late thirties, early forties. There are members that are both female and people of Asian descent, but they are still considered a minority. This is quite striking because, as the MNCs interviewees stated, women account for a large percentage of the companies’ human capital stock.
Chapter 6. Conclusion

Considering the last decade’s focus on diversity discussions, it is not only interesting but also sad that there have yet to be satisfactory results shown in the global talent pools in this aspect, as individuals from these groups are expected to be tomorrow’s global leaders. Extensive research done by Jurkus, Park, & Woodard (2011) and Krishnan & Park (2005) also show proof of global MNCs on the top-fortune-list with a top management team having high diversity showing better results compared to MNCs with a low diversity. Most of the MNCs interviewed for this study are Swedish, so one could have expected that they put a lot of emphasis on diversity, as Sweden is seen as a country leading in terms of pushing for diversity. As this was not the case, one can anticipate that there might be an even greater lack of diversity in other parts of the world.

A second important finding is how especially the MNCs from the pharmaceutical cluster give the members of their global talents pools some of the same responsibilities as had been previously given to expats. Instead of spending periods of a couple of years abroad, the communication technology has instead given the opportunity to work in teams and for shorter periods. Still however they can benefit from many of the experiences and knowledge given to expats especially on the social level and for creating and sustaining an intra organizational network. The reasons for these differences are not obvious but might be the higher focus on global talent management in those firms and the fact that the pharmaceutical MNCs generally have worked longer with these types of practices.

6.2 Research Contributions

6.2.1 Managerial Implications

As no research can be found within this exact field, this study should give managers a first insight to how global talent pools are used and how this in turn can be applied to various sections of the global market. Furthermore, the research highlights other aspects, such as lack of diversity in the global talent pools, which should motivate an investigation by the MNCs in ways to improve their recruitment process to their global talent pools. A suggestion is to examine where in the process this imbalance starts. Studying the candidates that are promoted in each particular phase of the process, could give a probable clue. This will reveal if the group of candidates is unbalanced from the start or if this is something that will occur during the process.
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The results from the study consequentially challenges the MNCs to try even harder to create a more diversified global talent pool as certain personal characteristics still shows a tendency of being discriminated when it comes to the recruitment into these types of pools.

The study also emphasizes how some MNCs bring value to the organization by using the global talent pool more actively and as a way for the most talented people in every department to create business networks, which can be a source for future competitive advantage for the entire organization. These types of networks will increase the efficiency of communication flows within the company and facilitated cross-functional moves both between functions and departments. This finding should be especially valuable for the manufacturing MNCs, which today not actively practice these types of procedures.

6.2.2 Impact on Existing Field of Research and Suggestions for Further Studies

This paper has strived toward shedding light upon a process in international business that has previously been given little attention. The main contribution is therefore the explanation and description of how MNCs establish their global talent pools. Furthermore, the research confirms many of the findings in research by Mäkelä et.al. (2010), which gave a first attempt on explaining which criteria are used when deciding who is a talent and who is not.

There are two main contributions that shall be highlighted in this study. First, the finding of biases in the recruitment process and the imbalance in the diversification in the global talent pools where especially women and people from outside North America and Europe are less frequently selected. This finding confirms similarities to diversity research in other academic fields such as Linehan, Scullion, & Walsh (2001) where the inability to create diversity in international management positions is evident. Conjointly, the finding that global talents sometimes are being given similar roles of expats in global projects is the other main contribution to research in this study. This process in which socialization and creating intra-firm networks are valuable outcomes, can be seen as a starting point for a new field of research as this has previously not been described in academic research.

Not surprisingly it is also within these two topics where the urge for future research is the highest. First of all, additional research should be done with larger samples of MNCs as a way to confirm the similar patterns of the recruitment process and the use of global talent pools.
A suggestion for an insightful research would be to focus it on a region outside of Europe, especially with an emphasis on the Asian region, as this seems to be unexplored so far. It would be interesting to see how and if, for example, Japanese MNCs first of all even use global talent pools and secondly if biases exist and characteristics such as gender and nationality gives employees a higher possibility of being selected as global talents. As the importance of personal networks and cultural values within these regions often are even more evident compared to Europe in general and Sweden in particular, this could have an important impact and research could gather very informative results.

A second field of future research, focused on the global project groups used by the MNCs from the pharmaceutical cluster, could give further insight in how MNCs use different types of control mechanisms to govern the various departments and subsidiaries of their rather complex organization. This becomes especially interesting as many of the global talents participate in these kinds of projects. Additional studies could consequentially contribute to this new area of research where the formation and tasks of these project groups are examined on a deeper level. A link can also be found to the existing research on expats and their ability to create networks within the organization and facilitate the flows of both people and knowledge throughout the organization. As the use of expats is getting less frequent, one can assume that MNCs are striving to find other ways to fill these types of needs. Further studies could therefore also shed light upon the advantage and disadvantages with these types of project groups compared to expats.

6.3 Study Limitations

As for all studies this research does also have a number of limitations that should be kept in mind when evaluating the results. First of all, the sample is relatively limited where differences might occur if comparing to other clusters or MNCs. More extensive research could therefore further support the findings of this study. Furthermore, as a majority of the MNCs studied are from Europe, with the majority being Swedish, this could of course impact the results, as certain practices might be influence by cultural values or other specificities only found in Sweden. Nevertheless, as all the MNCs studied are large global companies with employees and subsidiaries in various parts of the world, the difference is expected to be small and there has been no signs of regional differences during the interviews.
Differences are also less likely, especially between European and North American MNCs, since these are markets and regions with a long history of interchange in terms of knowledge, employees and practices. As mentioned earlier though, the difference in terms of Asian MNCs might be more evident since a present exchange of practices between those markets are relatively new and consequentially differences in practices and processes is expected to exist to a larger extent.

As discussed in the methodology chapter, the people interviewed occupy different positions within the MNCs ranging from global HR managers to local HR managers to global talents. Their opinion might therefore be influenced by the position they have and their personal opinions or desire to promote their department or position. As mentioned earlier, a more extensive study with a larger sample would benefit from using even more people within the same organization, as a way to avoid those types of embellishments and/or personal reflections.
References


Appendix 1. Interview Guide

Background

1. What is your role within Company X’s processes with talent management?
2. How long have you held this position?
3. How big is the department you work at and what are your main responsibilities?

Talent Management at Company X.

4. How would you describe Company X’s work with talent management based on your experiences?
5. Are there more than one way that Company X works with talent management?
6. Based on the years you’ve been with the company, how has the processes changed?

Global Talent Pools at Company X

7. What is the main purpose of the talent pools?
8. Describe the selection process?
9. Which criteria’s are used to evaluate if to be labeled as a talent or not?
10. Who decides whether a candidate will be a part of a global talent pool or not?
11. Which department is responsible for the pool?
12. Describe the background of the members in the talent pools?
13. How do you train and educate persons in this pool?
14. Are these persons used in any other way within the company?