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Talent on demand?

Talent management in the German and Irish subsidiaries of a US multinational corporation

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Abstract

Purpose – As the interest in talent management (TM) gathers momentum, this paper aims to unravel how talent is managed in multinational corporations, what factors mediate the talent management process and what computerised systems may contribute to the management of talent.

Design/methodology/approach – The study employs a single case study but multiple units of analysis approach to elucidate the factors pertaining to the transmission and use of talent management practices across the German and Irish subsidiaries of a US multinational corporation. Primary data for this study derive from a series of in-depth interviews with key decision makers, which include managers at various levels in Germany, Ireland and The Netherlands.

Findings – The findings suggest that the diffusion of, and success of, talent management practices is contingent on a combination of factors, including stakeholder involvement and top level support, micro-political exchanges, and the integration of talent management with a global human resource information system. Furthermore, the discussion illuminates the utility and limitations of Cappelli’s “talent on demand” framework.

Research limitations/implications – The main limitation of this research is the adoption of a single case study method. As a result, the findings may not be applicable to a wider population of organisations and subsidiaries. Additional research will be required to substantiate the relevance of these findings in the context of other subsidiaries of the same and other corporations.

Practical implications – This paper accentuates a number of practical implications. Inter alia, it highlights the complex nature of institutional factors affecting the talent management process and the potential efficacy of a human resource information system in managing talent globally.

Originality/value – The paper extends the body of knowledge on the transfer of talent management practices in the subsidiaries of multinational corporations. The discussion presented herein may engender further academic debate on the talent management process in the academic and practitioner communities. The link between talent management and the use of human resource information systems established by this research may be of particular interest to human resource practitioners.

Keywords Skills, Management development, Multinational companies, Germany, Ireland, The Netherlands

Paper type Case study

Introduction

Talent management as a corporate area of focus has been building steadily. Like a fast-approaching car, the closer it gets the more of it we are able to see clearly, despite the fact that there is no real roadmap and no single individual or group behind the wheel (Galagan, 2008, p. 42).

This article was supported by the Institute of Technology Carlow (Ireland) Research, Development and Innovation Support Fund.
This quote illustrates a number of pertinent issues surrounding talent management (TM). First, talent management as a process has been practiced by organisations for a considerable amount of time, albeit in various reincarnations (Galagan, 2008). Indeed, Patton (1967), in 1967, predicted that by the year 1975 the competition for talent would reach its zenith. In a similar vein, Capelli (2008a) contends that various forms of TM practices, such as trainee management schemes, forced-ranking systems, 360-feedback, executive coaching or assessment centres, had been developed in the 1940s and 1950s to create large pools of organisational talent. However, subsequent economic downturns and an associated loosening of the labour market made these practices redundant. Thus, it may be argued that the (re)emergence of TM is in fact part of a cyclical process (Cappelli, 2008a).

Second, the concept itself seems to be ill-defined (Lewis and Heckman, 2006; Tansley et al., 2006). In their review of the TM literature, Lewis and Heckman (2006) contend that definitions of TM fall into one of three broad categories. The first of these groups views TM as a combination of standard human resource management practices such as recruitment, selection and career development. The second cluster of definitions concentrates predominately on the creation of a large talent pool, ensuring the qualitative and quantitative flow of employees through the organisation – a view that is akin to the principles of succession or human resource planning. The final category regards talent in more general terms, whereby talent is either viewed “as an unqualified good and a resource to be managed primarily according to performance levels” or “as an undifferentiated good, based on a demographic necessity to manage talent” (Lewis and Heckman, 2006, p. 141). Berger and Berger (2003) suggest that “proactive” talent management ought to be based upon the identification, selection and nurturing of key performers, the sourcing, development and allocation of replacements for key personnel, and the allocation of resources to key talent; contingent on their potential value to the firm. BNET (Talent Management, 2009) defines talent management as:

[...]

This definition would fit into both the first and second categories of definitions identified by Lewis and Heckman (2006). Even if we were to concur on a definition of talent and talent management, organisations would still need to isolate the key characteristics of talent as it is germane to their circumstances, what processes they ought to employ to identify talent, whether they should “make or buy” talent, or whether they should adopt an “exclusive” or an “inclusive” approach to identifying talent. That is, whether firms should merely focus on developing managerial talent or whether the focus should be on all potential talent at the disposal of the organisation.

Third, the need for and demand for talent management appear to be accelerating, as firms purport to find it increasingly more complex to source skilled labour (Axelrod et al., 2001; Chambers et al., 1998, Frank and Taylor, 2004; Lawler and Mohrman, 2003). Whilst recessionary trends in the world economy and an associated lose labour market may evidently ease the pressure on firms to manage talent, the potential pool of highly skilled managerial talent remains limited.

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It can be argued that large MNCs are increasingly rolling out computerised talent management systems (TMS) to support their quest for talent (Schweyer, 2004). This is reflected in the plethora of talent management systems represented on a widely used practitioner website such as workforce.com. The world’s leading enterprise resource planning system (ERP) developers, such as SAP or Oracle, readily incorporate talent management systems as part of their overall packages. An ERP system synthesises information from all functional areas of a firm, for instance finance, production, marketing and HRM. TMS are frequently incorporated into and used alongside Human Resource Information Systems (HRIS), which in turn can form part of an ERP. HRIS systems, which are used to collect store and analyse HR related information, are capable of supporting all functional areas of HRM from recruitment to management development (Kavanagh and Mohan, 2008). These data repositories for HR related information typically comprise of a number of modules, which in turn can support every area of HR including talent management. TMS can be used for a variety of purposes, for instance to coordinate training and development activities (Burbach, 2008) or to feed into performance management systems (Morgan, 2006). The increasing importance of these TMS in managing talent has been highlighted in a number of publications (Berger and Berger, 2003; Blass, 2007; Blass, 2009; Frank and Taylor, 2004). While Lewis and Heckman (2006) suggest that TMS offer significant advantages in taking stock of organisational talent, they caution that TMS cannot show firms how to manage talent. The key to using a TMS, whether it is computerised or not, is its alignment with an organisation’s human resources and competitive strategy (Cohn et al., 2005; Gakovic and Yardley, 2007; Heinen and O’neill, 2004). A number of authors have pointed to the instrumentality of HRIS in turning HR into a strategic business “partner” (Gardner et al., 2003; Ulrich, 2000; Yeung and Brockbank, 1995).

Fourth, there exists a dearth of published academic debate on this issue, even though there has been a burgeoning interest in the practitioner focused literature and consultancy reports in this area (Fegley, 2006; PWC, 2006). Lewis and Heckman (2006) report that, in 2005, an Internet search on the phrase “talent management HR” rendered 2.7 million hits. Although a search on Business Source Premier, a popular journal database, in 2009 using the same terminology yielded only 914. The figure for peer reviewed journal articles however, is considerably smaller. Notwithstanding the scarcity of academic research in this area, business leaders appear to view TM as one of their key priorities in the coming years (CIPD, 2006; SHRM, 2006).

Finally, an empirically tested model for talent management is required to provide guidance on the process of TM to both practitioners as well as academics. One of the models that would benefit from further research is Cappelli’s “Talent on demand framework” (Cappelli, 2008a, b), which is based upon a supply chain management analysis of TM and incorporates four principles. The first of these suggests that organisations ought to weigh up “make” or “buy” decisions regarding TM. The second focuses on reducing uncertainty in talent demand. The third centres on earning a return on investment in TM and the fourth concentrates on creating an internal labour market. Stevens (2008) suggests that the rules of six sigma/total quality management should be applied to TM to increase its effectiveness. Boudreau and Ramstad (2005) advocate, what they term, the “decision science of talentship”. They argue that decision support systems similar to those utilised in finance and marketing should be employed to identify talent in organisations. Blass (2009) identifies 18 dimensions along which
case study organisations make decisions regarding talent. He groups these dimension into two categories. The first group relates to how organisations define and identify talent. The latter group pertains to how organisations develop talent. Ready et al. (2008, p. 64) advocate a... framework for attracting and retaining talent, which entails a solid company brand, a guiding purpose, a talent centred culture and development opportunities for employees. While it is beyond the scope of this paper to attend to all of these issues, this paper focuses on the following questions:

- How is TM carried out in the Irish and German subsidiaries of this US multinational corporation?
- How do the TM activities in this case study organisation fit with the “Talent on Demand Framework”?
- What are the factors mediating the TM process in practice and what role do computerised HR systems play in the TM process?

A number of key findings could be elucidated from this data. First, while it can be argued that organisations ought to strive for internal consistency of process, TM in this case study organisation is highly fragmented and lacks support and commitment from both the subsidiaries and from the upper echelons of the corporation. Second, the factors mediating the TM process appear to be largely congruent with the factors frequently portrayed in the literature as the key factors mediating the transmission of HR practices across MNC subsidiaries. These include, for example, home and host country effects, the strength of national business systems, sectoral influences, the forces of local isomorphism versus internal consistency and micro-political exchanges (Edwards and Ferner, 2002; Muller-Camen et al., 2001; Royle, 2004, 2006). Third, although HRIS may be seen as the key source of talent management information and the key instrument in the talent management process, the extent to which these systems are utilised for these purposes diverges considerably among the subsidiaries and countries in this study. We begin with a brief review of research issues.

**Research issues**

The preponderance of research into talent management and talent management systems appears to be quantitative, survey based and practitioner focused. This study however employs a single case study, but with multiple units of analysis to examine the factors pertaining to the transmission and use of talent management practices across subsidiaries in a US multinational corporation (MNC). US multinationals in particular have attracted attention for their reputation as an innovator of HR practices but also as a challenger of existing industrial relations systems (Clark et al., 2005; Gunnigle et al., 2003). The data derive from an ongoing study based on a series of in-depth semi-structured interviews with key decision makers and stakeholders in the areas of international human resource management (IHRM) and global human resource information systems (GHRIS) utilisation in one US multinational in the medical devices sector. The US MNC (which we call Meddevco for the purposes of this study) employs approximately 38,000 people in 120 countries in five distinct product divisions. This company operates in the region of 270 manufacturing facilities, sales offices, research centres, education centres and administration facilities across the globe.

Interviews were carried out in the Irish manufacturing facility (with the HR director, HRIS specialist, and two line managers), the European HRIS headquarters in The
The German and Irish business systems in contrast

Evidence from Germany and Ireland is of particular relevance to the TM debate for a number of reasons, some of which comprise cultural and societal dissimilarities, institutional differences, and/or the changing fortunes of these countries in economic terms (Keating et al., 2004). Host country rationalities, and differences in national business systems in particular, have frequently been implicated as a key moderator of the transmission of human resource management practices (and thus also talent management practices) to foreign subsidiaries (Almond et al., 2003; Edwards, 2004; Ferner and Quintanilla, 2002; Saka, 2002). Other factors influencing diffusion of HR practices are discussed in a separate section of this paper below.

While the German system of industrial relations has been portrayed as “institutionally strong” (Muller, 1997, 1998), some authors have heralded the demise of the German business and industrial relations systems through the increasing internationalisation of economic activity as well as relatively slow economic growth and relatively high unemployment rates (Grahl and Teague, 2004; Lane, 2000, 2003; Singe and Croucher, 2005). Schulten (2003) argues that these trends have encouraged a decentralisation and fragmentation of collective bargaining since the 1990s, which are reflected in decreases in collective bargaining coverage and a corresponding increase in company level agreements. Moreover, other research evidence suggests that some MNCs have been able to avoid or undermine various aspects of the German industrial relations system (Royle, 1998, 1999, 2000, 2004).

The industrial relations system in Ireland has traditionally been based on a pluralist and voluntarist approach (Wallace et al., 2004). However, since the 1980s, the Industry Development Agency responsible for attracting FDI has espoused a neutral position towards unionisation, which has enabled MNCs to introduce non-union establishments and arguably led to a decrease in union density in Ireland (Visser, 2006). It can be argued that this “unregulated” approach could have been one of the contributing factors that contributed to Ireland’s considerable success in attracting FDI from the USA (EIRO, 2005). Ireland is considered an FDI “Front Runner”, boasting high FDI potential as well as high FDI performance. As a consequence, however, Ireland is disproportionately more economically dependent on US MNCs for investment than other EU countries (Clark et al., 2002), which arguably affords MNCs with more latitude to introduce home country practices in their subsidiaries (Gunnigle et al., 2006).

HR practices introduced by US MNCs in Ireland comprise of performance related pay, learning, training and development and employee involvement and consultation.
(Gunnigle et al., 2008). Germany on the other hand, shows high FDI potential, but appears to perform below its relative potential in this respect, although it receives more FDI from the USA than any other EU country (UNCTAD, 2006). Germany is therefore no less reliant on US FDI than Ireland. Indeed, the overall number of FDI projects in Germany and Ireland increased by 14 per cent from 2007 to 2008 (IDA, 2009; Research in Germany, 2009). The continuing global competition for FDI is likely to maintain a deregulatory pressure on national employment systems, which may encourage MNCs to try to diffuse managerial practices such as TM from their home countries to their subsidiaries. US MNCs in particular have not only developed a reputation as innovators of HR practices, but also as challengers of existing industrial relations systems (Clark et al., 2005; Gunnigle et al., 2003; Royle, 2000, 2004, 2006). It could therefore be argued that US MNCs are more likely than others to promote and diffuse TMS in their foreign subsidiaries. Nevertheless, despite these trends the path dependency of varying societal arrangements is slow to breakdown, meaning that host country institutions and practices often have a substantial mediating effect on MNC practices (Royle and Ortiz, 2009). The tensions between MNC practices and varying national arrangements are therefore likely to produce a variety of, and sometimes unexpected, outcomes in their subsidiaries.

Talent management in the subsidiaries of MNCs
TM strategy and HR strategy in Meddevco are centrally decided upon by a so-called “Human Resource Council” (HRC). This council consists of ten senior vice presidents from various business functions. However, European interests are represented only by a single council member, whose position rotates on an annual basis, which further dilutes European influence on talent management processes. Thus, it may not be surprising that European key stakeholders including the Head of the HRSSC, the Irish HR director and the German Plant Director were rather disillusioned by the decision making processes that lead to the introduction of new HR practices, such as TM. For instance, the Head of the HRSSC stated:

Europe needs to roll it out because we want to roll out globally ... It’s important to roll out globally, but it’s not that important to listen to that (European) voice. And the problem is being created here at this level at the HRC. We have a group of people with one voice of Europe in there rather than having a balance there. One European in there. So the European voice gets pretty small in that group there. I can imagine that the European head, who is in there doesn’t always hear 100 per cent what’s being said or understands what’s being said and agreeing on certain things ... Where the HR systems are concerned the HRC decided on it so we have to implement it. So I would say, oh, even if this person would have to say no, no, no it’s still 9 to 1 and they can decide on it. So I think the whole priority thing is something that needs to be worked out at this level rather than us at the operational level.

The US corporate HQ of Meddevco identified 15 key global HR processes including talent management, performance management, salary planning, recruitment, and management incentive programmes, which are “owned” by 15 directors of various functions and vice presidents of the organisation. These individuals form a subcommittee of the HRC, which holds annual meetings during which new projects are discussed. The HRC prioritises these projects and a decision is then made to implement the most relevant projects.
On the surface, TM in this MNC appears to be well thought out and every facet of TM seems to be accounted for. Moreover, it appears that TM is integrated into the firm’s strategy (horizontal alignment) and that business processes are aligned with one another (vertical alignment). These forms of alignment have been highlighted as key factors for successful TM (Gakovic and Yardley, 2007; Guthridge et al., 2006; Heinen and O’neill, 2004; Morgan, 2006; Preziosi, 2008; Ruppe, 2006). TM permeates the entire HR function – from the HR vision to tools, systems and practices that are aimed to support TM in the organisation. The precise elements of the corporation’s TM approach, including TM vision, strategy, objectives and processes, will be illustrated in the following sections. According to an internal Meddevco presentation, the HR vision of the MNC includes a distinct focus on TM:

[...] to build organisational capability by understanding organisational development principles, methodology and processes and leveraging them to increase individual and organisational effectiveness ... Global..., blended, team oriented function, ... governed by the HRC, (which) adds value to the organisation through signature processes.

These “signature processes” are, according to the Irish HR Director, founded upon the corporate mission, talent management, and global workforce analytics (including TMS). HR strategy, which is decided upon by the HRC, is derived from a so-called HR Partnership model, which consists of Talent Management and Acquisition, Culture Change, Reward and Recognition and Employee Commitment. The same presentation suggests that the firm’s mission for TM is based upon, ... a fundamental core belief that superior talent management drives superior business results and that the MNCs key objectives for TM are to:

Drive the talent mindset through the organisation; to implement and leverage world class Talent Management systems and processes; and to provide global leadership development practices that develop strong foundations and prepare key talent for transitions.

The organisation’s TM strategy encompasses several aspects including organisation and succession planning, talent profiles and talent pipelines, performance management, individual development plans, and talent acquisition. Founded on its “Talent reviews” (which we consider below), the MNC identifies talent based upon performance and potential. Talent is classified from “Low Performers” (somebody with little potential and lack of performance) to “Strategic Stars” (somebody who has a lot of potential and who is already a key performer). In total, there exist nine different categories. Depending on their classification and position in the firms’ hierarchy this talent enters the so-called “Talent Pipeline” at different stages. The four stages of this pipeline range from “Early Contributor” to “Executive”. It is interesting to note that none of the key stakeholders were able (or willing) to comment on these categories when asked about TM and TMS in the firm. Talent progresses through the pipeline by becoming the subject of a “Development Model”, which is composed of a range of supports, for instance, a more challenging job, feedback, courses, and individual learning. This model aims to maximise talent potential. As part of its TM strategy, the case study organisation utilises a range of tools and systems, some of which (but not all) form part of the GHRIS. These tools include a talent planning and organisation tool, a management succession summary facility (part of the GHRIS), an organisation chart facility (accessible through the intranet), a future organisation chart tool, and leadership pipeline lists (part of the GHRIS). All of these feed into a complete
organisation plan, which is only accessible to the upper echelons of the organisation. While the organisation's TM process seems to be rather centralised, the process and its success hinge on the collaboration and persistent input of all employees, which means “Talent profiles” ought to be completed by employees and “Talent reviews” must be completed by line managers.

These findings support Rosenzweig and Nohria’s (1994) proposition that MNCs strive for internal consistency across their global operations, while engaging in local isomorphism where national institutional pressures necessitate such adaptations. US MNC in particular seem to rely heavily on centralised decision making (Martin and Beaumont, 1999) a view that is supported by findings in this study. Each of the five divisions operate independently, including a dedicated head office for each division, which according to the Irish HR Director, the HR Director for the Central Region and the German Plant Director leads to a significant amount of duplication of efforts and dual reporting structures. Yearly budgets constitute the primary control mechanism within this corporation. The interview data suggest that the European HRIS centre and European subsidiaries tend to have little influence over decisions made by the US parent, which therefore suggests that the country of origin factor is one of the most important factors in determining management decision-making in respect of HR practices and, thus, TM decisions (Almond et al., 2005; Ferner, 1997). For instance, the subsidiaries in this research had no voice in the introduction of training and development or talent management systems. According to documentary evidence obtained, TM appears to be viewed by the US corporate HQ as a key strategic imperative a point that has frequently been made by key stakeholders in Meddevco. The head of the European HRIS Centre for example stated:

Well, I think if you want to talk strategically what you have to do is look at what are the strategic imperatives of our organisation and one of those is talent management. And so I think that’s one of the most obvious examples to use. And talent management is understanding how we get the right people in the right places and groom them for our jobs, because we are looking at an impending crisis of employment and all our senior leaders are 50 plus years old and they are all going to retire and then you have people like me running the company and then god only knows what happens, right. […] I mean that’s the clearest example how we would be strategically positioning the company for the future is by leveraging what our leaders determine as the strategic imperatives for our organisation, creating a tool to let them facilitate the execution of that strategic imperative.

Moreover, a Meddevco internal presentation states that:

With an estimated 6 per cent increase in new leadership positions and 9 per cent annual turnover rate we will need to hire or promote approximately 200 VPs (Vice Presidents) and 700 Directors in the next five years (in the period from 2009 to 2013).

However, managing talent across the subsidiaries of an MNC represents by no means an easy task, even with the use of a talent management system incorporated into a GHRIS. Guthridge and Komm (2008) refer to the inherent difficulties of redeploying talent in different countries and Groysberg et al. (2006) argue that the “portability” of even the best talent is mediated by the degree to which specific skills sets of individuals transfer to new positions. Indeed, the German Plant Director stated that he did not want employees from other parts of the corporation, as the manufacturing plant always relied on sourcing its own talent, particularly from the local technical
university with which the plant had very close links. These difficulties appear to be compounded by the MNC's inability or perhaps unwillingness to involve key stakeholders – an issue that is further discussed hereinafter – particularly in Europe where the MNC holds major interests. The following section now examines Cappelli’s (2008a) “Talent on demand framework” in the context of the findings.

**Talent on demand framework**

Cappelli (2008a) contends that the telltale signs of successful TM are that it is inclusive and that it can address and resolve any incongruity between the supply and demand of talent. He argues that many firms are out of sync in that they have either too many employees for available positions or a talent shortfall and always at the wrong times. Both of these scenarios are associated with significant risks in terms of talent and costs to the organisation, which need to be managed. First, the risk of disparity between employees and the skills sets required and, second, the risk of forfeiting investments in talent as firms are unable to hold on to (potential) key personnel. Managing this risk is of particular importance for the case study firm, which operates in the medical device sector, a sector that is highly regulated and that depends on skilled labour. In fact, the majority of workers in the German Manufacturing Plant hold a primary and postgraduate degree. A further important point made by Cappelli (2008a) is that TM should not be about employee development or succession planning, like many of the commonplace definitions of TM suggest. However, the key purpose of TM, he suggests, is to help a firm attain its strategic objectives. The view that HR should become a strategic business partner is widely supported in the literature (Ulrich, 1998; Yeung et al., 1994).

The evidence presented above intimates that the case study organisation purports to do just that. It has developed a HR Partnership model, of which TM forms a key element, while the key objectives of the TM strategy include both employee development and succession planning (see the key objectives of Talent Reviews below). Some of the key stakeholders interviewed for this research (in particular the Senior Director HR Systems, the Head of European HRIS Centre and the HR Director for the Central Region) do view TM as a strategic tool that can enhance HR’s status within the corporation. However, it seems that this view does not filter through to all of the subsidiaries, such as the German Manufacturing Plant, and the wider population of employees (as is evidenced by the lack of completion of Talent Profiles; see discussion below). The following section appraises the MNCs TM strategy vis-à-vis the four principles in Cappelli’s (2008a) “Talent on Demand” framework.

The first of these principles suggests that firms should “Make and buy talent to manage the demand-side risk”. In essence, this process is designed to help organisations anticipate costs associated with poor talent demand forecasts. The findings suggest that the case study organisation aligns both its recruitment and TM processes. For instance, the company’s e-recruitment system is linked to its TMS and both form part of the GHRIS. However, it could not be ascertained whether the firm tried to predict the opportunity costs involved in TM. The MNC, it seems, undertakes a number of efforts aimed at “Reducing the uncertainty in talent demand” – the second of the principles. The corporation utilises a number of systems, which combined, could in fact reduce the inherent uncertainty in managing demand. For example, the multinational marries talent planning, succession planning and organisation charting tools to account for variability in talent demand. The third principle focuses on
“Earning a return on investments in developing employees’ and centres on maximising the ROI from talent. While the organisation’s “Talent pipeline” and “Development model” may lead some way towards ensuring that the firm maximises an employee’s potential, this research could not reveal any evidence to suggest that ROI is measured in some form. In fact, the HR Director for the Central Region (Europe) stated that the organisation had no means of measuring the value added by the GHRIS. The fourth principle is founded on the idea that employee interests should be balanced by creating an internal labour market that offers all of the advantages of the external labour market to reduce staff turnover and to avoid the associated loss of talent and costs. The data suggests that the corporation has a number of mechanisms in place that can help the organisation match existing talent with future jobs. The key mechanisms for this purpose appears to be the “Talent pipeline”, whereby talent is identified early in their developmental process and channelled through this leadership pipeline by way of coordinated development efforts, which includes more challenging tasks, mentors, feedback and courses, all of which are designed to increase talent retention. However, as we shall see in the following sections, there is a considerable gap between the US HQ rhetoric and the realities of managing talent across the subsidiaries of this large MNC.

What are the factors mediating the talent management process?

The way in which HR practices and in this case TM practices are diffused across MNC subsidiaries in practice are dependent on a number of factors such as home country and host country effects, sectoral influences, micro political exchanges within MNCs and the forces of local isomorphism vs. internal consistency (Colling and Clark, 2002; Edwards and Ferner, 2002; McGraw, 2004; Mense-Petermann, 2006; Muller-Camen et al., 2001; Royle, 2006; Royle and Ortiz, 2009; Tregaskis and Brewster, 2006). Although a detailed discussion of these factors is not within the scope of this paper, the findings do provide some insights into the way in which these factors shape TM in MNC subsidiaries. In this case, unlike other HR practices, TM does not appear to have been a contentious issue in the introduction process. In fact, all of the subsidiaries in this research practiced TM using the relevant computerised system (discussed next). Moreover, all of the senior managers interviewed viewed TM as a strategic necessity for HR and for the company. Other HQ initiatives such as the launch of a salary modeling system or the introduction of HR self-service have been met with considerable resistance in particular from the Irish subsidiary, which is the largest European manufacturing facility and which includes a notable research capacity. The Irish HR Director stated:

We have now reached a critical mass of 2300 employees where we could say that no new systems would be introduced in Europe without our ok – the economies of scale just would not work – there wouldn’t be enough people in the rest of Europe to make it work.

This critical mass and its sizeable research and development unit represent significant sources of micro-political power within the corporation, which the subsidiary can use to influence headquarter decisions (Blumentritt and Nigh, 2002; Clark and Geppert, 2006; Dörrenbächer and Gammelgaard, 2006; Dörrenbächer and Geppert, 2006). While the Irish manufacturing plant, the International HQ and the European Sales HQ all purported to use TM extensively, this was not a priority in the German manufacturing plant. However, the extent to which the system was utilised did not appear to have been influenced by contextual factors such as the national business system or the
business sector. Nevertheless, it does appear that the level to which subsidiaries subscribe to TM is a factor of senior management support and HQ pressure to use the system. The German Plant Director commented on the commitment of the corporation to the system:

What we are missing, on the one hand, is this pressure, you have to go 100 per cent live, with every employee and with everything that you've got there, and then we will check. So this “I want you to use 100 per cent of it” statement, that doesn’t exist. There is no 100 per cent commitment.

A number of the TM issues emerging pertain specifically to the utilisation of a computerised talent management system. The following section will shed some light on the role of GHRIS in managing talent.

What role do computerised HR systems play in the talent management process?

Meddevco uses an enterprise resource planning system (ERP) named PeopleSoft (owned by Oracle – one of the chief vendors of enterprise systems). The corporation has recently also rolled out an SAP (Oracle’s chief competitor) ERP system in the manufacturing area. The US HQ utilises virtually every PeopleSoft module available to support the HR function. In Europe, the HRIS supports four key areas – HR administration, performance appraisals, talent management and e-recruitment. The system also offers a limited e-learning facility (as part of an intranet) and a corporate information database. As part of this global HRIS, the enterprise and its various subsidiaries employ a computerised talent management system. The essence of the TMS in this MNC consists of so-called “Talent profiles”. That is, each employee is required to complete and maintain what is essentially an online Curriculum Vitae in a standardised format, which line managers and HR can access. Key stakeholders emphasise that the organisation’s motive for the introduction of these talent profiles is to add value to the organisation by carrying out regular “Talent reviews”. The aim of “Talent reviews” is to identify employees that possess managerial/development potential. This use of TMS is akin to the second category of TM identified by Lewis and Heckman (2006), which centres on the creation of a large pool of talent rather than on the actual development of the potential of the talent that is identified. However, auxiliary TM practices used by the corporation would suggest that any of the other categories of definitions of TM could be also be applicable. According to the HRIS specialist in Germany, problems emerged during the implementation stage, in the European sales head office in Germany, as data seemed to get lost in the system. Additional issues materialised in Germany pertaining to the entry of qualifications of employees for which no American equivalent existed, as the GHRIS is based on a US template. For instance the German system of initial vocational training does not exist in the US, nor does the system recognise German third level education qualifications or German Universities (for a detailed account of vocational training see Cantor, 1989). The German Manufacturing site was not fully compliant regarding the use of the TMS module – simply because the head office had not exerted any pressure to use it. However, the plant manager had no doubt that this was imminent and that the facility and its employees would have no choice but to comply. While some employees may be weary of volunteering personal information online, the MNC has introduced a simple but effective way to ensure compliance – without completing their online profiles staff will not be promoted. A similar policy ensures that line managers use the online
appraisal mechanism – employees will not receive pay rises or bonus payments if the appraisal has not been conducted via the online system. Notwithstanding the severity of these measures, not all staff appears to comply. Each subsidiary also has to reach quotas of employees that are captured by the system. Individual HR Directors and Plant Managers for the smaller operations are responsible for meetings these targets. However, the Senior Director of HR Systems states:

Well every region uses the system in the same way and enters the required information. But if they don’t use certain features fully there is very little we can do.

The fact that these quotas exist also illustrates a certain lack of compliance. The lack of compliance is explained by the Senior Director of HR Systems:

The way in which we utilise the system is that we have introduced global processes and we have a very high adoption rate. We have identified 50 data elements for every employee that must be entered into the system. So every subsidiary has to do that. But there are other processes such as talent management, which are more problematic, particularly in manufacturing in Europe, where it is not possible to grant every employee access to a computer. We have installed some computer kiosks but that can’t solve that problem. So for some of the other processes we achieve a usage rate of 50 per cent-70 per cent.

In a study of Irish organisations it was also demonstrated that nine out of ten organisations failed to consult with employees regarding the introduction of a HRIS (Burbach and Dundon, 2005). A number of authors suggest that insufficient stakeholder engagement in the introduction process of (HR) IT projects could potentially lead to, among other things, a lack of ownership of the system, system underutilisation, and/or increased resistance to change (Davenport, 1994; Desanctis, 1986; Miller and Cardy, 2000; Tansley et al., 2001; Wilkens, 1973). National differences and cultural idiosyncrasies further compound the complexities involved in ERP implementation and may give rise to resistance to change (Sheu et al., 2004).

In view of the evidence presented above regarding the alleged strategic importance of TM for the organisation, it is perhaps surprising that the MNC resorts to these type of measures to ensure employee “buy in” into the TM process. The change management literature perpetually stipulates that creating a shared vision and gaining commitment to this vision were hallmarks of a successful change initiative (Kotter and Schlesinger, 1979). The TM policies used in practice in this MNC bear few of these hallmarks. Hence, it is questionable whether the firm can actually reap the potential benefits of TM suggested by the practitioner-based literature.

Line managers interviewed in this study, also appeared to have either limited “knowledge or were disinterested in the talent management system”. The Finance/HR manager of the German manufacturing plant for example did not even know the system existed. Although a quality manager in the Irish manufacturing plant knew about these talent profiles, he asserted that both he and his colleagues only paid lip service to completing the profiles in order to “keep management happy”. An additional part of the talent review process consists of a section to be completed by the line manager of an individual employee, which is also to be completed online. This section is utilised to record the employee’s progress and management potential. The completion of this section is normally carried out without the knowledge of the employee. The Irish quality manager stated that this section also included a forced ranking of the employee from one to five (five indicating the highest management
potential). He stated few line managers awarded a score of five as these rankings were also used to determine promotions and pay rises and large numbers of maximum scores would distort this process. Thus, it seems the firm is unable to generate a true picture of its talent, as all of the MNC’s TM processes, including Talent Profiles, Talent Reviews and Talent Rankings are either underutilised, undersubscribed or reinterpreted at various hierarchical levels within the corporation. This apparent lack of commitment to the TM process at the (European) subsidiary level is perhaps also attributable to the lack of key holder involvement at the subsidiary level and the resulting inertia concerning headquarter initiatives such as TM.

This torpor is also evident in other areas of HRM and HRIS utilisation, such as the introduction of a HR Shared Service Centre (HRSSC), which was heavily resisted by European senior management. A shared services centre offers a range of services, including HR from a central location and is in principal similar to a call centre and thus faces similar problems. Its chief advantages arguably lies in promised economies of scale achieved through rationalisation and augmented internal consistency attained through the provision of streamlined (monolingual) HR services. The first bid to introduce a European HRSSC failed outright owing to European resistance. The MNC affords the second attempt of a HRSSC considerably more resources than the first endeavour, including a HRSSC project team, spearheaded by the former Head of the European HRIS centre, and relies heavily on consultation with key stakeholders. Conceivably, for this reason, the remainder of the project team is made up of HR officials from different European subsidiaries.

**Conclusions**

It can be argued that talent management does not make sense if it adapts to local practices, as this would defeat the purpose and diminish the potential of the talent management process. Indeed, at Meddevco centralised control and reinforcement of internal consistency appear to be the central concerns of this MNC. However, it appears that talent management, as it is practiced in its subsidiaries varies considerably, with the application of talent management differing considerably even between the two German subsidiaries. This disparity is due to a number of factors including host country effects and local cultures. Moreover, talent management at Meddevco appears to suffer from a lack of support and commitment from both management in the subsidiaries and from the senior levels of the corporation at the regional level and is affected by a lack of stakeholder involvement in the implementation process. Talent management seems to be further mediated by micro-political relationships between the US headquarter and its subsidiaries and the subsidiaries themselves. For example, the Irish manufacturing plant had a greater propensity to shape talent management processes, due to its strategic capabilities, *vis-à-vis* the German manufacturing plant, which was much smaller and which was already faced with the transfer of some of its operations to Puerto Rico. Thus, the German subsidiary could simply not afford to engage in political face offs. Theoretically, global human resource information systems can play a key role in gathering and analysing talent management information and can be used to underpin the talent management process. The findings suggest that the extent to which these global systems are utilised for the purposes of managing talent in practice may diverge markedly amongst MNC subsidiaries. For instance, the European sales headquarter in Germany complied fully with the MNCs policy that every
employee must complete an online talent profile of themselves, while in the German manufacturing plant only the director of the plant acceded. Finally, Cappelli’s (2008a) “Talent on demand framework” and the principles it promulgates appear to be useful for benchmarking an organisation against (a form of) best practice in talent management. What the framework cannot do, however, is actually reduce risks and uncertainty involved in managing talent, nor can it account for and ensure that talent management systems can actually be fully applied on MNC subsidiaries or earn a return on their investment.

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