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# Examining Talent Pools as a Core Talent Management Practice in Multinational Corporations

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**Abstract**

Many organisations view talent management (TM) as perhaps the most critical challenge of this century. Consequently, it would seem vital that multinational corporations essayed to employ talent pools (TPs) to identify and manage talent more strategically. This paper examines critically the use of TPs as a core TM practice in multinational corporations. Through a multilevel case study of three organisations, we draw on seventy-three in-depth interviews with human resources and operational leaders at corporate and business unit levels to ascertain how TPs contribute to TM effectiveness. Findings show that TPs can provide a platform for the development of a strong internal talent pipeline if an appropriate TM framework is in place. The results imply that TPs need to be actively managed and underpinned by a rigorous and strategic decision-making process to establish the necessary depth and breadth of talent within TPs, which, in turn, will ensure the overall effectiveness of the TM process. This research responds to the call for much needed empirical evidence on TP practices and suggests a more nuanced view on TP management. Furthermore, this paper offers a model that conceptualises a systematic approach to TP management.

**Keywords**

Talent Pools, Talent Identification, Talent Management, Multinational Corporations, Multilevel Case Study

## Introduction

The identification, development, retention, and deployment of talent has been a critical topic on the agenda of scholars and practitioners alike in recent years (Morley, Scullion, Collings, & Schuler, 2015). Talent management (TM), in this article, is defined as 'the strategic management of the flow of talent through an organisation' (Iles, Preece, & Xin, 2010, p.127). To manage this flow effectively, organisations have introduced the concept of talent pools (TPs) which are leveraged through a talent pipeline. This ensures the continuity of talent at all levels of an organisation (Bhattacharyya, 2014).

TPs have been described mostly as a pool of employees that display high potential and/or high performance (Mäkelä, Björkman, & Ehrnrooth, 2010). In addition, McDonnell, Hickey, and Gunnigle (2011) emphasise the pivotal nature of these employees for key strategic positions. It is important to note that those key positions could be found at all levels of an organisation (Collings & Mellahi, 2009). In contrast to succession planning, which refers to a process of planning the replacement of particular employees by identifying their successor (Cappelli, 2011), TPs represent more flexible and larger groups of talent. In line with Tansley and Tietze (2013), we define a TP as a collective of employees with a set of specific characteristics identified by the company. In order to fill TPs, Cappelli (2008) suggests the use of both internal development as well as external recruitment. According to Sparrow (2007, p.856), TPs allow recruitment 'ahead of the curve' rather than demand-led recruitment, thus, implying a long-term strategic view to managing talent. In addition to a proactive approach to TM, TPs help to project staffing needs and to manage the career development of employees towards leading roles as part of a talent pipeline (Lewis & Heckman, 2006). The size of a TP can depend on the scale of an organisation and the number of positions available (Beheshtifar & Nekoie-Moghadam, 2011). Their establishment and management is complex, as TPs are impacted by various external factors such as changing business needs (which may require

different talent needs), shifting individual circumstances (which may result in joining or leaving a TP), and development opportunities provided by organisations (Yarnall, 2011). Consequently, TPs have been described as dynamic in nature (McDonnell e*t al.,* 2011). As such, the ongoing maintenance of established TPs and the support of the senior leadership team for the TP process are critical success factors (Yarnall, 2011). Firms that do not manage their TPs might fail to identify and develop key talent for their organisation (Hartmann, Feisel, & Schober, 2010).

While the extant literature refers to TPs as part of a broader TM construct (Collings & Mellahi, 2009; Sparrow, Farndale, & Scullion, 2013), there appears to be a lack of conceptualisation of talent and TPs as well as a lack of empirical evidence to substantiate the link between TPs and other talent practices (Lewis & Heckman, 2006). Evidently, the effectiveness of a broader TM system depends on a bundle of practices, not just one component (Sparrow & Makram, 2015). Clarifying the boundaries of these concepts is an important step in differentiating TM from human resource management (HRM). While the latter generally focuses on all employees, the former focuses on incumbents included in an organisation's TPs (Collings & Mellahi, 2009). The talent identification process and therefore the outcome of who is included in a TP is seldom problematised (Mäkelä *et al.,* 2010). Poor conceptualisation and the lack of consistent guidelines in organisations will hinder a systematic approach to talent which will negatively affect the TM process (Wiblen, 2016).

Thus, this paper examines critically TPs as a core TM practice in multinational corporations (MNCs) and aims to assess how TPs can contribute to effective TM by comparing and contrasting the views of key stakeholders at the corporate and business unit levels. In so doing, the study responds to the call for much needed empirical evidence on how TPs are operationalised in practice (McDonnell, Collings, Mellahi, & Schuler, 2017). The evidence presented here suggests that a multiplicity of TPs can contribute effectively to the overall

success of the TM process of an organisation and as such lends support to the differentiated perspective of TM advocated by several authors (Collings, 2017; Huselid & Becker, 2011). However, the study also shows that the success of the TM process depends significantly on the alignment of the TM strategy across all organisational levels and the commitment to TM by all stakeholders involved (leadership and top management, supervisors and line managers, and human resource (HR) managers). From a theory-building perspective, the paper further demonstrates the importance of a more nuanced view on how TPs contribute to the overall TM system. While human capital is a critical component to identify individual talent, organisational capital is required to establish a rigorous TM architecture. Consequently, we offer a model that conceptualises a systematic approach to TP management. Moreover, the paper will provide guidance to practitioners in formulating and implementing TPs.

## Literature Review

### *Talent Pools and Talent Management*

TPs ought to be viewed as one key piece of the TM jigsaw that needs to be integrated in a broader TM architecture which encompasses several high performing work practices (e.g. identifying and recruiting talent, attracting talent to the organisation, minimising attrition through engagement and retention, identifying key internal talent, managing talent flows, developing employees, and delivering performance) (Sparrow & Makram, 2015). The establishment and management of TPs are the cornerstones of the successful identification, engagement, and retention of key internal talent (Sparrow, Scullion, & Tarique, 2014). The composition of a TP depends largely on the definition of talent by an organisation (Tansley, 2011). For the purpose of this paper, we define talent as 'those individuals who are currently or have the potential to contribute differentially to firm performance' (adapted from Cappelli & Keller, 2017, p.28).

The importance of TPs as part of the TM process has also been highlighted by Collings and Mellahi (2009, p.304) who define TM as 'activities and processes that involve the systematic identification of key positions which differentially contribute to the organisation's sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organisation.' Similarly, Boudreau and Ramstad (2007) support a talent segmentation. However, they focus on the identification of 'pivotal talent pools' which refers to pools with high return on investment and centre on the changes in the value of talent as opposed to the average value of talent (Boudreau & Ramstad, 2006). 'Talent pool "pivotalness" is the difference in competitive success that would be achieved by improving the quality or availability of that talent pool' (Boudreau & Ramstad, 2005, p.22). Thus, we can conclude that a TM architecture which supports workforce differentiation based on the strategic importance and the potential contribution of a selection of employees arguably seems appropriate (Collings, 2017; McDonnell, Gunnigle, Lavelle, & Lamare, 2015; Yanadori & Kang, 2011).

To date, no single theory or framework that captures the scope of the entire TM construct has been advanced (Collings, Mellahi, & Cascio, 2017; Dries, Cotton, Bagdadli, & Oliveira, 2014). However, the TM literature often refers to human capital theory. At its core is the belief that an investment in human capital leads to organisational benefits such as economic growth (Wright, Coff, & Moliterno, 2014). Collings (2014, p.256) defines human capital as 'the value-generating potential of employee knowledge, skills and abilities.' In an organisational context, human capital could generally be operationalised as talent (Lewis & Heckman, 2006). To determine talent, a set of cognitive (knowledge), functional (skills), and social (attitudes and behaviours) competencies may be assessed (Le Deist & Winterton, 2005). However, with regard to the inclusion or non-inclusion of employees in a specific TP, each

organisation needs to develop a set of TP inclusion criteria which must be specific to that organisation and to a particular TP. Firms may utilise different TPs for different roles within the organisation. Thus, these inclusion criteria will depend on the nature of the TP. Examples of established TPs found in the literature are presented in Table 1.

*Please insert Table 1 about here*

In addition to human capital, we highlight organisational capital as another form of capital. Envisioning a firm's TM architecture as part of its organisational capital acknowledges its critical role in the TM process and the value creation process (Sparrow & Makram, 2015). Organisational capital derives from investment in systems, processes, and brands (Burton-Jones & Spender, 2011) as well as 'institutionalized knowledge and codified experience stored in databases, routines, patents, manuals, structures, and the like' (Youndt, Subramaniam, & Snell, 2004, p.338). Organisational capital allows the development of a rigorous TM architecture which ultimately contributes to the efficacy of the overall TM approach. Therefore, we argue that both the talent (the human capital) as well as the TM architecture (the organisational capital) are vital components of the TM equation. In practice, the management of TPs may be based on both formal and informal approaches.

*Approaches to Managing Talent Pools in Practice*

The literature distinguishes between three types of approaches to managing TPs found in practice: intuitive, individualised, and systematic (Wiblen, 2016). Following an intuitive approach, decisions about talent are made based on observation and the subjective evaluation by executives and managers who appear to rely on their experience and on gut feeling (Dries, 2013). However, Highhouse (2008, p.333) asserts that talent cannot be predicted based on the notion of intuitive experience and criticises this approach for its 'stubborn reliance on intuition and subjectivity.' Moreover, Dries (2013) contends that this approach may favour some

employees, for instance, those who are similar to the assessor (Mäkelä *et al.*, 2010). The individualised approach focuses on individuals with certain competencies or traits without necessarily having a definition of talent or any formal assessment (Wiblen, 2016). Talent is described as employees who possess the 'X-factor' or 'right stuff' (Dries, 2013, p.280). Finally, a systematic approach includes a strategic, integrated, and proactive view on identifying talent which includes specific criteria (Vaiman, Scullion, & Collings, 2012).

Mäkelä *et al.* (2010) assert that the TP inclusion process encompasses two steps: First, an experience-based on-line search and choice should be carried out accompanied by additional performance appraisals. Second, a cognition-based off-line search should be conducted which includes interviews and reviews, and a final decision as to whether an employee will be part of a TP. Another popular approach to identifying key talent for TPs is a nine-box grid with potential and performance as the two main indicators (Schuler, 2015; Schuler, Jackson, & Tarique, 2011). Having summarised various approaches to the inclusion decision process, it is evident that the final selection is frequently based on a combination of objective and subjective criteria and includes a series of processes that create value (Sparrow & Makram, 2015).

This paper is based on the assumption that the effective management of TPs as part of a broader TM system requires a systematic approach (i.e. strategic, integrated, and proactive) to managing both the human and the organisational capital, which will arguably lead to a greater breadth and depth of talent in an organisation. This relationship is illustrated in Figure 1. In contrast, less structured and intuitive approaches may not render the desired results. Given the relative importance of TPs within an organisation's TM structure, it is critical to examine their effectiveness as part of a multilevel and multi-firm analysis.

*Please insert Figure 1 about here*

**Methodology**

The findings of this paper are based on a larger-scale qualitative talent identification project which encompassed seventy-three interviews in fifteen countries in three MNCs in the hotel sector. The chosen approach corresponds with Kiessling and Harvey's (2005) argument that strategic HRM research needs to move away from predominantly quantitative studies. This is necessary to capture the complexity of global phenomena such as TM that encompass diverse cultures, institutions, social structures, and governmental regulations. The project examined the identification process of talent in MNCs across various regions and levels. Studying such a complex process in a social context requires a holistic view which a qualitative approach can offer. The comparative case study approach allowed an in-depth understanding of the organisations, their talent identification process, and its interactional dynamics. This approach helped to understand both uniquely individual aspects to the cases as well as their commonalities (Bartlett & Vavrus, 2017; Lodico, Spaulding, & Voegtle, 2010).

The participating organisations are headquartered in the Americas, Asia Pacific (APAC), and Europe-Middle-East-Africa (EMEA), hereinafter referred to as American Hotel Group (A), APAC Hotel Group (B), and EMEA Hotel Group (C). They have a minimum of ten hotels with a global presence (defined as operating across continents) and are present in the TOP 30 of the World Luxury Index of the most sought-after luxury hotel brands in 2014 (Digital Luxury Group & Laaroussi). As part of the sampling process, it was assured that the participating organisations had a TM process in place. A first round of interviews was completed with senior leaders in HR and operations at a corporate level. A second round of interviews was carried out at a business unit level of the participating MNCs including cluster HR directors, general managers (GMs), operations managers, HR directors, talent managers, and learning and development (L&D) managers.

This study applied purposive sampling, a form of non-probability sampling. The researchers identified key positions for this study ensuring a balance of interviewees from HR

and operations at various levels, from all regions, and across all three organisations. Based on these positions, the main contact person at each organisation, a senior HR leader at corporate level acted as a gatekeeper and proposed the other interviewees. Most interviewees were based in Europe (twenty-seven; France, Germany, Russia, Spain, Switzerland, and UK), followed by APAC (twenty; Australia, China, Hong Kong, India, Macao, and Thailand), and the Americas (eighteen; Brazil and USA). Eight interviewees were based in the Middle East (Kuwait and UAE). Tables 2-5 present a summary of the interviewees. The anonymous codes applied for the individual participants identify the organisation and the order in which the interviews were conducted; for example, A1 stands for the first participant at American Hotel Group, B2 refers to the second participant at APAC Hotel Group, and C3 relates to the third participant at EMEA Hotel Group.

*Please insert Tables 2-5 about here*

Semi-structured in-depth interviews with an average duration of fifty-two minutes were held to analyse the talent identification process from both a strategic, corporate level as well as an operational, business unit level. The interviews focused on four areas. First, the interviewees' understanding of the concept of TM was examined by asking the participants to define talent and to describe the role of TM in their organisation. Second, talent strategies were explored including their development, implementation, and evaluation. Then, criteria to identify talent and TPs, and tools, systems, and technology that supported the identification process were analysed. Finally, the fourth area covered the operationalisation of the TM strategy and the global TP implementation. The four areas of focus were developed based on an extant literature review which highlighted gaps around talent identification.

All interviews were recorded and transcribed. Interviews were coded following thematic interview analysis by Braun and Clarke (2006) using the NVivo qualitative data analysis software. A within-case analysis (which included the identification of themes) and a cross-case

analysis (which illustrated the similarities and differences between the cases) were conducted. The first phase of thematic analysis was the familiarisation of the data. This included the listening of the recordings, transcribing, repeated reading of the data, and taking notes of initial ideas. During the second stage, initial open codes were manually generated. This initial coding was viewed as a 'start list' (Miles & Huberman, 1984, p.58), which allowed the authors to organise extracts and break down the transcripts for further analysis. The third phase re-focused the analysis at the broader level to create themes. This included creating categories that combined themes with similar meanings. Subsequently, these themes were reviewed and data reduction process took place (Braun & Clarke, 2006). All themes relevant and linked to the practice of TPs were considered as part of the further analysis. As part of this process, we identified alignment and misalignment across the two units of analysis (corporate and business unit) within each organisation. We also examined similarities and differences across the three firms. The use of NVivo allowed managing data and ideas, search and set queries, visualise data, and track the process with a codebook (Bazeley & Jackson, 2013).

## Findings

All three case study organisations utilise TPs as part of their broader TM process. This section presents first an overview of the TP compositions (see Table 6) and then reviews each case individually. At a corporate level, TPs are not employed at any of the three organisations. At this level, traditional succession planning is the dominant practice used to identify successors for particular roles at the global or regional offices. In contrast, at a business unit level, TPs seem to be preferred over succession planning as they can be easier to be managed. This approach confirms Boudreau and Ramstad's (2007) view that flexibility is best obtained by using TPs as opposed to succession planning, considering the uncertain environment and a long-term developmental time horizon.

*Please insert Table 6 about here*

*Case 1: American Hotel Group*

At American Hotel Group, a corporate-driven approach towards the management of TPs is applied. For the implementation, no difference between hotel brands in the portfolio of the corporation has been made, meaning individual brands do not have their own TPs (Head of HR A1). However, due to the legal set up of the firm, the organisation uses two different HR systems for TM and also has two distinct processes in place, which the Head of HR A22 describes as a key challenge:

> We use different systems and because of that our talent pools are not necessarily global in nature. We share that very manually and that is a problem as we are trying to move forward as an organisation so that we are all within the system and with the same pools.

The Head of HR A22 explains the corporate approach in the Americas region:

> We have talent pools for all functions, and almost every position has a talent pool. So, if you are looking for a front office manager, assistant front office manager, sales manager, HR manager, there is a pool available.

On the contrary, in Europe and APAC, TPs have not been established for all functions. The Regional Head of HR A2 argues:

> Not according to function, this is something that we would maybe… I do not know if you want to formalise something like that, to say, 'This is a talent pool for front office', you know, not departmental related. We do have talent pools for certain levels.

In Europe and APAC, the organisation identified the following five TP categories at a corporate level: future strategic leaders, functional experts, subject matter experts, emerging talent, and well-placed talent. The Head of HR A9 justifies this approach:

> There is not a position where somebody says, 'Talent starts at this position.' Talent starts with leadership capabilities. That can be anybody. Typically, people are identified as top talent when they are going into a first-time supervisor, team leader, or corporate leadership trainee position.

To identify talent for the TPs, a formal talent review process has been established for all heads of departments and above (see Table 7). Some additional talent starting at supervisory level might be added to a TP if requested. As a result of this calibration session, employees will be placed in a standard nine-box grid with the two axes indicating performance and potential. While employees with high performance and low potential will be considered well-placed talent, employees with high or medium performance and potential could be part of any other TPs. The Head of TM A20 criticises the two-dimensionality of this approach and seeks alternatives:

> The Neuroscience Institute in New York is trying to come up with a variety of alternatives to the nine box because the nine box is basically two dimensional and people are not two dimensional. In a way, we experimented with just taking that away and not doing the nine box at all and just have a suitable calibration session, have a conversation at a functional level about people. The nine box is now approximately thirty years old. Not just because it is thirty years old but because it is so two dimensional, there has got to be something else. One of the things that this guy, David, talked about is talent scenarios. So, this guy came up with those different scenarios of talent and to use those and say, 'Does Stefan fit this scenario or that scenario?' There are nine scenarios. So, I am like, 'So really, it is the nine box all over again.' But you know, it is an intent.

*Please insert Table 7 about here*

At a corporate level, TPs are seen as a crucial tool for TM effectiveness. The Head of HR A22 explains:

> The size of the organisation that we are, we must have some mechanisms in which to identify who is available. If we had no system, people would be putting emails out every day of the week saying, 'I need a banquet manager, I need a front office manager.' It would be chaos.

Similarly, the Head of HR A1 highlights the importance of a strong TP process, but also indicates technological challenges when managing these pools:

> For me the talent pools are the talent pipeline. If I say, 'Let me have a look at my department head', I can then actually filter my talent pools by levels. That sort of gives me an indication how strong my talent pipeline is. That is how we assess it at the moment. I think the technology that we have at the moment is good but from a talent management perspective not overly performing. I think we have got good processes in place but not

> necessarily all the systems in place, which is a good problem to have. It is worse if you have it the other way around.

While the Head of HR A22 believes that 'all hotels go through the same process to identify that talent and upload that talent into the system', this was negated by the interviewees at a business unit level. In fact, the awareness of TPs was very limited at the individual business units across regions. Cluster HR Directors A28 and A30 argue that there is 'no formal system' at a hotel level. The only exceptions were a pool of general managers (Cluster GM A3) and corporate leadership trainees, i.e. emerging talent (Cluster HR Director A28).

At a business unit level, the effectiveness of the TP system has been questioned. Although the organisation now applies more systems (GM A14), informal communication about talent dominates (GM A23). Someone may be selected because he or she is well connected without consideration of the TP (Hotel Manager A7). Cluster HR Director A28 describes a scenario of filling a managerial position:

> What actually happens is that for general managers, as well as for leadership committee [members], people are calling, 'Do you know somebody?' 'I know a general manager.' At the end, you depend on your general manager being well connected in the company.

*Case 2: APAC Hotel Group*

APAC Hotel Group has developed three TP categories with different readiness levels. TPs are centrally managed at a corporate level by the Head of TM B3, who has a global overview of which employee will be ready for a certain position at a specific point in time. 'Succession planning' meetings take place to discuss all current employees at a heads of department level or higher, regardless of their position in the nine-box grid (see Table 8) (Head of HR B22). According to the Head of TM B3, TPs are used for long-term planning, whereas the nine-box grid is an evaluation at a specific moment in time and changes annually. Having said this, the TPs are also dynamic and employees may move from one TP to another when their readiness increases in the subsequent year. In addition, the Head of TM B3 further

provides insight to an alternative approach of letting current employees go and then hiring them back at a later stage. These employees are part of a fourth TP called leavers:

> I know when I was starting in the industry, if you have left, you were blackened, and you would never go back to work in that company, whereas I think that is out of date. If you leave as a supervisor, you could well come back as a restaurant manager three years later and probably be a better restaurant manager because you have had different experiences and you got a different view point.

*Please insert Table 8 about here*

The Head of TM B3 explains the key contribution of the TP system when managing talent:

> The way we do the talent pools: It is divided into sort of four areas, and when we get to the end of the year and we are reviewing this or through the succession planning meetings that we have, we say, 'Who is ready for another move?' In the system I could actually see if they are ready now, or in one to two years, or in three to five years.

While a formal corporate approach was established, a lack of conformity as to what the concept of TPs means remains at the corporate level across the operating regions. The Head of HR B22 alluded to 'up and coming' talent and management trainees. In contrast, Head of HR B11 spoke about four TPs, namely, line colleagues, management programme trainees, further management trainees (who are not part of the global programme), and interns without mentioning the formal concept of readiness and actual position-specific TPs as described by the Head of TM B3.

In addition, the Head of HR B22 admits particular challenges at a business unit level:

> We have over the last two years really focused on the hotels so that the same process is happening for the colleagues in the hotel. The hotels will be held much more accountable and we start to include them in our conversations just to make sure that it is happening at the hotel level.

However, a lack of awareness of and accountability for TPs still dominate at a business unit level. As a result, there is a very limited use of and a lack of depth in the pools. The GM B15 criticises:

> Every single person I am having to recruit this year is not from within the company because we do not have anybody so that tells you that the talent development is weak, that we do not have someone within the hotels who could be the food and beverage director here. I am shocked that the company does not have that depth.

In addition, the Food and Beverage Director B13 argues that managing large numbers of talent in TPs is complex, and consequently, the organisation appears to only focus on higher-level talent:

> I think corporate is quite frankly only interested in managers at this stage. I think there are too many talents to manage; they are very interested in managers and assistant managers.

*Case 3: EMEA Hotel Group*

EMEA Hotel Group has established position-specific TPs which are decentralised to a considerable extent and the inclusion decision is made at a business unit level. According to Group Talent Manager B16, the core contribution of TPs to effective TM is the ability to 'identify key talent' internally. The Head of TM C15 explains the corporate approach to TPs:

> We started that last year (2015) and we are doing it this year a bit more, the identification of people, of talent pools for different potential in the key critical positions [directors and above]. We tell people what the critical roles are and how can we make sure that we assign or define or agree on who are the people who are ready to be in this particular role.

At a business unit level, however, the majority of interviewees were not able to identify a TP process. As a result, TPs were linked to a variety of groups: on-line applicants and local talent (HR Director C11), country-specific pools due to language requirements (Cluster GM C8), or management trainees whose talent could be used for pre-openings and leading positions in the future (Regional Head of HR C5 based at a business unit).

According to Group Talent Manager C16, TPs can be named and added by each property. It appears that there are no objective measures involved to date and the inclusion decision is based on the evaluation by the direct line manager (Hotel Manager C12). HR Director C18 argues that there is no formal TP process at this level because of insufficient communication

between corporate and business unit levels and a lack of accountability. The Regional Head of TM C3 who is also based at a business unit concludes:

> There has been some of an effort from the group and corporate side to ask the HR directors at every unit to identify their talent and put them in talent pools, and that is using the talent management system. It has not really been done to a robust effect, some people probably have, some have not – there was not much communication, and again, when you get caught up in the day-to-day you may not do it, and there is no consequence. And then alongside that, what happens with those people once we put them in there? There is not a process.

HR Manager C7 also tries to explain the informal approach:

> I guess the atmosphere in this hotel is really close and familiar. The GM is walking through the hotel most of the times, most of the people can go to HR, people can go to him, and that is why HR and he are really connected to the employees and I guess that is the reason why there is no summary of some special people because if there is an open vacancy, he is going through every employee and checks whether there is somebody.

## Discussion and Conclusions

This paper critically examines the use of TPs as a core TM practice in MNCs. Findings confirm our assumption that a systematic approach which incorporates both the consideration of human capital and organisational capital is essential for effective TP management. From a human capital perspective (i.e. knowledge, skills, and abilities), it is evident that all MNCs in this research lack clarity in expressing their criteria for inclusion in a TP. This became particularly evident when the views of the business unit level managers were assessed. Considerable differences between corporate and business unit levels were identified around the understanding of TPs and the inclusion decision criteria. This seems inherently flawed as the identification of talent for TPs is the starting point of further critical talent decisions (McDonnell *et al.,* 2017), for instance, with regard to promotions and development opportunities and the allocation of valuable resources. The criteria mentioned comprised broad clusters of standards around the performance, potential, and readiness of employees; however, the individual factors making up those three clusters and the rigour of the application of these

criteria in the three organisations remain unclear, especially at the business unit level. It appears that a lack of inclusion criteria limits the contribution of TPs towards the global TM effectiveness of an organisation. The management of TPs at a business unit level creates a challenge when attempting to identify what actually represents the 'global talent pool' (Farndale, Scullion, & Sparrow, 2010, p.163) of the entire organisation, which would be one of the key purposes of an integrated TM framework. Without standardised criteria across business units, it arguably seems difficult to identify global talent that could act as potential incumbents for leadership positions across the various subsidiaries of an organisation. Regardless of whether a more centralised or decentralised approach to managing TPs was chosen in the case study organisations, findings show that a lack of communication and a lack of accountability around the TP concept led to a divergence among stakeholders, particularly between corporate and business unit levels.

From an organisational capital perspective (i.e. structures, processes, and systems), four key themes emerged upon which we further elaborate below: the segmentation of the workforce, a focus on internal talent, the development of multiple TPs within each organisation, and a focus on managerial level TPs across the firms.

In the case study organisations, TPs contribute to the segmentation of their respective workforce, which corroborates the literature that views TM as the management of star performers, the identification of successors, and a differentiation of the workforce (Collings, 2014; Meyers, Van Woerkom, & Dries, 2013). In these organisations, TPs are designed for current or future key talent needs which make up a relatively small number of the entire workforce. From a practical point of view, the inclusion of all employees in TPs in the case study organisations appears to be less desirable because of limited financial resources and time (Huselid & Becker, 2011). From a strategic perspective, TPs contribute to the overall TM approach by aiding the identification and retention of key talent.

All three organisations predominantly designed TPs for their internal workforce. This provides support to Tansley and Tietze's (2013) concept of an internal staged talent advancement system. Such a TP system allows the identification of talent at an early stage and their development and progression through various TPs. In return, engagement and retention rates will increase. Interestingly, APAC Hotel Group also maintains one TP for former employees that may return to the organisation (leavers). Maintaining a close relationship with talent that voluntarily left the organisation allows companies to considerably broaden their TPs (Bughin, Chui, & Manyika, 2010).

The study confirms Tansley and Tietze's (2013) observation of the existence of a multiplicity of TPs even within a single organisation. HR leaders in the case study organisations group employees into specific TPs and their labels provide an insight into the talent that is included in these TPs; for example, talent within the future strategic leaders TP fulfils a set of criteria and are predesignated for leadership roles. Thus, TPs provide some concrete information about the receiver (the talent) which, according to Meyers *et al.* (2013), is a key characteristic of TM. While HRM is a general term which does not provide information about the receiver of the HR practice, TPs potentially offer additional insights into a set of employees. This allows a more detailed and targeted planning of the talent flow in an organisation.

The case study organisations clearly focus on TPs for managerial positions with a strategic impact. Thus, results of this study highlight the importance of TPs for identifying and fostering pivotal talent designed to fill leadership roles in the future, which lend further support to Collings and Mellahi (2009), who argue that TM should focus on strategic positions which allow an employee to directly impact organisational performance. These TPs generally include managers in strategic positions and exclude line employees. These strategic positions ought to be filled with talent – people who are high potentials and/or high performers (Collings & Mellahi, 2009; Huselid, Beatty, & Becker, 2005). Despite the acknowledged importance of

management trainees, none of the case study organisations have established a dedicated TP for this group of talent. With one exception, line employees are not considered for the TP practice in the case study firms. Considering the population of up-and-coming talent in organisations and the potential that the development of this talent presents to maximise their capabilities at an early stage of their career, it seems remarkable that firms do not avail of this opportunity to improve the effectiveness of their overall TM construct.

The three organisations must overcome different barriers that prevent an effective approach to managing TPs. American Hotel Group is a well-established corporation, which identifies most of their pivotal talent internally. The key challenges for this firm, it appears, are to find sufficient and appropriate vacancies for their talent and to manage their global TM technology. In order to utilise a global TP, a single integrated information system seems to be the solution. APAC Hotel Group and EMEA Hotel Group – the two smaller organisations in this case study – encountered a lack of breadth of talent within existing TPs. These two organisations continue to rely on the employment of external talent, which is not surprising given the high levels of staff turnover in hotels worldwide.

*Theoretical Implications*

This paper examined TPs as a core TM practice in MNCs and assessed the contribution of TPs to effective TM. A detailed analysis of the views of seventy-three key stakeholders provides the empirical underpinning of our findings. The diversity of established TPs lends support to the theoretical concepts of workforce differentiation (Collings, 2017) and contextualisation (Vaiman, Collings, & Scullion, 2017). 'Talent for what?' (Alziari, 2017) is a critical question that must be addressed when establishing TPs. The study has shown that TPs allow the identification of internal key talent, that is, talent with high human capital. However, TPs are only effective if they are integrated in a broader TM architecture. When systems and

processes are not in place, as seen in some of the case study organisations, the organisational capital is limited, which can have a considerable negative impact on the overall TM effectiveness. Such a TM architecture appears to be particularly important in a global MNC with operations across regions and levels in order to have a consistent approach that enables the identification of global talent. While human capital theory is a valuable concept for identifying talent for TP inclusion, it does not fully explain the global implementation and integration of TPs into a broader TM architecture which requires a focus on processes and systems, that is, a firm's organisational capital. From a theory-building perspective, the paper provides a solid basis for how TPs can contribute to the overall TM system. It demonstrates the importance of a systematic approach which incorporates both individual talent and a TM architecture, and consequently suggests a more nuanced view on managing TPs (see Figure 1).

*Practical Implications*

A key emerging theme regarding the management of TPs has been the lack of awareness of the corporate TP approach at a business unit level. None of the interviewees at this level could describe fully the corporate approach to TPs and many participants stated that they have either not defined any TPs or are not actively using them. Therefore, the effectiveness of TPs, that is, the ability to generate and ensure a sufficient breadth and depth of talent in these TPs is a concern among participants. The study highlights that the shortcomings of the talent identification process are not owing to the lack of tools available to the firms, but their apparent inconsistent (across the various subunits), ineffective or inappropriate use. Organisations ought to develop a strategy and framework outlining the various stages of the talent identification process and the corresponding tools available at each stage of the process. This paper has shown that corporate leaders must reinforce communication and hold business units accountable for

the talent identification process to foster continuous engagement with the TPs in order to ensure their effectiveness and relevance as part of the global TM approach.

*Limitations*

Research projects are not without their limitations. This study concentrated on the hospitality industry, more specifically on hotel corporations. Conclusions were drawn based on findings from three organisations. The generalisation and theorisation of such a case study approach, therefore, may be somewhat limited. Moreover, the limitation of the sampling procedure and the final sample in this research must be noted. Following a process of referral sampling, the researchers relied on the judgement of the gatekeepers of the study to identify suitable participants. To address this limitation and to avoid under- or over-representation of any groups, the gatekeepers were provided with a participant framework which distinguished between two levels (i.e. corporate and business unit) and two functions (i.e. HR and operations). Finally, this study benefited from the richness and volume of the chosen qualitative method, but did not include any quantitative measures to validate the effectiveness of TPs.

*Future Research*

This study focused on the TP practice from the perspective of both corporate and business unit HR and operational leaders in three organisations. A natural progression of this research is to analyse the development, retention, and deployment of the talent in these TPs. Organisations must consider all stages of the TM process to implement a comprehensive TM construct (King, 2015). An analysis of those stages would be valuable in assessing whether the TM strategy is applied consistently. The evidence presented here has shown that this is not necessarily the case. Moreover, whether decisions on development, retention, and deployment are a logical consequence of the talent identification process and TP inclusion could be

assessed. Longitudinal studies would provide a more holistic picture of the effectiveness of the TP constructs. These could include tracking the progress of key talent over time to better understand how successful such individuals are at different junctures in the future. In addition, the inclusion of other staff members (i.e. line employees) would be valuable in comparing their perceptions of the identification process and the TM system with the observations of the HR and operational managers (Khoreva, Vaiman, & Van Zalk, 2017; Sonnenberg, Van Zijderveld, & Brinks, 2014). After all, TPs are only one piece of the bigger TM process.

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