

**Global Talent Management and Performance in Multinational Enterprises:
A Multilevel Perspective**

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ABSTRACT

The link between global talent management (GTM) and multinational enterprises' (MNEs) performance has not been theorised or empirically tested. We develop a theoretical framework for how GTM links to performance at the headquarters (HQ), subsidiary, and individual employee levels. Using the resource-based view as a frame, we highlight the routines of pivotal positions, global talent pools, and a differentiated HR architecture as central to GTM. We show that at the HQ level, an MNE's adoption of a global, multi-domestic, or transnational strategy determines the objectives of the GTM system and significantly influences the performance of the enterprise. At the subsidiary level, the alignment between HQ intentions and subsidiary implementation of GTM routines is a key variable in our analysis. We consider the effects of these higher-level factors on individual performance through the lens of human-capital resources, focusing on how individual human capital can translate or amplify to a unit-level human-capital resource. We argue that, through the vertical fit of these higher-level factors with GTM routines at a given level, an MNE can develop an effective GTM system and expect that to translate into sustainable performance aligned with objectives set at headquarters. The paper concludes with an agenda for future research.

Keywords: Global Talent Management; Routines; Dynamic Capabilities; Human Capital; MNE Strategy; Alignment; Performance

GLOBAL TALENT MANAGEMENT AND PERFORMANCE

IN MULTINATIONAL ENTERPRISES:

A MULTILEVEL PERSPECTIVE

INTRODUCTION

One of the greatest challenges facing multinational enterprises (MNEs) is building strong talent pipelines (Al Ariss, Cascio, & Paauwe, 2014; Cascio & Boudreau, 2016; Tarique & Schuler, 2010; Schuler, Jackson, & Tarique, 2011). Globally, more than 75% of CEOs highlighted lack of available skills and capabilities as a primary threat to the growth prospects of their organisations (PwC, 2017). Furthermore, a recent study of CEOs in the US identified their top three priorities as talent, operating in a global marketplace, and regulation and legislation (Groysberg & Connolly, 2015). In many ways, these issues are interrelated. They highlight the increasing complexity and dynamism that characterise the current global business environment, and they underscore the global talent challenge (Farndale, Scullion, & Sparrow, 2010; Tarique & Schuler, 2010; Tung, 2016). This challenge emphasises the importance of integrating human capital on a global scale, to execute corporate strategy and generate sustainable performance levels across an MNE's network. These and other trends have brought global talent management (GTM) to the fore for C-suite leaders and human resource professionals in MNEs (Scullion, Collings, & Caligiuri, 2010). However, MNEs struggle to actually implement GTM. Indeed, a lack of capability in this area is regularly identified as a key skills gap of HR professionals (Mercer, 2016). In the MNE context, the demands are amplified by the requirement to develop talent strategies that account for the cultural, institutional, and legislative complexity of the global operating environment.

The literature on GTM remains diffuse and there is little evidence that firms do manage talent effectively on a global scale (Cascio & Boudreau, 2016). A central issue is the lack of a shared understanding of how to define GTM. Following Vaiman, Scullion, and

Collings (2012), we define GTM in general terms as the attraction, selection, development, and retention of the highest-performing employees in the most pivotal positions globally. This definition recognises the importance of human resources on a global scale, in a wider sense than of global elites, whom scholars often identify as the focus of GTM systems (c.f. Reiche, 2007).

While the global context allows MNEs to draw from a global pool of talent, it also creates challenges, such as adapting talent strategies to the diverse, dynamic conditions that characterise the global environment. In other words, how the MNE defines, conceptualises, and identifies global talent and how it manages that talent within multiple MNE contexts are central questions (Allen, Lee, & Reiche, 2015). Another central focus of GTM is greater differentiation in HR systems. This reflects a trend in the wider HR literature since the mid-1990s. Differentiation recognises the limitations of an overly simplistic perspective on investments in human capital and questions the value of a single “optimal HR architecture” for the management of all employees (Lepak & Snell, 1999). This perspective also recognises that a single set of best practices can actually destroy value for organisations, and it advocates differentiation in strategic decision making (Bonabeau, 2004). Implementing such a differentiated approach on a global scale makes GTM particularly challenging.

A key limitation in the research on GTM has been a failure to develop theoretical and empirical insights into how GTM links to organisational performance. While GTM currently enjoys considerable legitimacy as an area of practice, scholars continue to question its intellectual roots (Al Ariss et al., 2014; Schuler et al., 2011; Scullion et al., 2010). Thus, understanding the relationship between GTM and MNEs’ performance is important for establishing the academic legitimacy of the field. As an initial step in this process, this paper develops a theoretical framework that describes how GTM links to organisational performance. This is a complex endeavour; the cultural, linguistic, spatial, and temporal

distances underpinning global work (Bartlett & Ghoshal, 1989; Kostova, Neil, & Hoenen, 2016), combined with the fact that such work unfolds in distinct political, economic, and societal institutions, make GTM particularly challenging (Allen et al., 2015; Mellahi & Collings, 2010). Understanding the link between GTM and MNE performance requires a multilevel consideration of the links that bridge the macro-micro divide (Molloy, Ployhart, & Wright, 2011; Wright & Boswell, 2002).

The concept of routines is central to our treatment of GTM. As we elaborate below, routines are repetitive, recognisable patterns of interdependent actions among various actors through which work is accomplished. We explore how GTM routines influence the performance of MNEs at three levels: headquarters, subsidiary, and individual.

Our treatment differs from much of the literature on talent management generally and GTM in particular, which tends to focus either on the micro or macro level (c.f. Tarique & Schuler, 2010). For example, at the micro level a growing body of literature focuses on star employees and individual performance or variations in star employees' performance (Aguinis & O'Boyle, 2014; Call, Nyberg, & Thatcher, 2015). Likewise, at the macro level, the literature largely focuses on the exogenous and endogenous drivers of GTM systems and processes (Tarique & Schuler, 2010) or the GTM routines and systems themselves (Beamond, Farndale, & Härtel, 2016; Collings, 2014; Farndale et al., 2010). The failure to conceptualise the impact of GTM on organisational performance at multiple levels is, therefore, a key limitation in our current understanding of this area.

We adopt a top-down approach to theorising. Earlier conceptualisations of talent management focus on individual employees or human capital as the key locus of competitive advantage. In contrast, we follow more recent theorising in strategic human resource management (SHRM), which distinguishes practices that impact human capital from the human capital itself, in terms of how these practices configure human capital to drive

competitive advantage (Wright & McMahon, 2011). Hence, human capital is of little economic value unless it is deployed in a manner consistent with an organisation's strategic intent (Becker & Huselid, 2006; Bowman & Hird, 2014). The organisational capabilities that harness this human capital are as central as the human capital itself (Delery & Roumpi, 2017; Linden & Teece, 2014) for illuminating the links between GTM and MNE performance.

Thus, collective interactions, interconnections, and path dependence become primary foci (Bowman & Hird, 2014). Adopting a contingency perspective, we argue that an MNE's competitive strategy is a key factor for understanding the link between GTM and performance. Specifically, whether an MNE adopts a global, multi-domestic, or transnational strategy determines the objectives of the GTM system and significantly influences performance at the HQ level. At the subsidiary level, alignment between HQ intentions and subsidiary implementation of GTM routines is a key variable in our analysis. At the individual level, we consider the effects of these higher-level factors on individual performance and focus on how individual human capital can amplify to a unit-level human-capital resource in the MNE context. We argue that through the vertical fit of these higher-level factors with GTM routines at a given level, an MNE can develop an effective GTM system and expect it to translate into sustainable performance aligned with objectives set at headquarters.

The paper begins by offering a detailed definition of GTM and outlining the routines that we see as central to it. Thereafter, we develop a theoretical framework that considers GTM and performance at the HQ, subsidiary, and individual levels. We conclude with a discussion of the implications for practice and an agenda for further research to deepen our understanding of this important emerging area.

DEFINING GLOBAL TALENT MANAGEMENT

Given the lack of clarity over the intellectual and conceptual boundaries of GTM (Al Ariss et al., 2014; Cascio & Boudreau, 2016; Schuler et al., 2011; Scullion et al., 2010), it is important to be explicit about how we define it. We defined GTM in general terms above. Building on Mellahi and Collings (2010: 143), we now define GTM more specifically as (1) the systematic identification of pivotal positions that differentially contribute to an organisation's sustainable competitive advantage on a global scale; (2) the development of a talent pool of high-potential and high-performing incumbents who reflect the global scope of the MNE to fill these roles; and (3) the development of a differentiated HR architecture to fill these roles with the best available incumbents, to ensure their continued commitment to the MNE.

Defining GTM in this way broadens the agenda beyond the senior organisational leaders who are often assumed to be its focus, and underscores the importance of other pivotal positions that disproportionately contribute to the organisation's sustainable competitive advantage (Boudreau & Ramstad, 2007; Collings & Mellahi, 2009; Huselid & Becker, 2011). These positions are defined in two ways: (1) by their centrality to an organisation's strategy and the potential for significant performance variation between an average and a top performer in those roles (quality pivotal); or (2) for their potentially significant impact on strategic objectives when the quantity of people who occupy those roles increases (quantity pivotal) (Boudreau & Ramstad, 2007; Collings & Mellahi, 2009; Becker & Huselid, 2006). Furthermore, the development of talent pools that reflect the global scope of the MNE emphasises the importance of employees at subsidiaries as well as at HQ and further challenges the assumption that HQ employees alone are the focus of GTM.

In practice, however, the strategy adopted by the MNE will determine the level of diversity in global talent pools. Finally, the development of a differentiated HR architecture to support the deployment and retention of this talent pool requires the MNE to develop a

GTM strategy that is aligned with the MNE's competitive strategy. We argue that better management of this pool of critical employees will likely have the greatest impact on value creation within the firm (Delery & Shaw, 2001; Lepak & Snell, 1999). In the international context, the cross-border development, deployment, orchestration, and recombination of this talent pool is even more complex (Zahra et al., 2017). Effective management ensures that the talent pool helps to deliver the MNE's strategic intent by generating and developing the knowledge, skills, abilities, and other characteristics (KSAOs); motivation; and opportunities required to deliver superior firm-level outcomes (Arthur, 1994; Huselid, 1995; Delery & Doty, 1996; Delery & Roumpi, 2017). Central to each element of the definition is ensuring that the GTM strategy is enacted in the context of the MNE's strategy, capabilities, and potential. This brings the resource-based view (RBV) to the fore as a theoretical lens (Linden & Teece, 2014).

Global Talent Management as a Dynamic Capability

In contrast to earlier approaches to talent management that tend to focus solely on individual human capital, this perspective emphasises the organisational capabilities that harness this human capital as the fulcrum of GTM (Collings, 2014; Linden & Teece, 2014). Dynamic capabilities refer to "the capacity of [the] organization to purposefully create, extend, or modify its resource base" (Helfat et al., 2007: 4). Such capabilities reflect the firm's capacity to integrate, build, and reconfigure internal, and potentially external, resources to respond to rapidly changing business contexts (Linden & Teece, 2014).

Dynamic capabilities emphasise the unique ways that an MNE can execute business processes to implement its strategy; this is a central concern for gaining and sustaining competitive advantage. These capabilities are path dependent, reflecting an MNE's unique history, assets, and capabilities (Bowan & Hird, 2014). In more stable environments in which production and distribution focus on a relatively well-defined portfolio of goods and services,

capabilities tend to be more stable (ordinary capabilities). However, in fluid contexts, more dynamic capabilities are required (Linden & Teece, 2014). The global context reflects two key elements of dynamic capabilities. First is the well-rehearsed challenge of developing global coherence while recognising the unique features and nuances of the different countries in which an MNE operates. Second is the adaptation, integration, and reconfiguration of internal and external assets to match opportunities in the global marketplace (Griffith & Harvey, 2001; Teece et al., 1997). Furthermore, because the contexts in which most MNEs operate reflect high levels of complexity and flux, static conceptualisations of human-capital requirements are considered ineffective (Cascio & Aguinis, 2008; Lepak et al., 2011). Dynamic capabilities also underline the potential future value of human capital, which may be greater than its current value (Lepak et al., 2011). However, the stock of human capital does not itself represent a dynamic capability (Teece et al., 2010). Dynamic capabilities therefore manifest in the MNE's ability to integrate, build, and reconfigure both internal (such as human capital) and external resources, in response to dynamic global business and environmental contexts (Linden & Teece, 2014). In other words, how individual competencies are combined and how employees interact in productive combinations are central to dynamic capacities. The complexity of the global environment in which MNEs operate makes this alignment particularly challenging. Below we outline how GTM routines can help MNEs to exploit the firm's capabilities and maximise the contribution of the talent pool.

Routines

Routines are the means through which MNEs reconfigure intangible assets, such as human and social capital, to respond creatively to the dynamic and unpredictable business conditions that characterise the global business environment (Teece et al., 1997). They are the building blocks of capabilities (Salvato & Rerup, 2011). We define routines as repetitive,

recognisable patterns of interdependent actions among various actors through which work is accomplished (Feldman & Pentland, 2003). They help guide organisational activity, create stability, and boost efficiencies in organisations (Feldman & Pentland, 2003; Gupta & Govindarajan, 2002; Parmigiani & Howard-Grenville, 2011). Three routines emerge as central to an MNE's ability to deliver on its GTM strategy: identification of pivotal positions, the development of global talent pools, and the development of a differentiated HR architecture.

To manage global talent, a first step is to identify positions that are quality or quantity pivotal, at least in the near term, because the competitive environments that MNEs face are dynamic and changing constantly; positions that are pivotal today might change in response to changes in the business model. For example, neither Intel nor Microsoft gained a foothold in the mobile market, which was transformed after Apple introduced the iPhone in 2007. Positions that were pivotal in the age of desktop personal computers are no longer so in the age of tablets and smartphones. Only when these pivotal positions are identified can an MNE begin to identify high-potential individuals who might fill those positions (development of a global talent pool) and develop a differentiated HR architecture to ensure that the individuals have the KSAOs required to perform in critical positions and to maximise their motivation and commitment to the firm. The relationship among the three routines is therefore dynamic and sequentially interdependent. As explained below, the three routines depend heavily on the competitive strategy adopted by an MNE. This perspective is wholly consistent with our treatment of dynamic capabilities because it reflects the process through which the MNE creates and adapts its resource base in response to environmental changes, such as those associated with the mobile-phone market (Eisenhart & Martin, 2000; Teece, 2007).

Routine 1: Pivotal positions. Pivotal positions are defined by their centrality to organisational strategy combined with the extent to which a change in the quality or quantity

of people in them generates gains in strategically important outcomes (Becker & Huselid, 2006; Boudreau & Ramstad, 2007; Cascio & Boudreau, 2016; Collings & Mellahi, 2009). Cascio and Boudreau (2016) argue that these positions provide a focus for GTM that recognises not only the present pivotal positions but also those likely to be so in the future, thereby reflecting the dynamic element of pivotal positions. Developing organisational routines for the identification of pivotal positions is premised on differentiation within organisations, with greater focus on strategic than non-strategic positions (Becker & Huselid, 2006) or on positions that can provide above-average impact than on those that promise only marginal impact (Boudreau & Ramstad, 2007). Organisations should invest resources disproportionately in those positions that offer the greatest potential for return (Huselid & Becker, 2011). The routine of identifying pivotal positions ensures that human and social capital resources are configured appropriately and that organisations can respond creatively to the dynamic, unpredictable business conditions that characterise the global business environment (Teece et al., 1997). As we outline below, an MNE's strategy will significantly affect the dispersion of critical positions across the organisation and of the nationalities of people deployed in those positions. Furthermore, pivotal positions are not static; they require periodic reevaluation to ensure that they reflect strategic priorities at a particular time.

Routine 2: Global talent pools. A second routine is the identification of global talent pools. These pools comprise high-performing and high-potential incumbents, and the global diversity of this pool should reflect the MNE's strategic orientation. In line with more recent contributions to human-capital theory, this routine mirrors a shifting emphasis on "flow" or "process" notions of human capital, as opposed to the more traditional "static" or "stock" perspective of human capital (Buron-Jones & Spender, 2011). Such a perspective is necessary in the context of the MNE, in which the environment is constantly in flux and static

conceptualisations of human-capital requirements are redundant (Cascio & Aguinis, 2008; Cascio, Boudreau, & Church, 2017; Lepak et al., 2011).

The management of risk in talent systems has emerged as a key theme in this debate (Cappelli, 2008; Cascio & Boudreau, 2012; 2014). In particular, GTM risks directly reflect risk driven by uncertainty regarding business demands. Cappelli (2008) argues that managing the internal talent pipeline, or talent pool, is analogous to moving products through a supply chain. This management also helps to forge the career paths of the organisation's global talent (Collings, 2014). Development in global talent pools focuses on development within the broader context of the organisation rather than on the requirements of a particular role (Collings & Mellahi, 2009). Rather than developing talent in narrow, specialised ways, this perspective facilitates broader talent development and the emergence of competencies that may be useful across a range of roles (Cappelli, 2008). Such talent pools facilitate development consistent with the organisation's values. In the global context, this perspective can also help to develop capabilities required to operate effectively (Chung, Park, Lee, & Kim, 2015; Levy, Beechler, Taylor, & Boyacigiller, 2007). For example, in MNEs that adopt a transnational strategy, developing a globally diverse talent pool comprising individuals with knowledge and experience of both the MNE (parent-firm human capital) and the local context (local-specific human capital) (Chung et al., 2015) is a key objective. Corporate coordination of these talent pools is important. In contrast, MNEs that pursue a multi-domestic strategy have less need for corporate integration and focus on developing multiple talent pools with high levels of local-specific human capital (we discuss this in more detail below). Hence, developing global talent pools is central to meeting the MNE's requirements to integrate, build, and reconfigure both internal (talent within the firm) and external (talent not yet employed by the MNE) resources in response to dynamic global business and environmental contexts (Linden & Teece, 2014). This routine also facilitates a more flexible

approach to workforce readiness, for which the requirements of a position may shift over time.

Routine 3: Differentiated HR architecture. The final routine we consider is the development of a differentiated HR architecture. A well-established literature on high-performance work systems (HPWS), consistent with the RBV, broadly supports the relationship between HR practices and various organisational-level outcomes (Arthur, 1994; Huselid, 1995; Jiang, Lepak, Hu, & Baer, 2012; Delery & Doty, 1996). Such HPWSs generally incorporate some or all of the following: flexible job assignments, rigorous and selective staffing, extensive training and development, developmental and merit-based appraisal, competitive compensation, and extensive benefits (Takeuchi, Lepak, Wang, & Takeuchi, 2007). A key theme in this literature is the role of superior organisational processes in delivering sustainable competitive advantage (Boxall, 1998). While high levels of human capital are necessary for superior performance, they are not sufficient to deliver sustainable competitive advantage. To do so, human capital must be appropriately leveraged (Wright & McMahon, 2011). Competitive advantage is achieved through the interaction of the talent pool and appropriate HR practices (Wright et al., 1994). The bundling of human capital with other organisational resources, such as lab space for research scientists, is also central to the development of dynamic capabilities (Nyberg et al., 2014). Thus, management of the talent pool must be part of the firm's broader deployment of its resources as it exercises dynamic capabilities in service of its strategy (Linden & Teece, 2014).

More recently, this literature has also recognised the potential of differentiation, premised on the notion that better management of the core workforce will likely have the greatest impact on value creation and sustainable competitive advantage (Delery & Shaw, 2001; Lepak & Snell, 1999; Schmidt, Pohler, & Willness, 2017). This perspective is consistent with the logic underpinning the routine of differentiating the HR architecture. It

emphasises the disproportionate investment of resources in positions offering the greatest potential for return (Boudreau & Ramstad, 2007; Huselid & Becker, 2011), and building the sustainable performance of employees who occupy them. The development of an efficient HR architecture may contribute to organisational performance by increasing the talent pool's KSAOs, the performance alignment of employees in critical positions, and their work motivation and organisational commitment (Collings & Mellahi, 2009).

In the global context, we recognise the importance of both parent-firm human capital (relevant expertise and experience in managing integrated operations across an MNE's network) and local-specific human capital (essential knowledge and skills to successfully respond to the idiosyncratic, local subsidiary context) (Chung et al., 2015). A key objective of the differentiated HR architecture is to develop appropriate levels of each type of human capital consistent with the MNE's strategy (we expand this discussion below). As an organisational routine, a differentiated HR architecture offers a means of configuring human capital to respond creatively to the dynamic, unpredictable business conditions that are central to MNE performance (Teece et al., 1997).

Interdependence of the routines. As noted, we perceive the three GTM routines as sequentially interdependent, because the operationalisation of each routine depends on the previous one (Thompson, 1967; Turner, 2014). This means that each routine is situated within a broader ecology of routines that generates coherence and complementarity among them (Birnholtz, Cohen, & Hoch, 2007; Galunic & Weeks, 2002). This complementarity is both conceptual and technical (Baron & Kreps, 1999), strengthening the power of the interdependence among the routines (Galunic & Weeks, 2002). In conceptual terms, the routines of pivotal positions, global talent pools, and differentiated HR architecture are grounded in the idea of workforce differentiation (Becker & Huselid, 2011).

Technical complementarity focuses on the extent to which the outputs from one routine are useful inputs to another (Baron & Kreps, 1999; Galunic & Weeks, 2002). Thus, the identification of pivotal positions clearly informs the requirements of the global talent pool; both, in turn, inform the requirements of the differentiated HR architecture. There is also the potential for a dynamic element of technical complementarity, whereby, in what has been termed “a developmental mode,” the data being transferred lead to the development of the subsequent routine. For example, if new pivotal positions were to emerge in response to an environmental factor, such as in a firm like Nokia, in response to the emergence of smartphone technology, this would prompt a recasting of the requirements of the global talent pool and elements of the differentiated HR architecture. Such recasting also recognises the importance of context and of aligning the composition of the MNE’s collective human-capital portfolio with changes in the external environment (Ployhart et al., 2014). Overall, the assembly and appropriate sequencing of the three routines create a higher level of dynamic capability in GTM.

GTM, MNE STRATEGY, AND PERFORMANCE

The HRM and GTM literatures debate whether the link between GTM and MNE performance is universal or contingent. Drawing on the wider talent-management literature, the universal TM best-practice perspective implies a single set of TM practices that organisations can adopt to improve performance (Pfeffer, 1994). In contrast, the contingency view posits that the effectiveness of GTM depends on the MNE’s strategy to gain a competitive advantage. We adopt the latter perspective, consistent with our top-down approach to theorising, and argue that the MNE’s strategy influences the link between GTM and MNE performance. Specifically, we argue that higher performance is contingent on the fit between an MNE’s strategy and its GTM system, because the management of talent, more

than other employees, must be tightly linked to strategy development and execution (Linden & Teece, 2014).

The central tenet of the contingency perspective is that no universal approach to GTM exists; rather, the appropriateness of GTM systems depends on the overall degree of congruence with the MNE's competitive strategy. Fit refers to the extent to which GTM systems support and are compatible with the MNE's strategy. Fit between GTM systems and the MNE's competitive strategy is important because the latter determines how resources are allocated throughout the MNE and has important implications for the discretionary power of subsidiaries to allocate resources and make important GTM decisions (Bartlett & Ghoshal, 1989). Having appropriate talent deployed in subsidiaries is also central to ensuring that subsidiary actors make effective decisions regarding product and market segments (Linden & Teece, 2014). The deployment process reflects the importance of GTM routines for exploiting the MNE's dynamic capabilities at the subsidiary level.

We adopt Bartlett and Ghoshal's (1989) typology of MNE strategies. Several empirical studies support the typology (Harzing, 2000; Leong & Tan, 1993), which is used widely to understand the association between MNEs' competitive strategies and HRM practices (Schuler, Dowling, & De Cieri, 1993) and performance outcomes. The typology is built around two dimensions: autonomy to adapt to local needs versus the need for global coordination. The strategy that an MNE pursues depends on a range of factors. Following previous studies, we focus on three strategies: global, multi-domestic, and transnational. We exclude the international strategy, which received neither significant empirical nor conceptual support (Harzing, 2000), and the regional strategy, which has similar theoretical logic and implications as those of the multi-domestic strategy. The level of analysis in the multi-domestic strategy simply shifts from the country to the regional level.

MNEs pursuing a global strategy coordinate their activities from HQ and seek to enhance worldwide performance through the sharing and pooling of resources and the integration of activities across affiliates (Zou & Cavusgil, 1996). This results in greater interdependence between HQ and its subsidiaries. Subsidiaries are less likely to be given much autonomy in MNEs that follow a global strategy. Thus, fit is high when MNEs pursuing a global strategy use GTM routines that are highly centralised from HQ, allowing relatively little scope for adaptation to the local context. For example, pivotal positions will largely be concentrated in HQ. When pivotal positions are located in subsidiary units, they are more likely to be filled by parent-country nationals (PCNs) (Andersson, Björkman, & Forsgren, 2005; Scullion & Starkey, 2000), owing to the perceived superiority of HQ talent and the desire to maintain tight control over subsidiary operations (Taylor et al., 1996). Given this orientation, PCNs will dominate global talent pools, with limited opportunities for subsidiary talent, particularly those located in peripheral affiliates, to be nominated to the global talent pool (Scullion & Starkey, 2000; Mellahi & Collings, 2010). These pools will be coordinated at the HQ level, with emphasis on deploying PCNs to pivotal positions globally (Farndale et al., 2010). Similarly, the HR architecture is likely to be centrally designed, with limited opportunity for local adaptation (Taylor et al., 1996).

A multi-domestic strategy, in contrast, is “one in which a MNE manages its overseas affiliates as independent businesses, where the activities of one overseas affiliate do not affect the activities of another affiliate” (Taylor et al., 1996: 967). MNEs structured on a multi-domestic basis pursue a local market-oriented strategy, with emphasis on performance in the host country, high responsiveness to local situational contingencies, and limited dependence on the MNE network. Subsidiaries of MNEs that pursue a multi-domestic strategy depend more on local business environments for their resources than do MNEs that follow a global strategy; therefore, these subsidiaries are relatively independent of other

subsidiaries and HQ, as they enjoy a higher level of autonomy (Roth, 1992). As a result, subsidiaries in MNEs pursuing a multi-domestic strategy generally compete internally to acquire resources to augment their human capital, and seek to avoid unnecessary intervention from HQ.

Fit between GTM routines and MNE strategy in MNEs that follow a multi-domestic strategy is reflected in a highly diverse set of pivotal positions that vary among subsidiaries, depending on each subsidiary's role and local context. Subsidiary leadership teams will determine the pivotal positions appropriate to their units, with little interference from HQ. Multiple talent pools will also likely be organised at the national level. Such talent pools will focus on identifying high-performing and high-potential talent within the unit or country, with limited reference to global talent systems or processes. In brief, the emphasis will be on maximising the capacity to perform in the local context. Finally, the HR architecture will focus on differentiating HR offerings for high-performing employees, based on local institutional and market norms.

A third, transnational strategy combines characteristics of the global strategy with those of the multi-domestic strategy. It comprises an integrated, interdependent network of different units, in which HQ plays a less dominant role (Harzing, 2000). It is considered the optimal configuration for simultaneously achieving global integration and local responsiveness. Transnational MNEs have higher flows of human resources between individual subsidiaries and HQ than do MNEs that follow a multi-domestic strategy. Under this strategy, pivotal positions should be dispersed widely across the MNE's network and corporate HR should manage them on a coordinated basis (Farndale et al., 2010; Scullion & Starkey, 2000). Likewise, global talent pools operate with higher levels of cultural diversity. This approach recognises the potential value of talent regardless of location and the benefits of integrating subsidiary and HQ competence in the MNE. These talent pools are more likely

to be coordinated and managed on an integrated basis at the HQ level (Scullion & Starkey, 2000). The HR architecture displays elements of global integration and local responsiveness, and subsidiary HR has the autonomy to adapt global policies for the local market and cultural norms while ensuring that all systems align with global HR strategies (Taylor et al., 1996).

We propose the following proposition on the basis of the above discussion:

Proposition 1: MNE strategies influence the effectiveness of GTM routines; when GTM routines fit MNE strategy, MNE performance will be higher, such that

Proposition 1a. In MNEs pursuing global strategies, GTM routines will lead to higher performance when they are highly centralised from HQ.

Proposition 1b. In MNEs pursuing multi-domestic strategies, GTM routines will lead to higher performance when they are decentralised to foreign affiliates.

Proposition 1c. In MNEs pursuing transnational strategies, a hybrid approach combining centralisation and decentralisation of GTM routines will lead to higher performance than will either pure centralisation or full decentralisation.

THE SUBSIDIARY LEVEL OF MNEs: THE MODERATING ROLE OF ALIGNMENT

While MNEs develop their overall GTM systems at the HQ level, they are implemented at the subsidiary level. We argue that GTM systems that align closely with an MNE's strategy and with the local context lead to better subsidiary performance and enhanced MNE effectiveness. Organisational alignment is considered a higher order of dynamic capability (Powell, 1992) that acts as a "linking pin" (Linkert, 1961), connecting and synchronizing HQ's intentions and subsidiaries' GTM implementation. Research has shown that such alignment positively associates with MNE and subsidiary performance (Luo & Park, 2001; Cui, Griffith, & Cavusgil, 2005). Alignment requires the subsidiary to understand the different facets of the GTM routines, to possess the necessary motivation to

internalise them, and to be able to implement them effectively as HQ intends (Ferner, Almond, & Colling, 2005).

The degree of similarity between HQ's subsidiary-specific intentions for a transferred GTM routine and a subsidiary's implementation of that routine reflects alignment (Ahlvik et al., 2016; Lazarova et al., 2016). An important determinant of alignment is the subsidiary's position within the MNE's network of affiliates (Ghoshal & Bartlett, 1990; Bouquet & Birkinshaw, 2008), such that subsidiaries occupying central positions within the MNE's network are more likely to align their GTM practices with HQ intentions. While scholars have defined centrality in various ways (Perry-Smith & Shalley, 2003), we define it in terms of interdependence (Mariolis & Jones, 1982) that increases subsidiary and HQ reliance on each other for the fulfilment of their tasks.

We focus on subsidiary centrality as the determinant of alignment between HQ intention and subsidiary implementation of GTM practices, for several reasons. First, centrality has been regarded as a major predictor of subsidiary behaviour and capability (Forsgren et al. 2005; Ghoshal & Nohria, 1989; Ghoshal & Bartlett, 1990) and is a prerequisite for a subsidiary's power and influence over MNEs' decisions (Bouquet & Birkinshaw, 2008:485). Ghoshal and Barlett (1990: 616) argue that subsidiaries' role, power, and performance arise "from their centrality within the network." Centrality has also been shown to enhance a subsidiary's ability to assimilate new knowledge and to improve interpretation of HQ directives and implementation of management practices (Najafi-Tavani, Giroud, & Andersson, 2014). Overall, this body of research suggests that high centrality deepens a subsidiary's knowledge base and strengthens its capacity to implement HQ policies effectively (Bouquet & Birkinshaw, 2008; Andersson, Forsgren, & Holm, 2001).

Second, drawing on resource-dependence theory (Pfeffer & Salancik, 1978), we expect that when interdependence is high, HQs will pay special attention to a subsidiary's

behaviour and performance, will provide the subsidiary with more resources, and have a greater desire to manage interdependence between the subsidiary and the MNE's network (Newburry, 2001). This interdependence occurs through intensive interaction and knowledge sharing between central subsidiaries and the HQ (Andersson et al., 2002), which will improve alignment and implementation of GTM routines. In addition, in line with social-network-theory predictions (Nelson, 1989), mutual interdependence leads to more communication between central subsidiaries and HQ and, as a result, greater alignment between the two entities. Communication between central subsidiaries and HQ grants the former more voice and influence (Ghoshal & Nohria, 1990; Bouquet & Birkinshaw, 2008). This is important, as alignment is not solely about the implementation, integration, and internalisation of HQ GTM policies; it is also about subsidiary actors having the opportunity to influence the design of GTM routines to begin with (Ahlvik et al., 2016). Hewett, Roth, and Roth (2003) reported that the subsidiary-headquarters relationship often reflects the extent to which a subsidiary participates in setting goals for MNE practices. For example, subsidiaries that contribute to the design and development of the differentiated HR architecture are more likely to view those practices as reflecting their own views and priorities and, therefore, are more likely to align their practices with HQ intentions.

Third, alignment requires that subsidiary managers share an accurate understanding of HQ goals and objectives and that HQ managers understand a subsidiary's needs and unique context (Kathuria, Joshi, & Porth, 2007). Through continuous communication and interactions with HQ, central subsidiaries have the opportunity to influence HQ managers' understanding of subsidiaries' needs and capabilities. This feedback loop is central to the effective alignment and transfer of GTM routines (Ahlvik et al., 2016). Higher levels of alignment between HQ and subsidiaries in GTM will lead to more careful consideration of the local context in the design of a differentiated HR architecture. Moreover, as a result of

intensive flows of top-down (from HQ to subsidiaries) and horizontal (from other subsidiaries) information about GTM routines, central subsidiaries can understand different aspects of GTM routines and appreciate how the routines are intended to influence MNE performance. Hence, central subsidiaries are more likely to understand, endorse, and commit to implementing GTM routines than are peripheral subsidiaries. Furthermore, accurate understanding of GTM system elements and how the three routines are connected increases the likelihood that central subsidiaries implement the routines in a complementary way as intended, rather than as separate, independent practices. This will preserve the coherence and complementarity of the routines' ecology (Galunie & Weeks, 2002). We argue that this holistic approach to the implementation of GTM routines will enhance the subsidiary's performance.

Finally, central subsidiaries have enhanced capabilities to implement GTM routines because they receive more resources than peripheral subsidiaries do. As a result, they are able to reconfigure their GTM practices according to HQ intentions. Moreover, given that HQ intentions evolve over time, continuous knowledge flow through interaction enables central subsidiaries to develop a dynamic ability (Alagaraja & Shuck, 2005) to adapt and continuously align and realign their GTM practices with HQ intentions.

By virtue of their central position, interconnected subsidiaries interact more intensively with HQ and other subsidiaries than their peripheral counterparts do. Subsidiaries that interact more with HQ are more likely to synchronize their practices with the MNE's overall competitive strategy, to have more resources at their disposal, and to contribute to and draw expertise from the MNE's global talent pool, compared to subsidiaries that do not regularly interact with HQ. For example, because they are on HQ's "radar system" (Mellahi & Collings, 2010), central subsidiaries are more likely to have higher numbers of parent-country national (PCN) expatriate employees and of local employees transferred as

expatriates to HQ and other subsidiaries. This situation grants opportunities to central subsidiaries' talent to observe and understand HQ priorities (Collings et al., 2010; Smale et al., 2015). Such rich interactions facilitate knowledge sharing between individuals (Tsai & Ghoshal, 1998) and make it easier for subsidiary actors to learn about and obtain help in integrating GTM routines in the subsidiary (Ahivik & Bjorkman, 2015).

An additional important outcome of interaction is subsidiaries' internalisation of GTM routines. As Kostova (1999) indicates, internalisation refers to how the subsidiary attaches meaning to GTM routines and infuses them with value. Bjorkman and Lervik (2007) distinguish implementation (replication), integration (linking with other relevant practices at the subsidiary), and internalisation (subsidiary stakeholders' commitment to and value placed on transferred practices). Managers internalise practices when they perceive them to be legitimate. GTM routines become legitimate when subsidiary managers perceive them to be "desirable, proper, and appropriate" (Suchman, 1995: 574). Rich interaction with HQ creates a context in which subsidiaries' managers form a common interpretation of GTM routines with those of HQ and appreciate their importance. This will induce commitment to GTM routines and elicit appropriate behaviour and attitudes required for their effective implementation. Without the intensive interaction, subsidiaries may not fully understand the MNE's GTM system and HQ intentions. Instead, subsidiaries tend to interpret GTM routines idiosyncratically, possibly leading to ineffective implementation of the routines.

For example, we know that in culturally or institutionally distant locations, local managers could leverage the idiosyncrasies of the local context to dismiss or modify the routines, based on the argument that they are inappropriate and would be ineffective in that context (Lazarova et al., 2016). Thus, elements of the HR architecture, such as the performance management system, may be implemented in ways that are inconsistent with the system's intentions. This may manifest in subsidiary managers failing to nominate their most

talented employees to the global talent pool (Cappelli, 2008), to minimise the risk of losing top talent. Furthermore, research has shown that when subsidiaries deviate from HQ intentions in order to adapt GTM routines to the local context, fragmentation may diminish the subsidiary's ability to leverage its core competitive advantage (Lazarova et al., 2016). Szulanski and Jensen (2006) attribute this to a process of "presumptive adaptation," whereby practices are adapted to the local market in the absence of a full understanding of the complex, causal relationship between those practices and performance.

On the basis of the above analysis, we propose that alignment between HQ GTM intentions and subsidiary implementation directly moderates the relationship between GTM routines and subsidiary performance. We therefore propose the following proposition:

Proposition 2: Alignment of GTM routines at the subsidiary level with HQ intentions will moderate the relationship between GTM routines and subsidiary performance, such that performance is higher in more-aligned subsidiaries than in less-aligned subsidiaries.

We expect that the proposed performance benefits of alignment are contingent on the MNE's strategy. This is because the conditions facilitating or inhibiting the implementation of GTM routines at subsidiary levels in MNEs pursuing a multi-domestic strategy differ from those of MNEs pursuing global or transnational strategies. We propose that alignment might not play a salient role in MNEs pursuing a multi-domestic strategy, because of the autonomous nature of subsidiaries in MNEs in that context. Subsidiary autonomy leads to weak interdependencies among subsidiaries in MNEs pursuing multi-domestic strategies, which will manifest in less interaction between HQ and subsidiaries; this decreased interaction will make HQ's ability to develop and diffuse highly standardised GTM routines more challenging. Therefore, we expect more variation in the transfer and implementation of GTM routines across subsidiaries in MNEs pursuing multi-domestic strategies (Ahlvik et al.,

2016; Lazarova, Peretz, & Fried, 2016). As discussed above, variation may compromise the effectiveness of GTM routines at the subsidiary level as a result of “presumptive adaptation” (Lazarova et al., 2016; Szulanski & Jensen 2006).

An additional challenge in MNEs pursuing a multi-domestic strategy is the so-called agency issue, whereby the goals of the subsidiary and the HQ may not align (Kostova, Nell, & Hoenen, 2016; Mellahi & Collings, 2010). In such a business strategy, subsidiaries often engage in internal competition and generally are rewarded (or punished) for their own performance (Mellahi & Collings, 2010; Makela et al., 2010). As noted, research has indicated a disincentive for subsidiary managers to nominate their most talented employees or, on occasion, an incentive to nominate less-capable ones (Cappelli, 2008) to the global talent pool, to minimise the risk of losing top talent. In short, sharing top talent may not be perceived to be in the best interests of subsidiary leaders, particularly in MNEs pursuing multi-domestic strategies (O’Donnell, 2000).

From an RBV perspective, the desire to internalise ownership-specific advantages drives the transfer of GTM routines, by replicating foreign subsidiaries’ employment practices that HQ perceives to be advantageous (Taylor 2006). However, while higher levels of implementation of GTM routines can reflect high levels of corporate integration, there is no guarantee that recipients will internalise those routines (Bjorkman & Lervik, 2007; Kostova et al., 2016). Ahlvik and Bjorkman (2015) confirmed empirically that formal control strongly correlates with implementation and integration but weakly correlates with internalisation. Thus, we propose the following proposition:

Proposition 3: Alignment between GTM routines and subsidiary performance will be weaker in MNEs pursuing multi-domestic strategies than in MNEs pursuing global or transnational strategies.

GTM ROUTINES AND INDIVIDUAL PERFORMANCE

We are interested in how GTM routines help individual employees to deliver performance outcomes linked to the MNE's strategic intent. Proponents of talent management have advocated loading the organisation with star performers to generate superior performance. Based on a micro-perspective, this literature rests on the notion that since individual KSAOs relate positively to performance regardless of context, a more-is-better approach is most appropriate (c.f. Ployhart & Moliterno, 2011). However, context does matter (Johns, 2006, 2017), and recent research indicates the potentially destructive effect of too many stars in organisations (Groysberg, Polzer, & Elfenbein, 2011). Moreover, individual-level human capital is not necessarily isomorphic with firm-level human capital (Ployhart & Molierno, 2011). In other words, while individual human capital may translate into individual-level performance (Kim et al., 2015), team- or unit-level performance will not necessarily reflect this (Ployhart & Molierno, 2011). Hence, a more nuanced understanding of performance recognises the distinction between ability and behaviour in individual stars.

While stars may be a relatively small proportion of a subsidiary's employees (10–20%), they are likely to contribute disproportionately to subsidiary performance. Star employees are defined by their capacity to display disproportionately high, prolonged performance relative to peers (Aguinis & O'Boyle, 2014; Call et al., 2015; O'Boyle & Kroska, 2017). Research demonstrates a power distribution in star performance, reflecting the fact that overall productivity is largely attributable to a small minority of workers who generate substantial output (O'Boyle & Kroska, 2017). Stars also generate multiplicative value, as opposed to additive value, in their contributions to higher-level outcomes (O'Boyle & Kroska, 2017). This is not to discount the role of other employees at the subsidiary level, such as so-called "B-players" or workhorses, who play key roles by enabling stars and performing well in less-pivotal roles (Groysberg & Lee, 2008). An MNE's HR architecture must be appropriately designed to maximise the contribution of these individuals because

individual capability and performance may not be fully isomorphic with firm-level outcomes (Ployhart & Moliterno, 2011).

Human capital, “the knowledge, information, ideas, skills, and health of individuals” (Becker, 1993: 3) relevant for achieving economic outcomes (Ployhart et al., 2014), is a central construct in the consideration of individual performance. Human capital is, in turn, disaggregated into general (deployable across a broad range of organisations) and firm-specific (limited application to the organisational context in which it is accrued) (Becker, 1964; Nyberg & Wright, 2015). However, given the complex environment in which global work unfolds (Allen et al., 2015; Bartlett & Ghoshal, 1989; Kostova, Neil, & Hoenen, 2016), employees’ cognitive abilities to operate in culturally, linguistically, spatially, and temporally distant environments calls for a more nuanced understanding of firms’ specificity of human capital. Chung and colleagues’ (2015) distinction between parent-firm human capital and local-specific human capital, introduced above, is also an important consideration. These authors demonstrated empirically the positive effect of the alignment of subsidiary strategy and human capital on subsidiary performance.

From Individual Human Capital to Subsidiary Performance

We draw on recent literature on human-capital resources to show how individual performance can contribute to subsidiary performance. While human capital encompasses an individual’s KSAOs that are relevant for achieving economic outcomes, human-capital resources emphasise the capacity to produce output rather than the KSAOs themselves (Ployhart et al., 2014). In other words, how can individuals or teams use their human capital to solve problems that customers think are important? Key to this distinction is that human-capital resources must be accessible for unit-relevant purposes (Nyberg et al., 2014). This implies that individual human capital can be transferred and amplified into a valuable unit-

level resource—a human-capital resource (Ployhart & Moliterno, 2011)—when GTM routines are deployed in a manner that fits the MNE’s strategy.

The concept of emergence is the central mechanism for explaining how individual human capital can translate into unit-level outcomes. An emergent phenomenon originates “in the cognition, affect, behaviors, or other characteristics of individuals, is amplified by their interactions, and manifests as a higher-level, collective phenomenon” (Kozlowski & Klein, 2000: 55). Emergence can manifest in different ways: from composition, in which the higher-level phenomena are created through the homogeneity of lower-level phenomena, to complication, in which the higher-level phenomena are created through the heterogeneity of lower-level phenomena (Ployhart & Moliterno, 2011). A key theoretical benefit of this construct is its emphasis on context.

For example, while the literature suggests that stars can represent human-capital resources at the individual level owing to their disproportionate importance to unit-level outcomes (see Nyberg et al., 2014: 377), a rich literature reinforces the importance of context in star performance. For example, Huckman and Pisano (2006) demonstrated that cardiac surgeons’ performance varied across the different hospitals where they performed surgeries. The authors demonstrated that surgeries in hospitals where the surgeon performed a higher volume of procedures had better patient outcomes. A broad literature also confirms the challenges that star employees face in maintaining high performance when they move to new organisations (see Dokko & Jiang, 2017 for a summary). This work indicates the importance of complementary assets, such as equipment, facilities, and other team members that enable performance, even for highly skilled or star performers (Campbell, Ganco, Franco, & Agarwal, 2012; Dokko & Jiang, 2017). These findings confirm that individual human capital is simply the capacity for action, a reserve or supply that must be directed towards action

through emergence (Ployhart et al., 2014). Thus, complementary assets represent an important contextual element of human-capital emergence, even for star employees.

Studies from the micro literature generally view such combinations of complementary assets in the context of emergence. Emergence explains aggregation, “a process that occurs over time, is shaped simultaneously by contextual and individual factors, and ultimately occurs through interaction and interdependence” (Ployhart et al., 2014: 383). Hence, human-capital emergence is the process of “assembling” valuable unit-level resources, by responding to the dynamic environment in which the MNE finds itself and assembling constellations of assets inside the firm to service customer needs (Helfat et al., 2007; Ployhart & Moliterno, 2011). Individual human capital is the foundation of this assembling process.

The firm’s task environment is central to enabling and amplifying human-capital emergence (Ployhart & Moliterno, 2011). With complexity comes a decreased likelihood that individual human capital will be isomorphic with the human-capital resource (Ployhart & Cragun, 2017). More-complex task environments, such as those that characterise multinational contexts, require increased coordination and integration. This makes the task of enabling and amplifying human-capital emergence in the MNE particularly challenging. GTM routines are emergence-enabling processes for transferring individual human-capital resources into subsidiary performance. This notion is consistent with the subsidiary-alignment construct introduced above and is central to the MNE’s strategic orientation.

For example, under a global strategy, parent-firm human capital is likely to be key for achieving the MNE’s strategic objectives (Scullion & Collings, 2006). Hence, GTM routines should be biased towards deploying employees with high levels of parent-firm human capital at the subsidiary unit. PCN expatriates dominating the talent pool and occupying pivotal positions are likely to reflect this process. For these positions, the differentiated HR architecture should emphasise the selection of individuals with high levels of cognitive and

behavioural abilities to operate in culturally, linguistically, spatially, and temporally distant environments (Allen et al., 2015; Bartlett & Ghoshal, 1989; Kostova et al., 2016). To build their parent-firm human capital, these individuals should be highly socialised at HQ. They may perceive this socialisation, along with their selection to the global talent pool, as a signal of the MNE's commitment to them and its investment in their development. In return, they are likely to be highly motivated. Insights from social-exchange theory show that when organisations invest in employees, they are likely to reciprocate with positive contributions to their organisations (Cropanzano & Mitchell, 2005; Gelens et al., 2015).

The downside of a global approach is that local employees in pivotal positions in subsidiary operations are likely to perceive injustice and a lack of career opportunities and, hence, to display lower levels of commitment and motivation (Scullion & Collings, 2006). They are also less likely to display high levels of parent-firm human capital, owing to a lack of exposure to HQ and lack of involvement in global development programmes. Given that these employees may perceive less opportunity to develop in these structures, they may view their career opportunities as limited to the host country (Scullion & Collings, 2006; Tan & Mahoney, 2006). Hence, they are more likely to identify with the subsidiary than with HQ. This, combined with lower levels of parent-firm human capital, will likely translate into agency issues and lower levels of human-capital emergence (Reade, 2001; Reiche, 2007). These individuals may also end up leaving the MNE as they leverage their prior experience to work in other MNEs in the host country.

In multi-domestic orientations, the localised approach to identification and management of pivotal positions strongly affects the composition of an MNE's talent pool. The HQ level is more likely to focus on a national than on a global talent pool. Historically, however, a key constraint of this approach is that decentralised management structures and control systems are incongruent with resource sharing across the organisation. In a multi-

domestic strategy, subsidiaries are generally judged and rewarded for subsidiary-level performance, often with little attention to the MNE's overall performance. This focus results from the relatively high levels of local-specific human capital displayed by subsidiary employees. This process makes the incentives that motivate employees of a highly central subsidiary pursuing a multi-domestic strategy different from those of a subsidiary following a global or transnational strategy.

While HQ generally seeks to leverage critical resources to generate a global competitive advantage, subsidiary-level managers in multi-domestic strategies have little incentive to do so. Hence, opportunities for subsidiary talent may be perceived to be limited, owing to lack of visibility or support from local managers (Makela et al., 2010; Mellahi & Collings, 2010). This perception has the potential to limit the performance of these employees. However, the routine of a global talent pool, combined with a differentiated HR architecture, is associated with building parent-firm human capital. Global development and networking programmes, mentoring programmes, and so forth are likely to increase this talent pool's parent-firm human capital and identification with HQ. Key mechanisms underpinning this development include acculturation through contact with other members of the global talent pool and through global development programmes, both of which create opportunities for cross-unit social interaction (Smale et al., 2015). In such contexts, effective deployment of GTM routines is likely to increase human-capital emergence.

Finally, a transnational strategy by definition requires talent with high levels both of parent-firm and local-firm human capital. Given the diversity of global talent pools, individuals at subsidiary levels should perceive auspicious opportunities for career development within the MNE. Because these subsidiaries are likely to have more PCN expatriate employees and greater representation of subsidiary talent in the global talent pool, subsidiary employees will have more frequent and deeper opportunities to develop parent-

firm human capital (Collings et al., 2010; Smale et al., 2015). Similarly, the exposure of PCN employees to the local context should facilitate richer interactions, greater knowledge sharing (Tsai & Ghoshal, 1998), and, hence, greater levels of local-firm human capital in PCN employees. This outcome, in turn, will yield opportunities for high levels of human-capital emergence. This logic suggests the following propositions.

Proposition 4: The amplification of individual human capital to unit-level human capital (measured in subsidiary performance) will be higher when global talent routines fit an MNE's strategic orientation, such that

Proposition 4a. In MNEs pursuing global strategies, the amplification of individual human capital to unit-level human capital (measured in subsidiary performance) will be higher when GTM routines develop higher levels of parent-firm human capital at subsidiary levels.

Proposition 4b. In MNEs pursuing multi-domestic or transnational strategies, the amplification of individual human capital to unit-level human capital (measured in subsidiary performance) will be higher when GTM routines develop higher levels of both local-firm human capital and parent-firm human capital at subsidiary levels.

DISCUSSION AND FUTURE RESEARCH AGENDA

Scholars widely acknowledge the critical importance of identifying, attracting, developing, managing, and retaining talent able to handle the global complexity that characterises the environment in which MNEs operate (Allen et al., 2015). Global talent management has been identified as a potential source of competitive advantage for effectively engaging this complexity. However, research has not adequately examined the performance impact of GTM. As a result, our understanding of the link between GTM implementation and organisational performance is still rudimentary; as yet we do not understand the potential value of GTM. This article builds on recent research on GTM,

IHRM, and multinational strategy, to develop a theoretical framework that describes the link between talent management in MNEs and performance at the HQ, subsidiary, and individual levels. Empirical verification of the GTM-performance link is a key step for strengthening the legitimacy of GTM as an area of research and practice.

The proposed framework provides an important first step. We make several important contributions to the literature on IHRM in general and GTM in particular. First, the framework introduces three routines central to GTM: pivotal positions, global talent pools, and a differentiated HR architecture. From a resource-based perspective, these routines are a central means of guiding organisational activity that creates stability and boosts efficiencies across the MNE. These routines further emphasise the importance of collective interactions, interconnections, and path dependence in delivering sustainable performance in the MNE (Bowen & Hird, 2014). Such an approach also broadens the agenda beyond senior organisational leaders (who are often considered central to the MNE's global talent programme) and highlights the importance of pivotal positions that disproportionately contribute to organisational performance. Overall, these routines offer a means to address the potential failure to translate individual-level human capital into firm-level performance (Ployhart & Moliterno, 2011).

Our approach focuses on the routines as concepts, which is called the ostensive aspect of routines (Feldman, 2000). In contrast, the performance aspect of routines focuses on routines in practice (Feldman, 2000). While the former dimension designates the general and abstract pattern of routines, the latter refers to "specific actions, by specific people, in specific places and times" that operationalise them (Feldman & Pentland, 2003: 101). The performance focus on routines highlights questions of agency (Baum & Singh, 1994; Pentland, 1995).

These perspectives recognise that organisational routines are both effortful and emergent and that individuals engaged in routines adapt their actions as their understandings of what they can do and the consequences of their actions manifest (Feldman, 2000: 613). Hence, organisational routines are dynamic, owing to processes of (re)production through time and space and through the ongoing effort of actors (Feldman, Pentland, D'Adderio, & Lazarick, 2016). This fact raises a particular challenge in the context of the MNE, in which capability and agency issues impact the implementation of corporate routines at the subsidiary level (Bjorkman & Lervik, 2007; Kostova et al., 2016). While we raise these issues in our discussion of the subsidiary level, a more process-oriented approach is likely to shed greater light on the performance aspects of routines.

Second, the framework underscores the critical role of context, namely, the MNE's strategic orientation. We start from the well-established assumption that it is essential to consider contextual differences in management practices and performance (Allen et al., 2015; Bamberger, 2008; Johns, 2006, 2017). We note that an effective operationalisation of GTM routines in one MNE may not be as effective in another. Specifically, the effectiveness of the GTM routines' implementation is contingent on the MNE's strategy. We draw on the MNE strategy literature to explain why the variance in the GTM-performance relationship can partly be explained by the MNE's strategic orientation. Specifically, we argue that global and transnational strategies require significantly different GTM implementation, compared to multi-domestic strategies.

By introducing an MNE's strategy as a key contingency variable, we provide a more nuanced approach to the study of GTM and performance. Future research should consider MNE strategy as an important determinant of effective operationalisation of GTM policies and practices and their impact on MNE performance. We expect significant divergence in the effectiveness of GTM implementation among MNEs pursuing different strategic orientations.

In particular, strategy shapes GTM routines and influences the extent to which they are adapted to local contexts. In addition to identifying effective operationalisation of GTM routines, studies that examine GTM-performance links in MNEs pursuing similar strategies could help to identify moderating variables and boundary conditions. These might include, for example, the impact of organisational factors, such as size and international experience; institutional factors, such as union density; or characteristics of competitive environments. Additionally, studies that compare the effectiveness of GTM policies and practices, such as the operationalisation of various routines, across different strategies may help to explain how MNE strategy mediates the impact of GTM on performance.

One limitation of our framework at the HQ level is the sole focus on an endogenous variable, specifically, the MNE's strategy. Future research should consider exogenous variables such as institutional distance, environmental complexity, and dynamism. Scholars have long established that MNEs cannot simply adopt HRM practices that fit the firm's strategy, but MNEs must also consider local environmental requirements (Lazarova et al., 2016; Taylor et al., 2006). We assume that strategies are path dependent and hard to change. As a result, our framework does not consider the dynamic interaction between an MNE and its competitive environment. This line of enquiry requires longitudinal, qualitative research that tracks the interplay among GTM implementation, MNE strategy, and changes in institutional and competitive environments.

Third, having highlighted the importance of MNE strategies for examining the link between GTM and MNE performance, we identified important subsidiary-level factors that are crucial for understanding this association. We argue that considerable variations in GTM-performance links exist across subsidiaries within the same MNE. The first factor that causes this variation is the level of alignment between HQ intentions and subsidiary implementation of GTM routines. We reasoned that alignment is more likely to be evident, and hence

important, in MNEs pursuing a global or transnational strategy. We argue that central subsidiaries are more likely and able than peripheral subsidiaries to align their GTM practices with HQ intentions. We posit that alignment moderates the relationship between HQ GTM routines' implementation and subsidiary performance. Such interaction suggests fertile topics for future research on GTM within MNEs. Building on the proposed framework, we suggest that future research on the relationship between GTM and MNE performance should examine empirically how subsidiary alignment interacts with an MNE's strategy in the shaping of GTM routines. In turn, the impact on subsidiary performance, as well as on overall MNE performance, should also be explored.

The role of alignment raises important questions that warrant empirical consideration. Future research might examine the different types of alignment in subsidiaries and their relative and combined impact on the GTM-performance link. For instance, a subsidiary may be fully aligned with HQ intentions regarding one GTM routine and not other routines. A challenge that needs to be addressed is the measure of alignment. We argue that alignment is more likely to occur in central subsidiaries. We propose that the interdependence between the focal subsidiary, HQ, and other subsidiaries captures subsidiary centrality. This centrality can also be captured by the *degree* of centrality, measured by the number of connections the subsidiary has with other subsidiaries, and the *closeness* of the subsidiary, measured by the institutional or geographical distance between the subsidiary, other subsidiaries, and HQ. Those measures may open up interesting avenues for research on the GTM-performance link. For instance, closeness to HQ may affect talent visibility, whereas the degree of connectedness may influence the number of pivotal positions.

We suggest that interaction is a key mechanism through which central subsidiaries align themselves with HQ's intentions and understanding. We emphasise the implementation of GTM routines rather than HQ intentions. We deepen the well-established local-adaptation-

global-standardisation literature of HRM practices at subsidiary levels. That view is built on HQ intentions to influence practices throughout the MNE and the resistance of subsidiaries. Our proposed framework emphasises HQ's intentions and knowledge of subsidiaries and subsidiaries' interpretation and internalisation of HQ practices. Whereas the literature focuses on HQ's intended practices, we focus here on the factors that determine what is actually implemented at the subsidiary level. The broader literature on HRM in MNEs has recently advocated such emphasis (Ahlvik et al., 2016). We posit that the closer the alignment of HQ intentions and understanding with subsidiaries' ability, motivation, and opportunity to internalise HQ practices, the higher a subsidiary's performance will be. Future research should therefore distinguish between HQ's intended strategy when transferring GTM routines to subsidiaries and actual GTM routines. The depth of alignment between HQ intentions and a subsidiary's understanding and internalisation of HQ practices will likely influence divergence between the two. Case studies that elucidate the process and outcomes of (mis)alignment, together with the interactions and negotiation processes between HQ and subsidiaries during the transfer and implementation of GTM routines, are obviously needed.

IMPLICATIONS FOR PRACTICE

Our framework has some important implications for GTM practice. First, we strongly advocate a contingency approach to talent management and caution against the adoption of a single best means of managing talent on a global basis. Drawing on an extensive body of research, we emphasise the importance of MNE strategy in the design of any GTM system. We advocate an approach to GTM that begins by identifying pivotal positions that have the greatest potential impact on organisational performance. These positions should broaden the talent discussion beyond leadership succession, often the narrow focus of GTM systems. The strategy should determine the nature and distribution of these positions in the MNE's global network.

Second, we argue for the value of global talent pools as a strategy to manage the global-talent supply chain and to ensure that MNEs have the necessary quality and quantity of high-performing and high-potential incumbents to deliver on their strategic intent. Again, strategy should strongly influence the level at which these talent pools are coordinated and the international distribution of their membership. Finally, we strongly advocate a differentiated approach to HR for individuals in the talent pool to ensure they have the KSAOs required to perform at a high level consistent with the MNE's strategic intent. We argue that the sequencing of these routines is central to their effectiveness. Hence, in developing GTM systems, MNEs should follow these suggestions sequentially and in an integrated way. Additionally, we stress the importance of alignment for ensuring that subsidiary implementation of the GTM routines is consistent with HQ intentions.

CONCLUSIONS

The link between GTM and MNE performance has not previously been explored theoretically or empirically. For practitioners, a better understanding of this link would help managers understand how GTM can enhance performance. From an academic perspective, understanding this link is key to developing the legitimacy of GTM as an area of research. To explain this link, we propose a framework based on routines, strategy, subsidiary alignment, and individual human capital. By including key factors at the HQ, subsidiary, and individual levels, the framework offers nuanced insights and potential avenues of research regarding the link between GTM routines and performance. We hope that our proposed framework provides a foundation for future research that seeks to deepen our understanding of that link.

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