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TALENT MANAGEMENT OF MULTINATIONAL  
COMPANIES: HOW DO INSTITUTIONAL  
LOGICS INFLUENCE TM STRATEGIES?

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## 1. INTRODUCTION

“Research on Talent Management (TM) has been lagging behind businesses in offering vision and leadership in this field”, - state Al Ariss et al. (2014). Their statement resonates with the claims of other scholars who assert that the academic field of TM lacks theoretical frameworks (Scullion et al., 2010). Yet, other researchers assert that the academic literature on TM is noticeably expanding from year to year (Thunnissen et al., 2013). Gallardo-Gallardo et al. (2015) provide an explanation to those seemingly contradictory claims by making a distinction between a phenomenon-driven and theory-driven TM research. The phenomenon-driven research “starts with the generation of facts, most typically from large-sample analysis, that can inform us as to what we need a theory for...” (Hambrick, 2007; in: Gallardo-Gallardo et al., 2015). Theory-driven research, on the contrary, is guided by established definitions, operationalization, and measures and stems from identifying the gaps detected within an extant knowledge of a field (Dries, 2013).

Historically TM belongs to the domain of Human Resource (HR) management (Al Ariss et al., 2014); however, it has increasingly being treated as a separated discipline since the term “the war for talent” was coined in a famous McKinsey study from 1997 (Michaels et al., 2001). Michaels et al., (2001) describe that in the late nineties “the economy [in the USA] was burning white hot” and companies could not fill hundreds of vacancies as they were losing talent to dotcom startups. They further assert that even though the dotcom bubble burst not long after the McKinsey study was published, a company’s ability to attract, develop and retain talent will remain a major competitive advantage and a critical driver of corporate performance far into the future (Michaels et al., 2001). That claim made in the context of the American economy has proved to hold true in other environments. Tymon et al. (2010) assert that attracting, managing and retaining talent are among main challenges of Multinational companies (MNCs) in emerging economies as the supply of young professionals and new managers are insufficient to meet the demand for talent during the corporate growth and low unemployment. The Boston Consulting group (2008) predicts that developing and retaining the best employees is one of the critical challenges of the human resources worldwide. As MNCs operate across borders and sometimes across continents, they may expect the “war for talent” breaking out in any regions they operate in.

While academics and practitioners agree that in the highly dynamic and volatile environment of the 21th century, TM can be a source of sustained competitive advantage (Meyers & van Woerkom, 2014; Collings & Mellahi, 2009), to date, few studies have empirically proved that TM strategies have impact on the organizational performance. Having conducted a study in 138 Swiss companies, Bethke-Langenegger et al. (2011) have concluded that different TM strategies have differential effects on a variety of outcomes including financial results such as company profit and company value, organizational dimensions such as productivity and customer satisfaction, and HR parameters including job satisfaction and commitment. According to them, whereas a TM strategy that focused on development and retention has the largest positive effect on the HR outcomes, the one build around succession planning has the weakest impact on organizational and HR outcomes. Yet, the question about an existence of universal TM strategies that are likely to improve organizational performance remains open. While Collings and Mellahi (2009) assert that any successful talent strategy should stimulate desired role behavior of employees, Garrow and Hirsh (2008) are strong proponents of “the best fit” perspective meaning that TM strategy should be tailored to the specific internal and external contexts of organizations.

Some other to date unresolved issues in regards to TM pertain to the question of whether TM programs should be available to every incumbent, or only to high performing or high potential employees (Al Ariss et al., 2014), and whether talent is a stable trait, or it is more a potential that can be developed (Meyers et al., 2013). By combining those dimensions, Meyers and van Woerkom (2014) have formulated four talent philosophies: exclusive and stable, exclusive and developable, inclusive and stable, and inclusive and developable. They further stipulate that organizations may start using hybrid talent management systems by developing different TM practices for different employee groups (Meyers & van Woerkom, 2014). What the extant academic literature is being largely silent about is which organizational context of an MNC calls for what philosophy or a combination of them. The current research aims at filling that gap by analyzing the four philosophies through the lens of institutional logics.

Institutional logics are defined by Thornton & Ocasio (1999) as 'socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality'. Institutional scholars assert that individual cognition is shaped by institutional logics through social classification and categorization (DiMaggio, 1997; Välander et al. 2016), and that categories themselves do not exist in nature, but are socially constructed (Berger & Luckmann, 1966). The institutional logics perspective provides theory and methods for understanding how to embed organizations and persons in their institutional environments (Thornton, 2015). According to Greenwood et al. (2010) empirical studies have linked institutional logics with a wide range of practices, including executive succession and compensation (Thornton & Ocasio, 1999), social responsibility (Lounsbury, 2007), technological entrepreneurship (Sine & David, 2003), professionalization (Lounsbury, 2002). Other examples include research on institutional logics in the context of the French cuisine (Rao & et al., 2003; in Thornton & Ocasio, 2008) and Australian urban water sector (Fuenfschilling & Truffer, 2014).

Since institutional logics are thought to shape rational, mindful behavior (Thornton & Ocasio, 2008) and individual and organizational actors have agency in shaping and changing of institutional logics (Thornton, 2004), it is of scientific and practical interests to investigate the influence of institutional logics on corporate TM strategies of MNCs. As institutional logics can be rooted in geographic locations (Greenwood et al., 2010; 2011), the empirical part of the research have been collected at MNCs headquartered in Germany, Japan and Netherlands. The research question and sub-questions have been formulated as follows:

How do institutional logics influence corporate TM strategies of MNCs?

How do MNCs define the concept of Talent?

What makes it legitimate for MNCs to invest in TM?

By answering the main research question, this paper makes a number of contributions. First, as a theory-driven research it adds to the body of knowledge on TM by building forth on two extant theoretical concepts: the TM philosophies of Meyers and van Woerkom (2014), and the institutional logics perspective (Friedland & Alford, 1991; Thornton et al., 2008, 2012). Second, scholars have been concerned that a lot of data have been generated in the US (Collings et al., 2011). For instance, the majority of articles on TM analyzed by Gallardo-Gallardo et al. (2015) are written by authors who represent the US. To quote Scott (2005: 478; in Greenwood et al., 2010): "An embarrassingly large proportion of our theoretical conception and empirical data has been constructed by U.S. scholars based on data collected from U.S. organization". The empirical data of this research is not US-centric as it has been collected at MNCs originated from Germany, Japan, and the Netherlands. Third, the outcomes of this research may be of practical value as they investigate what institutional logics are congruent with the suggested TM philosophies.

## 2. THEORETICAL FRAMEWORK

This section comprises two parts. The first part provides a review of academic literature on the most salient, often unresolved issues pertaining to TM. The second part provides a description of the theoretical framework of this study and explains the rationale behind it.

### 2.1 TALENT MANAGEMENT

While talent shortages are thought to be one of the biggest challenges for MNCs worldwide (Capelli, 2008), there is no consensus about what constitutes a talent (Mäkelä et al., 2010); and talent management (Collins & Mellahi, 2009). Gallardo-Gallardo et al. (2015) maintain that business leaders often arbitrarily define the construct of talent. According to a UK survey, 51% of the surveyed HR professionals undertook talent management activities and only 20% of them reported to have a formal definition of talent management (Collins & Mellahi, 2009; CIPD, 2006). Different scholarly approaches to talent may contribute to this confusion. Researchers maintain (Dries, 2013; Meyers & Woerkom, 2014) that answers to the following two questions about the nature of talent have far-reaching consequences for talent management practices: is talent an inclusive or exclusive concept, and is it innate or it can be acquired.

Although there are scholars who advocate an egalitarian approach (Buckingham & Vosburgh, 2001), many others plea to reserve talent management interventions exclusively to a small group of high performers, high potentials (HiPo) and strategically important incumbents (Boudreau & Ramstad, 2005). Proponents of the latter approach focus on the identification of individuals with high value-added skills who are difficult to replace (Cerdin & Brewster, 2014; Lewis and Hackman, 2006), and their retention and development (Frank et al., 2004). This approach stems from the Resource Based View (Capelli & Keller, 2014; Meyer & Woerkom, 2014) according to which employees with valuable, rare, inimitable, non-substitutable resources are a source of competitive advantage of the company. Finally, Stahl et al. (2012) argue that inclusive and exclusive approaches may be reconciled in a hybrid model. According to the survey of CIPD in 2012, approximately two fifths of the responded companies used an inclusive approach, and three fifth of the companies – an exclusive.

The second to date unresolved question pertains to the nature-nurture discussion about talent (Meyers & Woerkom, 2014). There is evidence that different cultures perceive talent in different ways: while in Western cultures talent is regarded as an innate ability that leads to an above average performance in a certain area, in Japan, talent is viewed as a result of many years of training (Tansley, 2011). Yet, it is an assumption that talent is an innate ability that dominates in the business context (Burkus & Osula, 2011). Thus, it may be concluded that talent as a construct is subject to cultural differences that may influence how the concept of talent management gets filled in.

Boudreau and Ramstad (2005) propose a novel approach to talent management by shifting the emphasis from the identification of high-potential individuals to the identification of key positions that have the potential to contribute to potential advantage of the firm. This shift has laid the foundation of the theoretical framework of Collins and Mellahi (2009) who define an organizational talent management strategy as activities and processes involving:

- a) systematic identification of key positions which differentially impact the organization's sustainable competitive advantage;
- b) the development of a talent pool of high potential and high performing incumbents to fill these roles;
- c) the development of a differentiated human resources architecture to facilitate filling these positions with competent incumbents and to ensure their commitment to the organisation.

Although this definition is often used in the academic talent management literature (Gallardo-Gallardo, 2015), Capelli and Keller (2014) argue that this talent management definition is subject to discussion. Capelli and Keller (2014) argue that depending on the strategic competencies of the organisation, key positions may be located anywhere in organisation, e.g. if a firm specialises in sales it may view its sales positions strategic. Seleim et al. (2007) maintains that as software developers are a key resource for software companies, talent management of those companies should be centered around the attraction and retention of those employees. In spite of the empirical evidence that comes forth from case studies (Capelli & Keller, 2014; Seleim et al, 2007), there is no consensus on how to identify strategic jobs (Huselid & Becker, 2011). Thus, more research into how companies identify strategic positions is needed.

Regarding the development of a talent pool to fill key positions, Capelli and Keller (2014) signal two approaches: the growing practice of outside hiring on the one side, and development of existing employees on the other. Bidwell maintains that in the US filling mid- and senior positions has become commonplace, and more recent research suggest that about 60% of vacancies of the US companies get filled with external candidates (2014). According to Capelli (2008), external hiring became popular in the early 1990 when employers had a big external pool of laid-off professionals to their disposal to fill their key positions. When the economy took off and the external talent pool started drying up, the modus operandi of companies shifted to recruiting talent away from their competitors, creating retention problems and discouraging employers to invest into talent development programs. Capelli (2008) quotes a CEO in the medical device company: "Why should we develop people when our competitors are willing to do it for us?".

Cappelli (2008) establishes a link between a labour market condition and the strategy companies employ to create or to sustain a talent pool. Faced with uncertainty of the labour supply, companies use just-in-time external hiring as a substitute for workforce and succession planning and internal development. The downside of this approach pertains to a potential talent shortage when the labour market tightens. Furthermore, apart from being fairly expensive particularly because of the involvement of headhunters, external recruitment aggravates retention problems by blocking prospects for internal growth opportunities (Cappelli, 2008). Finally, recouping the costs associated with recruitment, selection, compensation and onboarding of newcomers is challenging for companies due to informational, social, and socio-cognitive factors (Capelli & Keller, 2014). Thus, it may be concluded that the just-in-time external hiring pays off when there are enough suitable candidates available to fill vacant positions, they are easy to find, and their hiring does not block prospects of promotion for internal talent.

As for the second approach, Cappelli (2008) asserts that development of internal employees to fill strategic positions has long history and has its roots in the booming post-World War II American economy. As the demand for talent exceeded the supply, companies had no choice but to start developing an internal supply of talent, and in so doing they used the management development and succession planning programs established by the Navy as a blueprint for creating their own programs (Cappelli, 2008). Nowadays, there are enough companies that invest into HiPo programs (Capelli & Keller, 2014), and the surveyed by Martin and Schmidt (2010) companies report that compared to an average employee, the HiPo employees bring more than 50% extra value to their employers. However, less than a third of the surveyed companies manage to realize a significant return on the their HiPo investment (Martin & Schmidt, 2010) due to the unexpected change in the human capital needs, or voluntary turnover (Capelli & Keller, 2014). The latter has been researched by Cappelli and Hamori (2005) in two different studies among executives. It turned out that the approached executives were willing to change an employer every three to four years.

Borrowing the concept of supply chain management from operations research, Capelli (2008) proposes that under uncertainty conditions, companies are better off by combining internal development for most predictable demand aspects and external hiring combining to meet the unpredictable needs. He cites an example of Unilever's Indian operations that due to their continuous reliance on the well-established Unilever's talent development program had a significant surplus of well-trained managers in the time when the demand for managerial capacity has fallen.

The third component of the talent management definition formulated by Collins and Mellahi (2009) pertains to the application of a differentiated HR architecture within one establishment that acknowledges the difference in contributions that certain groups of employees make to organizational performance. The term HR architecture comes from the strategic human resource management field and refers broadly to "bundles of HR practices that are implemented in combination" (Lepak & Snel, 2002). Lepak and Snel (2002) propose a Human Capital Characteristics framework, according to which all employees are placed in one of the four groups which are subsequently supported by different HR practices. If employees possess unique and valuable competences and contribute to the knowledge base which underlies the business strategy, they are subject to a knowledge-based employment which is focused around skill-enhancing activities such as training and development. Employees that are able to make significant contributions to a company but whose skills are transferable, are qualified for a job-based employment. Lepak and Snel (2002) advise companies to spend time and money on hiring those professionals instead of developing them. Contractual work arrangements are meant for workers who neither bring unique value to the company, nor they possess unique to the company skills. Finally, if a company needs human capital with skills that are unique but not of strategic value, forming strategic alliances and partnership would spare the costs associated with internal recruitment.

Lepak and Snel (2002) hypothesize that each type of employment requires different HR practices. Employees that are subject to knowledge-based employment are more likely to be empowered by the employer by being involved into decision-making. The ultimate goal of the HR system is to ensure commitment of those employees. Job-based employment is centered around productivity. The focus is likely to be on performance and paying a market-based wage. Although job-based employment implies signing a long-term contract with an incumbent, companies take into account a possibility that those employees may leave at a shorter time than initially meant. HR support for contractual work is likely to be concentrated on the enforcement of rules and regulations and ensuring compliance with the work policies and procedures. Alliances and partnerships are likely to be supported by the HR system that fosters sharing information needed for joint production. Firms are likely to invest into the relationship rather than developing the partner's human capital (Lepak & Snel, 2002). Based on their research, Lepak et al. (2007) report that the HR systems provide profound support to core employees in non-manufacturing industries; in manufacturing firms, core employees receive almost as much support as support staff. Therefore, industry type appears to be of influence on the talent management practices of companies.

Due to its application scale and complexity, TM is thought to be more challenging for MNCs than for local companies (Gallardo-Gallardo, 2015). A MNC operates in various countries with different political and administrative regimes, different levels of economic and social development and cultural heritage. Scholars use the term global talent management to refer to talent management practices that occur on a global scale (Gallardo-Gallardo, 2015). Scullion et al. (2010) argue that while takes into consideration differences in organisations' global strategic priorities, it simultaneously recognises that variations in national contexts has an impact on how talent is to be managed in the countries where they operate.

Meyers and Woerkom (2014) emphasize the importance of understanding of the impact that different talent philosophies have on shaping TM policies. By combining two main tensions of the TM research field: one concerning the nature of the talent and the other one regarding to the inclusiveness or

exclusiveness of TM, they define the following four talent philosophies: exclusive and stable; exclusive and developable; inclusive and stable; inclusive and developable. According to the exclusive and stable philosophy, talent is an innate trait (Burkus & Osula, 2011), and only about 20% of the workforce, the so-called A players, possess it (Welch & Welch, 2005). The direct implication of this philosophy for TM pertains to defining the stable traits which are thought to be of strategic importance to the company, such as intelligence, personality, and motivation (Delong & Vijayaraghavan, 2003), identifying individuals with those traits to be subsequently able to assign them to positions of strategic importance (McDonnel, 2011) and laying out the structure that would stimulate the long-term commitment of those individuals to the organization through providing career development opportunities and mentoring programs (Lepak & Snell, 1999). The exclusive and stable philosophy justifies an investment of disproportional resources into recruitment and retention of talented employees who are expected to occupy strategically important positions (Meyers & Woerkom, 2014; Becker & Huselid, 2006).

The focus of exclusive and developable philosophy of TM shifts from identifying stable traits of talented employees to identifying their potential (Meyers & Woerkom, 2014). Talent is latent, and it needs to be developed through training and development activities that enhance an employee's career-specific skills (Silzer & Church, 2009). As it is the case with the A players, only 10 – 15 percent of the workforce population is thought to be HiPo's. Papierno et al. (2005) maintain that employers who design the TM systems based on the exclusive and developable strategy, provide development opportunities mainly to HiPo's in the expectation of greater return on training investment compared to offering development opportunities to a wider employee population.

The inclusive and stable talent philosophy views talent as enduring traits (Meyers & Woerkom, 2014), that are unique to every employee (Rath, 2007). The main aim of TM is to capitalize on individual strengths of the employees (Buckingham, 2005) by helping them to identify those strengths and by providing work related contexts that allows employees play to their strengths (Rath, 2007). Van Woerkom and Meyers (2014) has found an empirical evidence for a relationship between employees' increase performance and their perception of being supported by the employer with identification of person strengths. Other research suggests that employees who use their strengths at work exhibit higher levels of well-being and happiness (Seligman et al., 2005).

Finally, the inclusive and developable philosophy is centered around the tenet that everyone in the organization has a potential to perform well (Ashton & Morton, 2005). Organizations that adopt that philosophy develop all employees and encourage them to self-manage their careers and growth (Meyers & van Woerkom, 2014). Yost and Chang (2009), proponents of this philosophy, argue that to expand their potential, employees should be assigned to the positions that match their potential and stretch them through challenging assignments. Talent managers and line managers are urged to provide feedback, mentoring and individual development plans. McCall (2010) argues that learning-on-job is highly efficient and cost-effective form of learning that fits that philosophy. Furthermore, Vallerand et al. (2007) maintain that stimulating employees choosing for an activity that is both meaningful and enjoyable is a powerful motivator to stimulate employee engagement.

The contribution of Meyers and Woerkom (2014) to theory building goes further than articulating the four TM philosophies as it also stipulates the structures that are required to support those philosophies. What is still missing is some guidance for organization decision makers on which talent philosophy is meaningful for their organization, based on its values, identity, legitimacy, and material practices. Thornton and Ocasio (2008) assert that interests, identities, values, and assumptions of individuals and organizations are embedded within prevailing institutional logics. The next section zooms in on how the institutional logics influence decision-making and why is it chosen as theoretical framework for this study.

## 2.2 THE INSTITUTIONAL LOGICS PERSPECTIVE

Scholars have established the link between organizational practices and the underlying institutional logics (e.g., Lounsbury 2007; Thornton & Ocasio, 2008), with the latter influencing and legitimating managerial decisions (Greenwood et al., 2010). Navis and Glynn (2010) maintain that institutional logics provide a frame for social actors to answer two key questions: “what we do” and “who we are”. Thornton et al. (2012) takes a similar stance by establishing a connection between institutional logics and a social identity as social actors often act according to their core beliefs. Furthermore, Thornton and Ocasio (2008) assert that mindful behavior of individual and organizational actors are shaped by institutional logics, and that institutional logics are in fact constructs derived from institutional theory (Thornton, 2004, in: Thornton & Ocasio, 2008).

Institutional theory has a long history and dates back to Selznick's influential article “Foundations of the theory of organizations” where he describes an empirical analysis of organizations and their institutional environment conducted by him in the 1950s, and a seminal book of Berger and Luckmann “The social construction of reality” (in: Thorson & Ocasio, 2008). Consistent with an assertion of Berger and Luckmann (1966) that institutionalization evolves through repeatedly and consistently framing of the interactions by the actors who subsequently act on them as if framings were independent entities, organizations and their strategies, structures and processes are framings, or socially constructed categories (Thornton & Ocasio, 2008). It follows that TM is an institutional category, and institutional categories are open to (re)interpretations (Berger & Luckmann, 1966).

New institutional theory has its roots in the work of Meyer and Rowan, and Zucker (Deephouse & Suchman, 2008) and later in the work of DiMaggio and Powell (Thornton & Ocasio, 2008). For instance, Meyer & Rowan (1977) and Zucker (1977) revisited the concept of legitimacy, which is thought to be introduced by Weber (Deephouse & Suchman, 2008). The initial specification of dimensions of legitimacy by Meyer and Rowan (1977) includes pragmatic legitimacy, regulatory or sociopolitical legitimacy and normative or moral legitimacy. In their later discussion of legitimacy in regards to organizations, Meyer and Scott (1983) emphasize the importance of cognitive aspects of legitimacy: ‘We take the view that organizational legitimacy refers to the degree of cultural support for an organization – the extent to which the array of established cultural accounts provide explanations for its existence, functioning, and jurisdiction, and lack or deny alternatives... A completely legitimate organization would be one about which no question could be raised’. Consistent with the earlier work of DiMaggio and Powell (1983), Scott (2001) considers regulatory, cognitive and normative processes as the main building blocks of institutional environment. Institutionalization is described as a process through which often repeated activities get common meaning which over time leads to their unquestionable acceptance by the actors (Björkman et al., 2007).

In addition to material characteristics, each institution is embedded in culture (Friedland & Alford, 1991). In fact, an interplay between material and cultural forces leads to development and change of institutions (Thornton & Ocasio, 2008). Pertaining to the role of culture in shaping action, institutional logics recognizes the importance of both the symbolic and the normative components of culture (Thornton & Ocasio, 2008). The latter provides a contingent set of social norms to social actors who subsequently act upon a logic of appropriateness as opposed to a logic of consequences (Thornton & Ocasio, 2008). Meyer and Rowan (1977) elaborate on how organizations are influenced by the norms and values of their institutional context. They claim that institutional settings are source of rational myths that organizations are forced to follow in order to seek legitimacy for their practices and for securing their important resources and support. For Greenwood and Meyer (2008), the main tenet of Meyer and Rowan's article refers to the socially constructed reality that organizations structurally reflect in their domain of activity.

Building on the idea of Friedland and Alford (1991) that institutional logics stem from the central institutions of the capitalist Western society, Thornton (in: Thornton & Ocasio, 2008) defines the main institutional orders, or societal sectors as follows: the market, the corporation, the professions, the family, the religions, and the state. In her more recent work, a new institutional order of community has been added (Fuenfschilling & Truffer, 2014). According to Thornton, each institutional order has a central logic which comprises both symbols and material practices (in: Greenwood et al., 2010). For Scott (2005) each logic defines the appropriate relation between subjects, practices, and objects. Friedland and Alford (1991) maintain that the routines are connected to rituals through which belief in the institution is reproduced. Rituals, or symbols define the order of the world and one's position in it. Furthermore, symbolic systems only make sense in terms of the corresponding behavior of the social actors and the enacted behavior makes sense only in relation to specific symbolic systems (Friedland & Almond, 1991).

For instance, the profitability and efficiency of the business together with gaining a competitive advantage are central to market logics, or market capitalism (Thornton et al., 2012). Apart from considering markets as economic structures, Thornton and Ocasio (2008) argue that markets are also institutions that function according to a set of formal laws and normative expectations with the latter changing through time and space. Market logic is anchored in organizational structures such as marketing, communication and human resources that are concerned with efficiencies and the profit maximization by carrying out activities that increase profits and decreases losses (Glynn and Rafaelli, 2013). Marquis et al. (2007) assert that community logics are centered around a shared ideology and a value system that influence the economic activity of a community member within a certain geographical area. Furthermore, community logics is concerned about local environment and social needs (Glynn and Rafaelli, 2013), and is characterized by the unity of will, emotional connection, reciprocity, group membership and visibility of action (Fuenfschilling & Truffer, 2014). Community-based logic has been applied to research on organizational practices associated with social benefits such as corporate social responsibilities, employee volunteering practices and corporate philanthropic activities (Glynn and Rafaelli, 2013). Nevertheless, Marquis and Battilana (2007) argue that organizational theory has overlooked the influences of local communities on organizational behavior, and that needs to be corrected. Scholars suggest that in some instances it is impossible to comprehend and explain an organizational form without taking into account the role played by the local communities. For instance, according to O'Mahony and Lakhani (2011) community studies are essential for understanding and explaining organizational structures and actions of firms in the Internet age.

The difference between professional logic and corporate logic lies in the nature of control mechanisms over expertise. For instance, Thornton (2004) finds that external voluntary associations exercise control over professions by defining a code of ethics and conducting peer surveillance, enabling employees to control their personal knowledge. Those external associations provide legitimized templates of structure and action that put pressure on professional firms to seek legitimacy through conforming to the established rules and norms (Kitchener, 2002). Fairclough and Micelota (2013) find that in the context of the logic of profession espouses autonomy, objectivity and the dispassionate rendering of professional advice. Collegiality among fellow professionals has a higher purpose of providing excellence and expertise in client service (Fairclough & Micelota, 2013) Corporate logic, on the contrary implies, that expertise is anchored in the routines and capabilities of the firm, and that the managers have administrative control over it (Thornton, 2004). Thornton et al. (2005) provide an example of how different logics within the same profession enact different practices of firms. According to logics of professions, accountants are expected to focus their attention on verifying the accuracy and legitimacy of their clients' financial statements. Under corporate logic, however, the attention is shifted to generating profits by selling services (Thornton et al., 2005).

For Friedland and Alford (1991), the institutional logic of the state is anchored in legal and bureaucratic hierarchies and is focused on regulation and rationalization of human activity. They maintain that “Bureaucratic state organizations attempt to convert diverse individual situations into the basis for routine official decisions and cannot easily handle conflicting claims over the substantive ends toward which bureaucratic rationality is directed and demands for popular participation in them. Parliaments and electoral institutions convert the most diverse issues into decisions that can be made either by the majority vote, or consensus among participants, and cannot directly recognize claims of authority based on technical expertise...” (Friedland & Alford, 1991). Thornton et al. (2008, 2012) challenges Friedland and Alford’s assertion that bureaucracy is unique to the institutional order of the state, and sees it as an organizational form that is employed by other social institutions such as corporations or religious institutions. They further refer to DiMaggio and Powell’s study of bureaucracy and that bureaucracy as a separate organizational form is more aligned with the neo-institutionalism in organizational and cultural sociology than the institutional logics perspective. The impact of the institutional order of the state on organizations, however, can hardly be overrated as it is a home to a non-observable symbolic concept of private property expressed in the material practice of ownership (Friedland and Alford, 1991) and endorsed by the legislation; taken together they lay down an infrastructure that enables for-profit firms, including MNCs to operate their businesses.

Thornton et al. (2012) maintain that the institutional orders of religion and family maybe more salient in some societies and not the others. Religion as an institutional order converts all issues into expressions of absolute moral principles on the basis of faith and focuses on the explanation of the origin of the world (Thornton et al., 2012). The original institutional order developed by Friedland and Alford is called “Christian religion” and it is based on Weber’s (1904; in Friedland & Alford, 1991) classic thesis on “The Protestant Ethics and the Spirit of the Capitalism”. The idea of predestination is central to Protestantism, and protestant work ethics results in accumulation of savings that is perceived by the Protestants as a sign of salvation (Weber, 1904). Thornton et al. (2012) argue that although in much of the Western world, the institutional orders of the state and religion are often in conflict with or at least are segregated from each other, it has not always been the case. For instance, the members of the parliament in prerevolutionary France come from the clergy, the nobility, the commoners. Furthermore, even nowadays, state rulers and corporate leaders in some countries seek legitimacy of their power in religion (Thornton et al., 2012). Some researchers assert that even in a modern Western world, business practices get influenced by religion. For instance, in their research on meaning structures in regards to the shareholder value, Meyer & Höllerer (2010) find a strong influence of Christian ethics on Austrian business leaders, something that they associate with “good old Austrian entrepreneurship”. It is probably best to be illustrated by quoting one of their research participants: “What impresses me most about her is the Christian ethics that she demonstrates; she has a distinct social vein and is always ready to help when the going gets rough. Then there’s no dump shareholder value, which I find awful anyway, but good Australian entrepreneurship with responsibility” (Meyer & Höllerer, 2010).

Family logic converts social relations into reciprocal and unconditional obligations oriented to the reproduction of the family members (Friedland & Alford, 1991). Examples of familial institutions include trust-based personal networks, loyalty and the preferential treatment of close associates (Fairclough & Micelota, 2013). Fairclough and Micelota (2013) assert that so far scant attention has been paid to how family logic influences organizational forms and practices. The research that has been carried out so far is mostly limited to family owned firms (Fairclough & Micelota, 2013). The latter could be a consequence of the fact that almost 45% of Western European firms are family controlled (Faccio & Lang, 2002). Family firms are in majority in all but six countries of Continental Europe (Greenwood et al., 2010). As part of their research on the influence of family logic on law firms in Italy, Fairclough and Micelota (2013) have interviewed senior members of four Italian law firms, five Anglo-Saxon law firms operating in Italy, and four multinational organizations with experience as clients of both Italian and international

law firms. One of their findings reveals that partners of Italian law firms develop a family-like relationship with their peers and associates based on trust and knowledge, and that that relationship is perceived crucial in preserving the reputation of the firm and ensuring a high-quality database. The practical implication pertains to the reluctance of the partners to increase the size and the complexity of professional partnerships out of fear to relinquish control and to lose an ability to cooperate in a collegial manner.

Thornton et al. (2012) maintain that each institutional order consists of categorical elements, and those categorical elements form the categorical elements of institutional content e.g. the sources of legitimacy, norms and values that can be expressed in symbolic and material forms. Inspired by the ideal types of Weber (1922, in: Thornton & Ocasio, 2008), Thornton (2004; Thornton & Ocasio, 2012) has developed ideal types, or theoretical models that enable the researcher to compare the meaning and practices of the social actors. Ideal types have been created by placing the defined institutional orders along the X-axis (community, corporation, family, market, professions, religion, and state) and the categories of institutional content on the Y-axis. In theory, an institutional logic arises from the interactions between the categories on the Y-axis and the institutional orders on the X-axis. Thornton and Ocasio (2012) maintain that it is up to the researcher to discover the causal connections within and among the levels of the elemental categories and institutional orders in each particular context. Thornton (2004) admits that some of the cultural subsystems or institutional orders represented on the horizontal X-axis institutional orders are more likely than others to be observed in modern, or Western societies. As for the elemental categories on the Y-axis, they are not exhaustive (Thornton, 2004). It is up to a researcher to decide which of the elemental categories to choose based on the research question, focus of attention and the characteristics of the research context (Thornton & Ocasio, 2012).

Scholars assert that institutional environments are characterized by a coexistence by multiple, competing logics (Friedland & Alford, 1991; Lounsbury, 2007). Lounsbury (2007) has found that plurality of institutional logics underpins variation in organizational adoption of behavior and practice. His research shows how competing logics offer alternative pathways and identities for professionalizing money managers in the mutual fund industry. One of his key findings is that the decision of an organization to take measures in regards to inefficiency or poor (financial) performance is contingent upon a prevailing institutional logics. Research shows that in any field or industry, practices prescribed by different logics come into play, thus creating institutional complexity (Greenwood et al., 2010). Institutional complexity makes it difficult for organizations to determine an appropriate response to legitimacy challenges (Greenwood et al., 2011; Kraatz and Block, 2008) and puts them under pressure to develop and foster structures and procedures to reconcile conflicting institutional demands (Baumann-Pauly et al., 2016). For instance, Battilana and Dorado (2010) have explored how social responsibility and banking logic can be hybridized in commercial microfinance organizations. They have found that hybridity of institutional logics can be sustained if the organizations find the balance between the logics that constitute the organization (Battilana & Dorado, 2010).

The majority of research on how organizations cope with multiple institutional logics has been conducted within either the same industry (Thornton, 2004; Fuenfschilling & Truffer, 2014), or the same geographical area (Greenwood et al., 2012), or within professional firms (Greenwood & Suddaby, 2006; Lounsbury, 2007). To date, little is known about how plurality of institutional logics affect policy making of organizations that are active in different industrial sectors. Furthermore, with regard to MNCs, scholars employed institutional logics in researches that focus on how subsidiaries of MNCs respond to corporate demands and policies (Andersson and Holm, 2010; Ahlvik and Bjorkman, 2015; Värlander et al., 2016). What is less known is how institutional complexity of MNCs influences the strategy forming that is applicable for the whole group of companies constituting the MNC. The current research addresses this issue by investigating the influence of institutional logics on TM strategies at three MNCs.

The institutional logics have a profound influence on actors, both individuals and organizations shaping “their sense of self and identity: that is who they are, their logic of action, how they act, their vocabulary of motive” (Thornton et al., 2012: 54). Theoretically, pertaining to influencing behavior, neither particular institutional order, or logic has to be dominant, nor multiple logics are necessary to be simultaneously enacted (Thornton, 2015). However, based on the previous research and the institutional context of the researched companies, some expectations about the dominant institutional orders in regards to TM can be made. First, since all researched MNCs are public, and have clear responsibilities for their shareholders to keep a share price high, and wherever possible to pay dividends regularly, the market logic is expected to play an important role by justifying shorter, more focused and exclusive TM assignments.

Second, since all the studied companies are incorporated and administratively governed in such a way that allows them to generate income to continue exist, it is expected that the institutional logic of the corporation will be of influence on the respective TM strategy. According to Thornton et al., (2008; 2012) organizational culture is the main informal mechanism of control of corporations. Given that two of the three MNCs exist for more than 70 years, and the third one for more than 25 years, those companies have distinct organizational cultures, value systems, and legacies that may co-influence how decisions are made and what the decisive factors are. For instance, if the “an organizational environment is more steeped in family values and practices rather than market value and practices, the interpretation of symbols and the enactment of practices is likely to differ.” (Thornton, 2015: 551). In the same vein, it is expected that various corporate values may lead to various TM strategies.

Third, in this research, the studied companies are typified as multidisciplinary MNCs to distinguish them from the so-called MNCs professional companies who render specific professional services such as providing tax advice, legal advice, software development etc. The rationale behind that distinction is that in professional MNCs, the definition of talent and the eventual TM systems is most probably is coupled to the professional services the company renders (Seleim et al., 2007), and in multidisciplinary MNCs the process of the social construction of the concept of talent is less obvious and more complex due to the multiplicity of disciplines and the intertwined process, such as strategy, operations, sales, supply chain etc. that may contribute to a commercial success of an MNC, and in so doing indirectly influence the process of sensemaking of talent and TM. Although professional MNCs are not part of this study, the logic of profession is expected to exert influence on how multidisciplinary MNCs define TM.

Forth, as none of the researched companies are family run, or organized as a community, neither the institutional logics of the family as the community logics are expected to have much influence over the TM strategies of the researched companies. Fifth, as the researched MNCs operate across national borders, with two of the three companies being global players, neither the institutional logic of the state, nor the religion are expected to form bases for the TM strategies of the researched MNCs. To sum up, two of the seven institutional orders e.g. the market, and the corporation (Thornton, 2012), are expected to influence the interpretation of talent and the enactment of the TM practices, particularly because both institutional logics have been penetrating many sectors since the 1970ies (Thornton et al., 2005).

The dependent variable of this research is TM strategy. As TM is a socially constructed concept itself, this study aims to investigate how the interviewed MNCs understand talent and TM from the institutional logics perspective. To structure the concept of TM, the four philosophies formulated by Meyers and van Woerkom (2014) are used. Meyers and van Woerkom (2014) argue that the outcome of TM depends on the underlying talent philosophies that they define as fundamental assumptions and beliefs about the nature, value, and instrumentality of talent that the key decision makers hold. Both the definition of talent philosophies as formulated by Meyers and van Woerkom (2014), and the definition of institutional logics by Thornton and Ocasio (1999) converge on the importance of

assumptions, believes and values in shaping the meaning of practice. Due to that theoretical congruency, the four philosophies are integrated into the structuring the concept of TM.

The two important themes of the empirical part of this study pertain to the reconstruction of the institutional logics from the empirical data and to applying them to the TM practices of the participating MNCs. The reconstruction of the institutional logics is a challenging process as to date, there is no consensus among institutional scholars on how to reconstruct institutional logics (Weber et al., 2013). Nevertheless, scholars including Greenwood (2010), Fuenfschilling and Truffer (2014), Thornton et al. (2005) are increasingly using the system of ideal types, introduced by Friedland and Alford (1991), and perfected by Thornton (2004; Thornton et al., 2012). Thornton et al. (2012) assert that in theory construction as well as an empirical research, using of the ideal types yields rich and generalizable understanding of the processes that shape the observed institutional outcome. Theoretically, the ideal types are a model to gauge the relative distance from the observation to the ideal type. Thornton et al. assert that “The elemental categories on the vertical Y-axis are not exhaustive and can vary in terms of which ones are most salient to the researcher’s questions and research context” (2012: 56).

In this study, to be able to reconstruct institutional logics, the categories developed by Thornton et al., (2012) are used. The selection of the categories is based on their salience to answer the main research question. Furthermore, the definition of the categories extracted from the ideal types (Thornton et al., 2012) are provided for the two expected institutional orders of the market, and the corporation. One of the earliest categories developed by Thornton and Ocasio (1999) as part of their research on executive succession in Higher Education pertains to the logic of investment. For instance, the ideal types pertaining to logic of investment are different for the above mentioned institutional orders. Whereas the market logic justifies committing capital to capital market, the corporation logics legitimizes committing capital to the corporation (Thornton et al., 2005). Another two categories that appeared in the earlier work on ideal types by Thornton and Ocasio (1999) pertain to legitimacy and strategy. According to Thornton and Ocasio, legitimacy is one of the key mechanisms through which institutional logics focus attention on issues and solutions and shapes the availabilities of alternatives. They argue that the consequences of the sources of legitimacy across different institutional orders with respect to how likely the power is likely to be enacted, is a powerful way to theorize which logics is likely to be dominant and transformative versus complementary and stable (Thornton et al., 2012).

In their ideal types, Thornton et al. (2012) define legitimacy of the logic of the market, and the corporation respectively as the share price, and the market position of the firm. Basis of strategy is one of the categories used by Thornton and Ocasio (1999) to analyze institutional logics in Higher Education Publishing. They found that under the editorial logic the business strategy of publishing firms was an organic growth, whereas publishing houses who followed the market logic realized growth through acquisitions as it was faster and easier compared to the organic growth (Thornton & Ocasio, 1999). In the latest version of the ideal types, the basis of strategy for the two institutional orders of the market, and the corporation, are respectively: increasing efficiency for generating profit and increasing the size and the diversification of the firm.

Sources of authorities are an important distinction factor as it shows who in the organization has the power and the responsibility to make decisions. Thornton builds forth on Weber’s definition of authority for whom authority was equal to the probability that a specific group of people would obey instructions coming from a source of authorities (Thornton, 2004). The conformity of the group occurs because its members consider the instructions a legitimate source of control. (Thornton, 2004) Ideally, the market logic has shareholder activism as a source of authority; for the corporation logics it is top management (Thornton et al., 2012). Furthermore, Thornton et al. (2012) specify informal control mechanisms for each of the institutional orders as follows: for the market order those are industry analysts, and for the corporation informal control mechanisms pertain to the organizational culture. Moreover, Thornton

maintains that the institutional order of the corporation and the profession differ in regards to control over expertise. For the latter, it is the corporation itself, and for the profession, the control over expertise is conducted by the professionals themselves (Thornton, 2004). Thus the category of control over expertise has been created.

The expectation that the institutional logics of the market, and the corporation will exert influence over TM of the companies does not exclude the possibility of discovering other institutional logics which will be analyzed according to the same categories developed by Thornton et al. (2012) as described above. For the cross-case analysis, two variables have been proved salient: an organizational form and the organizational size. According to Haveman and Rao (1997; in: Thornton & Ocasio, 1999), the organizational form may be a central mechanism to embody and propel institutional logics. Furthermore, earlier research has indicated that the size of the organization is of influence on how HRM practices with which TM has long been associated, are implemented by MNCs (Child, 1973).

The rest of this paper is structured as follows. The next section describes the methodology of this research in detail, followed by section five where the cases are discussed and analyzed.

### 3. METHODOLOGY

Consistent with Yin's (2002) claim that case studies are appropriate for research aiming at finding answers to explanatory questions, e.g. how and why something happen, the current research is designed as a comparative case study. Since variation in organization's internal and external environment is indispensable for answering the research question, the comparative design has been chosen (Bryman & Bell, 2015) with a regional unit of an MNC being a unit of analysis. Comparative design is used when social phenomena are thought to be better understood when they are embedded into two or more meaningfully contrasting cases (Bryman & Bell, 2015). In line with the methodology of case studies (Yin, 2002), data collection and data analysis (within-case analysis) were carried out simultaneously. It helped to fine-tune questions for each of the following interviews zooming in on patterns and circumstances that seemed to play an important part in the previous interviews. In part, the collection and analysis of the data coincided in time as due to the availabilities of the interviewees, it took four months to collect the data, and it provided enough time to analyze each case individually.

#### 3.1 SAMPLING

The sampling approach was both purposeful and self-selecting. In order to be able to elucidate institutional logics that motivate the choice of an MNC for one of the TM philosophies articulated by Meyers and Woerkom (2014), regional headquarters of MNCs in the Netherlands were invited via LinkedIn to participate in the research. Since empirical evidence suggests that institutional logics, applied at various levels of companies may be industry specific (Thornton & Ocasio, 2008), MNCs from different economic sectors were approached. The choice to contact (regional) headquarters of MNCs in the Netherlands was made due to pragmatic reasons, as Rotterdam School of Management of the Erasmus University is well known and has a high reputation in the Netherlands, and this fact was thought to improve the accessibility of the target companies. In total, approximately fifty people were invited to participate, and, initially, three invitees agreed to participate: a response rate of six percent. However, after the first interview, one Regional HR Manager stopped responding to e-mails and phone calls, reducing the sample size to two companies. The third company was approached through the author's network. Each of the three companies has a unique context that is indispensable for understanding the institutional logics (Thornton, 2004) in regards to the chosen TM strategies, and while being not so large, the sample size of three companies is appropriate for undertaking a deep, case-orientated analysis (Onwuegbuzie and Collins, 2007; in Bryman & Bell, 2015).

The targeted interviewees were those who had insight in global talent management, had a decision making authority, and viewed TM practices from various angles due to differences in their responsibilities (Corbin & Strauss, 2008). The initial contact was made with the Talent Manager, or HR Manager; for selecting other interviewees within the same company, the snowball method was used (Verscheuren & Doorewaard, 2007). At each company, at least two employees in senior positions were interviewed to obtain more than one perspective on TM. In total, seven in-depth interviews have been taken.

Child (1973) empirically proved that the size of the subsidiary has influence of the implementation of the HRM practices of the MNC. The three approached companies happened to be divided into regions with each region having its own headquarters. The included into the research regions differed in size: the smallest consisted of 3.500 people, and the biggest comprised of 55.000 permanent employees.

## 3.2 DATA COLLECTION

This research is set as a qualitative study with an analytic induction as a general strategy (Bryman & Bell, 2015). Prior to data collection, the main research question was formulated to create a well-defined focus and to systematically collect required data (Mintzberg, 1979). The main objective of the data collection was to gather information which would permit to reconstruct the institutional logics underlying the TM strategies of the selected companies based on the ideal types articulated by Thornton and Ocasio (2008) who define ideal types as theoretical models used for comparing the effects of various meanings within a location with a definable boundary. Ideal types do not describe a reality, rather they are representations of norms, structures, and symbols that correspond to a higher-order institutional reality with an institutional logic (Durand et al., 2013). To that end, the most constructs were identified a priori based on the assertion of Thornton (2004) that institutional logics are characterized by legitimacy, authority structures, strategy, logic of investment etc. as it pertained to the TM strategies of the companies. According to Eisenhardt (1989), identifying constructs in advance does not contradict theory-building; in fact, while being tentative in this type of research, it provides researchers with a solid empirical grounding.

The data collection was conducted in two stages. In Stage One, a study of academic literature was performed. Additionally, company information available online and in business magazines were included in the analysis. In Stage Two, information was gathered through in-depth semi-structured interviews which were approximately one hour in lengths. The open-ended nature of the research question left space for the interviewees to elaborate on a topic (Bryman & Bell, 2015). To elicit more information from the interviewee, an interviewer used a laddering technique by asking for specific examples that would illustrate the answer (Easterby-Smith et al., 2013). Whenever possible, interviews were conducted face-to-face. In other cases, Skype was used. With permission of the interviewees, interviews were taped. In two cases, when it was not possible, the notes were taken instead.

The interviewees were given an opportunity to review the transcripts and to check for eventual inaccuracies. All interviewees have used that opportunity, and all of the transcripts were returned edited. The revision pertained mainly to replacing the exact numbers by approximate ones, and to reformulating some sentences. The purpose of the research was conveyed as comparison of TM strategies of MNCs in different industries. When asked about the theory used, interviewees were told that the study was based on the previous work of Capelli (2008), Collings and Mellani (2009), and Meyers and Woerkom (2014). The theoretical framework of institutional logics was not mentioned. While it is certainly an ethical concern (Rosnov & Rosenthal, 2002), the decision not to disclose the theoretical framework was made on purpose, in order to prevent the interviewees from making socially desirable adjustments when reviewing the transcripts. The interviewees were informed about the theoretical framework upon the research completion.

To ensure cooperation of the interviewees, it was agreed that neither their identities nor the names of their companies would be disclosed. In this study, the functions of the interviewees are mentioned in the research. In line with the methodology of case studies (Yin, 2002), data collection and data analysis were carried out simultaneously. On the one hand it helped to fine-tune questions for each of the following interviews zooming in on patterns and circumstances that seemed to play an important part in previous interviews. After each interview, the researcher posed herself a question borrowed from Eisenhardt (1989): "How does this case differ from the last?" In almost all cases it led to the inclusion of additional questions or to an omission of the existing ones. The researcher had enough time to analyze within-case data between the interviews as due to busy agendas of the interviewees, it took four months to collect the data.

### 3.3 DATA ANALYSIS

Eisenhardt (1989) asserts that although analyzing data is the core of building theory, it is the least codified part of the process. She maintains that a profound knowledge of each individual case is required prior to conducting a comparative analysis of multiple cases (Eisenhardt, 1989). The first step, therefore, was performing the within-case analysis by extracting passages pertaining to the a priori defined codes from the transcripts. King (in: Easterby-Smith et al., 2013) defined codes as labels or descriptive headings for certain text, and taken together those codes form templates that could be laid over the raw data to determine the patterns. King coined the term “Template analysis” to name that technique. The upfront defined codes were borrowed from the TM philosophies proposed by Meyers and Woerkom (2014) and the ideal types developed by Thornton & Ocasio (2008). Answers pertaining to the same constructs that were given by different employees working for the same company, were examined for eventual inconsistencies (Eisenhardt, 1989). In some instances, it led to asking for additional information to clarify the statement. To organize the reduced data in a meaningful way, it was displayed in a table (Miles & Huberman, 1994) where the fields were populated by the key concepts emerging from the empirical data. The above mentioned steps were taken twice: the first time to determine what TM philosophy as described by Meyers and Woerkom (2014) was applicable in each case, and the second time to systematize the raw data according to ideal types of Thornton & Ocasio (2008).

The second step entailed searching for cross-case patterns. Kahneman and Tversky (1973) found that people tend to make hasty conclusions based on limited data. To counteract that tendency, each pair of cases was investigated for differences and similarities. Forced comparisons helped to break simplistic frames in similar cases and obtain more sophisticated understanding of different cases. As a result, it led to distinguishing categories and constructs that were not anticipated at the beginning of the research Eisenhardt (1989). For instance, constructs like ‘basis of TM strategy’ emerged from the cross-case comparison. The data was presented in a consolidated table in which data from all three cases were integrated.

The process of formulating propositions based on the conducted case studies was highly iterative in nature and involved viewing the collected empirical evidence from different perspectives (e.g. Eisenhardt, 1989; Miles & Huberman, 1994; Yin, 2002). To be able to answer the research question, institutional logics had to be reconstructed from the empirical data. To date, however, there is no consensus among institutional scholars on the methodology that should be used to create the ideal types. While Thornton (e.g. Thornton & Ocasio, 2008; Thornton et al., 2005) rely on the ideal types for theory construction, Weber et al. (2013) maintain that the ideal types of institutional logics should emerge from the empirical data as “as logics are meant to represent lived social realities rather than merely presenting analytic ideal types and models that the researcher identifies a priori for analytic convenience”. At the same time, Weber et al. (2013) acknowledge that the a priori defined ideal types may help to distill the essence of the logic. The categories from the ideal types developed by Thornton (2008) were used exactly for that reason.

Consistent with the claim of Eisenhardt (1989) that an emerging theory or concepts need to be continuously compared with extant literature, the emerging logics were compared to the theoretically constructed ones from different studies. The goal was twofold. First, the goal was to avoid a possible confusion as researchers tend to label the constructed logics arbitrary. For instance, while Kitchener (2002) in his research on the logic of managerialism in professional fields built forth on the earlier work of Scott et al. (2000; in: Kitchener, 2002) and used the same labels for logics, Fuenfschilling and Truffer (2014) created and labeled three types of institutional logics in the Australian water sector as ‘Hydraulic logic’, ‘Water Sensitive logic’, and ‘Water Market logics’ based on the values that corresponded to each

of the logics. The second goal was to avoid plagiarism by inadvertently labeling the emerging logic the same way as in the previous studies on other topics, or in other industries.

Finally, the developed propositions are the result of juxtaposition of the evidence provided by the cases. Eisenhardt (1989) argues that a new theoretical vision is more likely to emerge when a researcher attempts to reconcile data from different sources, across cases, and between cases and the extant literature.

## 4. CASE INSTANTIATIONS

The empirical data have been collected by three listed MNCs. All of the companies operate in various sectors of the very broad industry of consumer goods and services. The company in Case One is a global provider of imaging technologies, the company in Case Two is a leading sport brand, the company in Case Three is active in the hospitality business. All three companies are multidisciplinary. As the institutional logic of the corporation and the market have been penetrating many sectors since the 1970ies (Thornton et al., 2005), it is expected that they will influence TM in all three companies.

### 4.1 CASE ONE: A GLOBAL JAPANESE ELECTRONICS COMPANY

The Company has a 70-plus-year-history, and it defines its corporate DNA as a respect for humanity, an emphasis on technology, and the enterprising spirit that the company. The Company operates its business in three segments: the Office Business Unit, the Imaging System Business Unit, and the Industry and Others Business Unit. The Office Business Unit is by far the largest, generating worldwide 55% of the Company's revenue. The company has a broad range of products projectors, printers, digital production printing systems, semiconductor lithography equipment etc. The Company sells its products under its own brand name and through its sales subsidiaries. The Company consistently devotes approximately 10% of its net sales to research and development. The R&D facilities are mainly located in Japan.

The Global business of the Company is divided into three regions: Asia, Europe and Americas. In addition to the Corporate Headquarters in Japan, each region has its own headquarters; in Europe, or the EMEA (Europe – Middle East – Africa) region as it is officially called, the Corporate office is shared between the UK and the Netherlands. Each region reports to the headquarters in Japan, but has a substantial autonomy in regards to the operational side of the business.

The Company is listed on the Tokyo Stock Exchange and has a secondary listing on the New York Stock Exchange. The Company's strong financial position has been recognized by such financial services agencies as Standards and Poor's, Moody's and R&I. For the last ten years, Standard and Poor's gives the company 'AA' rating which means that the Company has a very strong capacity to meet its financial commitments. Yet, the Company's revenue was hit hard by the economic crises of 2008. In 2009, the net sales decreased by 21%. The consistent recovery of the revenue has started since 2012, although the revenue level of 2007 has not yet been reached. The Company's financial targets for 2020 include among other things Operating Profit Ratio of 15% or more, Net Income Ration of 10% or more, and Shareholders' Equity Ratio of 70% or more (Company's Annual Statement, 2015).

Currently, the Company is restructuring its business from being product-oriented to solution based. The key strategies include: establishing a new production system to achieve a cost-of-sales ratio of 45%; reinforcing and expanding new businesses while creating future businesses; restructuring global sales network in accordance with market changes; enhancing R&D capabilities through open innovation; completing the Three Regional Headquarters management system capturing world dynamism. In line with market demand, the Company is consistently changing its portfolio from B2C to B2B.

#### The Company's TM

TM and Talent Development are part of the Human Resources Strategy build upon three corporate guiding principles of self-motivation, self-management, and self-awareness. Although Talent Management and Development policies are centrally defined; they are unique for all of the three

regions. At EMEA, there are three people who are ultimately responsible for designing and assessing the TM strategy: Talent Acquisition Manager and Talent Management Manager, both of whom report directly to European Director of Leadership and Management Development.

The EMEA workforce consists of 18,000 people who are spread out among 40 – 50 countries. In EMEA, the Company hires approximately 1,100 – 1,200 people per year. In EMEA, the Company rolled out a new TM strategy in 2015. The main business rationale behind the introduction is being able to cost-efficiently determine where successful people in the region are located, and if they are willing to relocate. To streamline a search process, the company is using the Talent management software tool of Cornerstone similar to LinkedIn. Employees are encouraged to use the tool but are not obliged to. The objective is to stimulate employee development, internal recruitment process and mobility across the functions as well as across the subsidiaries within the region.

The interviewed managers confirmed that given the high rate of technological development, it is becoming increasingly challenging to make strategic decisions for the years to come. Changes in the market demand may lead to re-formulation of the business strategy which in fact may affect the employee population. Thus, flexibility and mobility of the employee population is becoming increasingly important for the Company. Table 1 is populated by key words from the interviews, and from the Annual Reports.

TABLE 1. INSTITUTIONAL LOGICS OF TM AT THE ELECTRONICS COMPANY

Categories	Corporation	Market
Sources of Legitimacy	The firm position and the rank within the corporate group.	The Company's financial targets for 2020 include Shareholders' Equity of 70% or more.
Sources of Authority	Regional Headquarters: content of TM programs.	Shareholder activism fueled by the ratings by the financial agencies the Company cites in its Annual reports.
Basis of strategy	Increase the size and strengthen the firm's position. Reinforce and expand new businesses while creating future businesses Examples of new businesses are: nanoimprint, medical services. Changing from a product-centric organization to a services driven.	The Company's financial targets for 2020 include among other things Operating Profit Ratio of 15% or more, Net Income Ratio of 10% or more.
Informal Control Mechanisms	Organizational culture based on the enterprising spirit and values of self-motivation, self-management, and self-awareness	Market analysts of Standards and Poor's, Moody's and R&I.
Basis of TM strategy	Strategic workforce planning.	Uncertain Return on Investment for a long-term planning.
Control over Expertise	Regional Headquarter and HR Directors of the EMEA subsidiaries. Department managers and line managers: adopting the content of the trainings to the needs on the floor.	Market surveillance authorities.
Formal Control Mechanism over TM	Formal procedure based on Learning Agility Test.	Not applicable
Logic of Investment	Succession management: Exclusiveness. Retention through Career Entrepreneurship: Exclusiveness. Development of Future Leaders through mobility: Exclusiveness.	Focused Investment in Recruitment and Development. Efficient internal sourcing to reduce costs, increase productivity and retention of talent.

### The influence of institutional logics on TM

In its pure form, both the institutional logic of the market and the corporation are rather impersonal. For instance, Thornton et al. (2005; 2012) maintain that the source of identity of the market is faceless, and that of the corporation is rooted in bureaucratic roles and the quantity of production. With the exception of the Talent Development strategy which requires regular one-to-one meetings with one's own manager, the created by the Company TM strategy is in fact an efficient tool that matches the demand and supply of manpower in the various business units of EMEA. The most part of TM is routinized which is congruent with the institutional logics of corporation. Furthermore, the TM strategy is congruent with the market logic of improving efficiently through "the optimal use of the human resources worldwide". The TM manager of the Company explains:

There is equally demand from the business side for bringing transparency around succession: who is going to succeed who? And now we can easily trace that in the system. The TM system enables us to easily identify who is ready to make the next step immediately or over so many years and so, and you know exactly what a development plan you need to set up for that person.

Yet, from the market logic, setting-up a long-term development plan, is an investment with a rather uncertain payoff. First, it takes two to five years to complete a TM program at the Company, so for the Company it is certainly a long-term investment. Second, if employees do not get jobs inside the company that they like, they are free to leave, and the most talented among them have the most freedom to do so (Capelli, 2008), which would be a complete waste of investment for the Company. Here is how TM manager addresses this issue:

You have developed a certain organization, and you never what will happen in the future. So we cannot tell you that we will keep stimulating you to get a HRD position in the future. We even do not know even if that position will be available in the future, or maybe there will be multiple candidates, or maybe you will have left by that time. It always works both ways. The employee can choose to leave, but the Company may decide for another business strategy. That is the reality. There is nothing to do about it. An employee may choose to leave because he or she is up to another challenge that we may not support. That would not make us happy as we have invested in him/ her. What we then say is that you have had a fine career with us...

Thus, it can be concluded that whereas the long-term TM initiatives are consistent with the logic of the corporation, they contradict the market logic because of the uncertain and delayed payoffs. The alternative of not developing own employees entails sourcing candidates with the required competences from the labor market, thus enacting the supply-chain approach to TM advocated by Capelli (2008). Nevertheless, the Company clearly chooses to develop its employees and to promote from within. By zooming in on the basis strategy, it becomes clear that its realization requires commitment of various resources, including financial and human resources. Financially, the Company spends about 10% of its global turnover on R&D. At the same time, retention of employees is important because development of new technologically advanced products is a long process. Finally, employees with the required skills may be scarce in the market. Here is how TA manager of the Company describes it:

...the skill sets that we employed 15 - 20 years ago are not necessarily the skill sets that we look for now, or in 5 or 10 years' time. Clearly, we have a legacy business that we recruit for but if you take the areas the Company is heavily investing in, for example, 3D printing, medical imaging, mixed reality systems, those technologies and skills did not exist 10 years ago and we have never employed these types of people before. If people show the right level of aptitude and commitment, then the Company will support that.

Given the global transition state of the Company from a product-centered to a solutions-based enterprise, the Company has rejected the premise that past achievements are the best predictions of future achievements. This is also the reason why career development based on performance appraisal is not considered to be a part of the TM by the company. In her predictions of someone's performance, the Company relies on such personal qualities such as *inside focused*, *change oriented*, *people oriented*, and *result driven*. Those are the qualities that the Company certainly wants its top managers to possess. The Company measures those qualities with the self-developed learning agility tests, and it has developed its Talent Development program based on the tenet that the above mentioned qualities are developable.

TM as a tool available to all employees, yet consistent with the principle of self-motivation, which is part of the culture, it is up to the employees to seek and to make use of the provided opportunities. TM compliments Performance Management, so if an employee is not willing to make a profile on Cornerstone, and have its potential measured, he or she will still be a subject to Performance Management procedure, and in that case other than TM tool will be used for retention.

The legitimacy of investment in TM is justified to the largest extent by the necessity to improve Succession Management and Retention Management. Creating alternative career paths requires financial and human resources; therefore, coupling the number of career and development opportunities with the score on the Learning Agility test mitigates the risk of the potentially inadequate use of human resources and in so doing aims at optimizing the Return on Investments in regards to TM intervention. That is how TM manager describes it:

We find that the more learning agile you are, the more successful you are in different dynamics, in horizontal, or vertical career moves... If we look at Talent Management, there are three different levels: Performer, Growth Performer, and Future Leader. If you are a Performer, we expect you to do fine in your current role. For instance, if you work in Finance, and you want to stay there, it is totally fine. And if you are a Growth Performer, or a Future Leader, that means that you are very learning agile, and you have some career aspirations, then the career opportunities are not limited to one discipline. Perhaps it makes sense to step over to IT, or to one of our project organizations. This is possible because the employee possesses the trait that makes him/ her successful in various domains of the business."

The company has a clear stance on what is finds developable:

Someone's potential consists of behaviors, skills and knowledge. The difference between the Performer, Performer Growth and Future Leader is anchored in behavior. It is about behavior. And the behavior is not easy to develop. So changing from a Performer to a Growth Performer and then turning into a Future Leader is going to be problematic. It is still possible, it is developmental, but it is slow. Aspirations can change, and that can be reasonably fast. Aspirations are thus flexible, and the behavior is fairly stable.

Thus, the TM programs comprise for a large extent interventions aiming and improving skills knowledge. That pertains to both succession and to retention management. The former is another main reason of why the TM strategy has been rolled out. Meyers and van Woerkom (2014) maintain that employees from Generation Y, or those who entered the labor market since the turn of the century, are often targeted by TM initiatives. The interviewed TA Manager admits that one of the Company's goals is to allow the generation Y employees to explore various career paths within the same organization. The corporate logic here is supported by the market logic in two ways. First, the higher an employee scores, the more opportunities are there as the risk of unsuccessful investment in the employee's development is reduced by the outcome of the assessment. Second, it eliminates the necessity of constantly

promoting agile employees, thus restraining the growth of salaries which is one of the largest organizational expenses.

In the Recruitment phase, though, people are selected based on how well they fit in the immediate job opening. The decision not to test the learning agility of the candidates is legitimate according to the market logic for the following reasons. First, in some countries, for instance, in the Netherlands, there is a mandatory probation period. Thus, testing candidates who may leave after a couple of weeks would be a waste of resources. Second, the multidisciplinary organization needs Performers as much as the other employee groups, or quoting the TM manager: "The biggest group consists of Performers".

To sum up, strategic workforce planning system is congruent both with the corporate and the market logics. It is a onetime investment that makes locating potential successor efficient. With regard to the succession and retention management, the Company has taken steps to make those interventions cost efficient. For instance, by coupling the score on the Learning agility test to specific career paths, it considers talent as concept exclusive. Another example of cost-efficiency which is consistent with the market logic pertains to developing skills and knowledge instead of behavior, which the Company perceives difficult to achieve. Finally, the most expensive development programs to only those Future Leaders who are mobile within the region. Nevertheless, insofar the uncertainty in regards to Return on Investment of the TM interventions exists, there is contradiction between the corporate logic and the market logic, with the latter dominating the process of TM. In other words, the need to create alternative career paths is salient under the corporate logic and not under the market logic.

## 4.2 CASE TWO: GERMAN SPORT FASHION GROUP

The Group was established more than 75 years ago in Germany and since then expanded all over the world. Nowadays, the Group has over 170 branches and 55,000 employees worldwide. The Group is listed on two European stock exchanges. On a global scale, the Group is divided into nine regional markers. Yet, it is a highly centralized organization; all the strategies are developed in the Group's HQ in Germany, and the regional HQ's are responsible for their implementation. The interviews were taken with the executives from the HQ of the Emerging Markets region, which is probably the most diverse region of the Group as it is comprised of almost 100 countries. The biggest submarket is Middle East/North Africa, but Emerging Markets also include countries like South Africa, Turkey, Bulgaria, Romania and Israel.

There are approximately 5,000 people working in the Emerging Markets, and the Emerging Markets generate €1, - 1,2 billion revenue. While some regions are more successful than the others, the Group is interested in developing Emerging Markets, because of the huge opportunity of growth there. Every week the Group opens a new store in the Emerging Markets, and the trend is expected to continue. The Group has a strong Retail/ Marketing focus and perceives brand loyalty of the customers as one of the keys to its current and future success. The Group is increasingly using the omni-channel approach to reach its customers, and it invests heavily in Retail and E-com. By 2020, the Group aspires to control 60% of its distribution space to create a consistent customer experience.

In 2015, the Group generated highest in its history revenue. The sales went up by 16 percent. The Group's share price grew 56% in one year, and the payout ratio is more than 45%. Since recently, the Group has a share buyback program, which is usually established when an organization is confident about its financial strengths. From the number that are available today, the revenue in 2016 will be higher. In the first quarter of 2016, the sales went up by more than 20%. In the retrospective, from 2000 until 2016, the Group generated 15% average return on share (Company's Annual Report, 2015).

### The Group's TM

The Group is a highly centralized organization, and both the business strategy as TM strategy are formulated at the HQ in Germany. The HQ of Emerging markets in Dubai is responsible for the strategy implementation in a very diverse market, and aligning that complexity with the Group's demands is very challenging. From the Corporate perspective, everybody has to move in the same direction.

Management plays an important part in that process. For TM has two main consequences: it focuses on succession management and leadership development. As HR Director of the Emerging Markets argues: "We believe that if a leader is equipped and has the right mindset, the rest comes kind of naturally. And of course it is not black and white now, but it is more or less the logic. To cut a long story short, I see leadership development, I see investments into developing our people heavily increased and with a bigger focus than in the past."

To sustain a rapid business growth in the region, the Group keeps hiring. However, although the brand is well known, finding the right candidates for the right jobs is a challenge. "People today has a lot of opportunities to choose from", says the HR Director. Increasingly MNCs from various industries come into the region heating up the labor market. Fast Moving Consumer Goods companies like Nestle for example are looking for candidates with a comparable set of skills: being strong analytically, having IT skills, being able to relate to the customer needs. In some geographical parts of the Emerging Markets there is a shortage of candidates to an explosive growth of start-ups, as it is the case in Dubai. When MNCs compete for candidates with each other and with the start-ups, they can either offer high salaries that would eventually eat up a part of the profit margin, or create enticing work conditions that make people want to join and stay. To promote itself as a preferred employer, the individual companies of the Group let themselves certified by the Top Employer Institute in Amsterdam. and profession

TABLE 2. INSTITUTIONAL LOGICS OF TM AT THE SPORT ATTIRE COMPANY

Categories	Corporation	Market
Sources of Legitimacy	The firm position and the rank within the corporate group.	From 2000 – 2016 the Group generated on average 15% return per share. Short-term: share price and dividend yield of 2,5% - 6,5%.
Sources of Authority	The Group's headquarters in Germany.	Shareholder activism.
Basis of strategy	Growth through a transformation of a business model. Becoming a sport fast fashion company. Building market omni-channels.	The goal is to increase the net income by 35% - 39% compared to 25% in the past.
Informal Control Mechanisms	The organizational culture of learning, the team spirit and diversity.	Market analysts of Moody's & Egan Jones rating company. Egan Jones gives the Group a credit rating of A+.
Basis of TM strategy	Strategic workforce planning. The TM tools are supposed to make it transparent where within the whole Group talents are located.	Uncertain Return on Investment for a long-term planning is mitigated by economies of scales.
Control over Expertise	The Group's headquarters in Germany: decision making pertaining to TM. Regional Headquarters and HR Directors of the subsidiaries in the region: execution of the strategy. Department managers and line managers: adopting the content of the trainings to the needs on the floor.	Depends on the intellectual property rights.
Formal Control Mechanism over TM	Assessments.	Not applicable.
Logic of Investment	Succession management: Exclusiveness. Development of Future Leaders: Exclusiveness. Branding the Group as Top Employer: providing learning and career development opportunities: Inclusiveness. Recruitment of young potentials: Exclusive.	Efficient internal sourcing to reduce costs, increase productivity and retention of talent. Economies of scales.

### The influence of institutional logics on TM

The basis of the TM strategy of the Group is to support a strategic workforce planning. The Corporate HQ defines the TM strategy for the whole Group. Given that the current workforce consists of 55,000 people, the need to have tools that assist in efficiently identifying top talent is salient not only under the corporate logic but also from the market logic. This is an example when an enterprise does not have to choose between different institutional logics to guide its action. At the same time, the market logic in its pure form contradicts investing into succession development and retention through career development as there are more economical substitutes such as hiring candidates with the sought after competences from the market, or leasing specialists. Since successions management is used to secure the continuity of the business operations, it is the logic of corporation that dominates the process. Nevertheless, the efficiency of succession management is achieved by making it available to a well selected employee population. That is how TM manager of the Emerging markets describes it:

We believe all employees contribute to the Group's success. However, certain talents have unique skills, capabilities and aspirations to contribute at the highest levels of our organization. These High Potential (HiPo's) or Future Talent are the Group's current highest performers who have something extra that sets them apart. Therefore, our strategic ambition is to invest significant resources in these people. They are the people who we believe are most likely to develop and grow into the Group's top leadership roles, delivering the vision and results we will need in the future. And the differentiating Factors for Global Key Talent:

- Superior, sustained performance.
- Succession readiness for critical roles emerging where we are growing.
- Superior execution skills to deliver on our strategic commitments.
- Digital skills to speak to our consumers in the language of technology.
- 'Going there' to grow your cultural agility and global perspective.
- Ability to create and lead high performance teams as a performance multiplier.
- Inspirational & Inclusive leadership to build a highly engaged and performing workforce.

While the definition is very clear on what qualities and skills should future executives possess, it is vague on whether the Group perceives talent as an innate, or acquired trait. When talking about the best players, managers of the Group use alternatively terms 'High Performers', 'HiPo's', 'Future Leaders'. Yet, High Performers and HiPo's are two different concepts in the classification of Meyers and van Woerkom (2014). While the former implies that talent is innate that manifests itself through stable traits (Rath, 2007), being high potential means having a latent talent that yet to be discovered and nurtured (Meyers & van Woerkom, 2014). According to the provided differentiating factors, the Group's Global Key Talent is both a High Performer, as superior, sustained performance is needed, and a HiPo who has been working in various environments to grow cultural agility, which from the Group's perspective can be developed. From the market logic perspective, defining a Future leader as both a high performer and a high potential makes sense as employees who are both HiPo's and a High Performers comprise a rather small group, and the qualities that those individuals possess provide a strong indication that they are able to perform up to the expectation or higher, so the returns on the training investment are more secured.

At the same time, the ambiguity around the concept of talent may arise from the combination of the business strategy and the Group's structure. In 2015, the Group introduced a new strategic business plan focused on "Creating the New". At the core of the strategy are the brands that are supposed to bring the Group closer to its consumers than before. Through creating radically new products the Group aspires to boost brand loyalty. The new business strategy aims at increasing the brands desirability through three pillars of Speed, Cities, and Open Source. Speed is important as the standard lead time in the industry to design, produce and deliver a product varies from 12 to 18 weeks. By using the social

media, the preferences of potential customers get constantly monitored. Combining the Net Promoter Score with historical and other analytics, the Group is able to predict demand more accurately. Finding out faster what the customer wants enables the Group to respond faster, which eventually means selling more at the full price.

To sum up, the business strategy of the Group is based on increasing the desirability of the brands, which would require skills in branding, marketing and social media, and digital skills. Becoming a sport fast fashion company requires a development of a responsive and a flexible supply chain. And for creating radically new products, designers with original ideas are required. Yet, about 70% of the Group's workforce work in retail, mainly in stores all over the world, and all those stores are required to have a consistent look and a high level of service. And although they are on the receiving end, they are the ones who make the sales in the Group's C2B sector. Thus, there are at least four distinctly different occupational clusters that directly support the new business strategy. Yet, as there is little structural overlap, answering the question 'What is talent?' is extremely complicated.

Unlike the Company from the previous case, the Group perceives TM as a standard part of their HR cycle, and identifying employees' potential is mandatory. This is how the HR Director explains it:

Both performance and potential reviews are standard parts of the HR cycle that everyone has to complete. We also have mid-year reviews when we ask line managers and employees to review the targets or maybe adjust the targets. The goal is to investigate what the performance so far is, what is missing etc., so it's also a part of our HR/ TM cycle. The other one is a potential review, which aims at identifying the potential of each team member, relating to his/ her performance. If you are a low performer but with high potential, it might be still worth to invest and to talk, of course. "Something has to change, and that is because you are a high potential". And there are solid players who are good at where they are, they are happy with where they are then there is not much of the investment.

One of the Senior Executives concurs: "We are measuring everybody, from management to market, by the same standards." Consistent with the Group's approach, a lot of measuring, or assessment is done in the context of TM. It begins with Recruitment, where as part of their assessment candidates may be asked to do a group case study and role playing. Since being cooperative is one of the values, including a group case study is justified. According to HR Director of Middle East and North Africa, "it is important to recruit people with the right attitudes and behaviors". And the right behaviors in the region means being flexible, culturally sensitive, creative, cooperative and confident. Another high executive elaborates on the importance of leadership for the Group: "Leadership is a fundamental pillar at the core of our Talent Strategy." The Group has already leadership programs at various levels: programs for new leaders, mid-career leaders, experienced leaders and executives. HR Director elaborates on that topic:

So there is a clear commitment that we will invest even more, maybe even in a smarter way in leadership development. The logic behind it sounds so obvious, but if you define, figure out who our key leaders, our role models of the organization are, who possess the qualities that we want to see in a leader, and then to develop them further so that they will be able to coach and mentor their team members, we believe that with that comes everything else. So there is a big commitment focus on leadership development on very different levels.

Contrary to the Company from Case One, the Group invest on a large scale in training of soft skills, such as leadership, cooperativeness and cultural awareness, to a large extent out of business necessity which corresponds to the corporate logics, and also because it can make use of economies of scale that is consistent with the market economy. The two institutional logics, however, contradict each other in

regards to creating a learning platform and providing career management to every employee. HR Director of the Emerging markets explains:

During the performance review the manager together with an employee are supposed to identify areas where a better performance is needed, or expectations are higher, or potential is there, e.g. 'If you take that step, you will come closer to your targeted career'. And for that, there is a specific architecture behind, there are specific training elements offered by the company that can simply be taken. There is also training delivered regularly based on direct functional needs of specific jobs. It can be compared with a Training catalogue, training offerings, nowadays online learning which people can use. Learning Campus offers training programs with social and interactive online-learning offerings, which are accessible by every employee 24/7.

To recapitulate, similar to Case One, the Group has introduced Talent Management to improve its strategic workforce planning. That decision is congruent both with the corporate and the market logics. At the same time, the corporation logic dominates decisions pertaining to the succession and retention management of the Group. Whereas with regard to the succession management, the influence of the market logic manifests itself by carefully selecting the group of future top managers, development of soft skills is partly influenced by the market logic when it comes to economies of scales. Targeted development of each employee, and in particular, providing free access to Learning Campus, is congruent with the corporate logics of the Group who aspires to be seen as a top employer, and contradicts to the market logic as it is an investment which dividend is rather uncertain.

### 4.3 CASE THREE: DUTCH HOTEL GROUP

The Group was established more than 25 years ago in the Netherlands. Currently, it comprises four regions: Croatia, Germany, the Netherlands, and the UK, and it operates in a profitable niche of 'affordable luxury' segment with predominately four star hotels in major gate away cities and regional centers. In total, the Group's portfolio of owned, managed, leased and franchised hotels consists of 38 hotels of three different brands. The scope of business activity includes hotel development, design, construction and operation. The most of the hotels are wholly owned by the group. In the Netherlands, the Group owns six hotels, four of them in Amsterdam.

The Group is a financially driven organization. Since 2007, it is a listed company. Its top three strategic objectives include: delivering stabilized annual return on shareholder capital, maintain a high EBITDA margin by improving operational performance, tight cost controls, centralized procurement and developing financial structure and asset management initiatives, and improving guest experience through a consistent service delivery and product enhancement. The latter pertains to growing employee engagement, guest satisfaction and loyalty by consistent delivery of exceptional customer service, significant product enhancement and people development activities. The growth is realized through organic and external expansion.

The Group is a financially driven organization, and has a solid financial position. Since 2007, it is a listed company. Over three past years the revenue has been continuously growing. The growth is realized through organic and external expansion. In 2015, the total revenue increased by 9,2%, dividend increased by 5,3%, the EBITDA decreased by 7,4% due to among other things the Croatian acquisition and refinancing of several hotels. The shares of the Group have risen 16-fold from 2009 to 2015 (Hotel Group's historical data, 2015)

The Group sees further improvement in both increasing room rates at the hotel with high occupancy rates and increasing occupancy rates wherever possible. For instance, with less demand for greater London, the Group focuses on preserving the average room rate which have increased from 2015 to 2016 by 1,4%. At the same time, in greater Amsterdam the average room rate has increased by 7,4% in one year with the occupancy rate of 77,1%. To be able to determine room rates that is likely to bring in the most guests at the highest possible revenue, the Group uses Revenue management (Annual Report, 2015).

#### The Group's TM

The Group's vision is "Realizing growth potential", and the vision applies both to the business side and to the employee development. The Group has VP People Development & HR. TM is seen as a driving force behind employee engagement and satisfaction which translates into high service performance and guest satisfaction, and contributes to high business performance. Talent is defined as performance plus potential. The Group currently employs 2700 people, and in the high season the number of employees increases up to 3500 people due to seasonal staff in Croatia. The Group has developed a comprehensive University Platform accessible to all employees. With some minor adjustments, TM is the same in all regions, and it is centrally coordinated.

Special attention is paid to development of management and leadership skills. Inspiring leadership is seen instrumental in achieving high employee engagement, guest satisfaction, and high financial results. Some examples of the trainings include: "Step up", "Foundation of management", "Inspiring leadership journeys" etc. Inspiring leadership is about having followers instead of subordinates. Another type of leadership that is actively promoted within the Group is leading by example. Since its launch in 2014, the new TM program is thought to contribute to the growth of two out of the three key performance indicators. In 2015, the Group wide employee satisfaction was 84,2% and service performance was 8,63 out of ten.

TABLE 3. INSTITUTIONAL LOGICS OF TM OF THE HOTEL GROUP

Categories	Community	Corporation	Market
Sources of Legitimacy	Belief in reciprocity and trust.	The firm position and the rank within the corporate group.	Progressive dividend policy; in September 2016, the share price increase by 48,97%.
Sources of Authority	Commitment to community values.	Joined authority of the HQ in the Netherlands and the Regions.	Shareholder activism.
Basis of strategy	Increase wellbeing of the members.	Growth through real estate.	The goal is to increase the net income by 35% - 39% compared to 25% in the past.
Informal Control Mechanisms	Visibility of actions.	Organizational culture.	
Basis of TM strategy	Acknowledging the individuality of the community members.	Placing people in positions that are congruent with their abilities and aspirations.	Generating more revenue through enhancing guest satisfaction.
Control over Expertise	Provision of information on all opportunities to every employee.	Top managers: content of TM programs Line managers: adopting the content of the training to the needs of the floor.	Depends on the intellectual property rights.
Formal Control Mechanism over TM	Transparency of individual career development.	Decisions are made by managers.	Not applicable.
Logic of Investment		Succession management: Exclusiveness. Retention: Inclusiveness. Recruitment: Exclusiveness.	

### The influence of institutional logics on TM

The reconstruction of the institutional logics based on the ideal types (Thornton, 2008) shows that TM of the Group is influenced by the institutional logics of the corporation, the community and the market logic, with the first two prevailing over the market logic (Table 3). It is rather unexpected to detect the community logic in a listed MNC. Whereas the institutional logic of the corporation and the institutional logics of the market are highly compatible, and can reinforce each other, as both are focused on efficiency and rationalization (Fuenfschilling & Truffer, 2014), the market logic and the community logic, at least in their pure form contradict each other. While the former is categorized by the principles of shareholder activism and self-interest, the latter is focused on the group membership and personal investment in the group. For instance, the interviewed Hotel Manager has mentioned that she arranged an employment interview at a hotel of another chain for a receptionist whose contract could not be extended. Whereas according to the institutional logic of the community that action is legitimate as it has to do with the community values and reciprocity, the market logic does not justify that behavior as it does not increase the shareholder value.

Another examples of inefficiency as defined by the market logic pertains to allowing employees to do traineeships in other departments without further commitments. Here again, the community logic justifies those decisions because if an employee can find a position where he or she is satisfied and can make a meaningful contribution, it is beneficial to the community. The same decision is deemed illegitimate by the market logic as it creates inefficiencies and losses of productivity. The interviews and the available corporate information shed light on that controversy. Community values of trust and reciprocity are not only part of the corporate culture; they also underpin competitive advantage that consists of two parts: (co)owing hotels in prime locations and creating guest experience.

Theoretically, the relationship between the community, the corporation and market logics can be described as transposing categorical elements from one institutional order to another. Transposition occurs when categorical elements, or cultural symbols and material practices of one institutional order are transferred into a substantive context in which they do not originally exist (Thornton et al., 2012). In this particular case, the community values, group membership and wellbeing of members are integrated into the corporate logic, while the market logic supports the operational side of the business. According to Thornton et al. (2012), the new combination of existing symbols and practices may generate innovative solutions. Indeed, it is the only public MNC in the research who has an inclusive approach to retention management. Regional HR Manager explains:

It is almost always possible to make a sideways carrier switch. Employees can indicate in their PDA files that they are interested in being transferred to a certain department. Even if a sideways step is not the most logical, it is still possible to realize it. If a person really wants it, he or she will be an enthusiastic and engaged employee. This is what we want.

The transposition of the community and the corporate logic create together the Hotel Group's DNA that is incorporated in any training. For instance, all new employees get one full introduction day at the hotel, and two introduction days at the corporate level. Those trainings provide information on what the Group stands for, and what is important to it. Regardless of the position, every employee is required to follow the 'Guest experience training'. The rationale behind it is that according to the Hotel Group's culture, everybody is to be treated as a guest. Colleagues are treated as internal guests. Regional HR Director explains: "If somebody is working in accounting, he or she should know what guest experience is because it determines our culture, the way we treat each other."

Consistent with the corporate logic, the majority of the training and development programs are self-developed. Moreover, the Group has in-house inspirators who help to deliver the 'Guest experience training', and coaches who are trained to help other people. Regional HR Manager: "We find it very

powerful when people from the business give trainings. It is quite easy to hire external people, but a lot of things are too business related. And we find our context, our DNA so important to integrate that we want that our trainings are given by the people with the same DNA".

The logic of investment in TM arises from the institutional order of the corporation and includes succession management, retention, absenteeism prevention, and recruitment. TM formally starts at the recruitment stage when candidates are selected based on the qualities that the Group finds essential for succeeding in the hospitality branch. The process is exclusive, as it is inherent to the selection procedure. The TM practices pertaining to employee retention are developed for a wide employee population, and therefore are inclusive. The Group carefully monitors the career development process; however, since the process takes place in a culture of emotional connection and commitment to the shared values, it can be concluded that the inclusiveness of the career development practices is congruent with the community logic. There is, for instance, no formal procedure that an employee is supposed to initiate if he, or she would like to be transferred to another department, or to get another job. The Hotel Manager explains:

If somebody wants to take a sideways career step, we discuss that, and if he or she qualifies, then we create a tailor-made development program... Those tailor-made programs get discussed at the mid-year and the end of the year reviews.

Nevertheless, the succession management of the Hotel Group are exclusive to those who are solid performers and score high enough on three pillars of motivation, good judgement and interpersonal skills. Since it is much more efficient to invest in a smaller group of employees and it is safer in terms of return on investment (Papierno et al., 2005), the TM practices regarding succession management are strengthened by the market logic.

Table 3 does not indicate the Group's stance on the nature of talent. It can be inferred from the interviews, that what is considered to be stable or developable depends on the goal of the TM interventions. At the recruitment stage, for instance, candidates are selected based on the following qualities: being able to connect, being caring and being proactive. The nature of those qualities is disputable. Being able to connect with various people is a social skill, and there is ample evidence that emotional intelligence (EI) is related to the quality of social interaction (Wilderom et al., 2015). Furthermore, emotionally intelligent people are perceived as more empathic and socially apt (e.g. Wilderom et al., 2015; Mayer et al., 2008). According to Schutte and Malouff (2013) EI is developable through training. At the same time, for Rath (2007), being able to connect is a stable trait, or distinct talent which he calls Connectedness. That is how he describes it: "Your awareness of ... responsibilities creates your value system. You are considerate, caring and accepting. Certain of the unity of the mankind, you are a bridge builder for people of different cultures". Furthermore, Rath (2007) maintains that it does not make much sense to train something that it is not a strong part of someone's personality, as "... the person without much natural empathy will never be able to comfort the agitated customer in the warm and sincere way that the great emphasizes can".

Given the above mentioned controversy, it becomes clear that the Group selects candidates based on the traits that are crucial for the business and potentially difficult to train. Thus, the exclusive-stable philosophy of Meyers and van Woerkom (2014) underpins the recruitment process. The retention interventions aimed at career development are based on the inclusive-developable philosophy. First, employees already possess the qualities that are considered essential. Second, as Dutch Regional HR manager puts it: "You can teach a lot to motivated people; certainly in our industry... it is not a rocket science where you have to have a high IQ score for, maybe for some functions but not for the operational side of the business". Finally, the TM practices pertaining to succession management are congruent with the exclusive-developable philosophy. To become eligible for succession management programs, one needs to be a stable performer across different functions and to score high on

motivation, good judgement, and interpersonal skills. However, in hospitality business, those skills are indispensable for being successful in various roles, so by the time somebody is seen as a future manager of leader, he or she has by far outperformed the others, and is considered as a natural talent worth of being further developed.

To sum up, in Case Three, three institutional logics influence TM: the market logic, the corporation logic, and the logic of community. The former was not expected to occur as it contradicts the market logic. In this particular case, transposing of the elemental categories of sources of legitimacy, sources of authority, informal control mechanisms and control over expertise in the substantive context of the corporate order has created a rather informal TM with individual attention paid to the talent development of every employee. The Hotel Group is also the only MNC in the sample that has an inclusive approach to retention management. In the next chapter, the cross case analysis is presented.

## 5 FINDINGS

In line with the earlier articulate expectations, the influence of the institutional logic of the market and the corporation on the TM strategies can be traced back in all three cases. Whereas the institutional logic of the corporation underpins the TM policies that enable the organizations to trace their talents back in their entire business space and match them with the strategic positions so that existence of the organization is secured, the institutional logic of the market is enacted in regards to developing cost-effective TM processes, supporting the TM strategies. Given that all three researched companies are public, the increasing profits through efficiency is one their strategic objectives. Nevertheless, the corporate logic dominates over the market logic in all three cases. Thus, it can be concluded that the market logic in its pure form does not consider TM as a salient need, as the return on investment is always unsure.

Concurrently, discovering the influence of the institutional logic of the community on the TM strategy of a public company in Case Three has not been anticipated, mainly because it is a financially driven enterprise with a progressive dividend policy. And while the community logic is governed by values of reciprocity and trust, the market logic is based on transactions that lead to the optimization of profit. Similarly, an observation of some similarities between Case One and Case Two raise questions. Both of them seem to have comparable TM goals, which are supported by the institutional logics of the corporation and the market logic. Yet, the content and the form of their TM strategies differ. To get a more sophisticated understanding of the Cases, the TM strategies of each organization have been combined with their organizational variables of size, structure, and knowledge/ labor intensity (Table 4).

TABLE 4. TM STRATEGIES AND CHARACTERISTICS OF THE RESEARCHED COMPANIES

Organizational characteristics	Case One	Case Two	Case Three
Size	18,000	55,000	3,500
Knowledge/ Labor intensive	Knowledge	Stores: Labor intensive  Design, branding, marking: Knowledge	Labor intensive
Structure	Decentralized	Highly Centralized	Centralized
Business Strategy	Growth through a strategic transformation, innovation and entrepreneurship	Growth through promotion of brand loyalty	Growth through opening hotels in prime location that offer a unique customer experience
TM Strategy	Strategic workforce planning	To provide the best players for specific positions around the world	Placing the right people in the right position
Definition of Talent	Inside focused, change orientated, people orientated and result driven (learning agility)	Technical skills in marketing, branding and digital knowledge are required for a successful brand promotion. Soft skills include: connection, creativity, collaboration	Talent is performance plus potential. Strategically important qualities are: being able to connect, being caring and being proactive

Organizational characteristics	Case One	Case Two	Case Three
Succession Management	Exclusive/ Developable	Exclusive/ Stable & Developable	Exclusive/ Stable & Developable
Retention Management	Career entrepreneurship Exclusive/ Developable	Brand loyalty & Status Exclusive/ Stable & Developable	Employee-centered Inclusive/ Developable

Table 4 illustrates that although all three researched companies consider TM as a tool that enables organizations to place the best candidate in the matching positions, all of the three companies have different TM strategies. To begin with, each of the companies has its own definition of talent, which in itself is not new (Mäkelä et al., 2010). The researched companies are consistent in their argument that talent comprises those behaviors and abilities that people in the top of the organization should possess. Although it resembles the argument of Meyers and van Woerkom (2014) that in practice, 'talented' means high potential employees, the strategically important employees, or employees in key positions, the fundamental difference in approach of the researches three companies to talent is that they translate the constructed concept into behavioral expression of talent adjusting it to the people on the work floor. It is especially evident in Case One and Case Three.

In Case One, talent is defined as being inside focused, change orientated, people orientated and result driven. TM manager describes a talented employee as follows: “[It is] someone [who] is inside focused, so he/ she can handle a lot of data, who has an open mind and is tolerant, who can cope well with changes in the organization and is looking for a change and who is resilient... Furthermore, it is someone who goes for the result, and while doing it, she or he takes the others along, instead of doing it individually. So those four elements together comprise learning agility. It does not matter to us where the employee works: Finance, HR, Legal... Someone's just leaning agile.” The company believes that the more employees have those four qualities, the more successful the organization as a whole becomes. “Anyway, we expect people in the top of the organization to have those four types of behavior.” Apart from being scientifically researched, those four elements are consistent with the Company’s business strategy to stay competitive through “innovation in all aspects of development, production, sales in addition to strengthening and expanding new businesses” (Company’s Mission Statement, 2015). Since the Company operates in a high-paced technological sector, one needs to be able to process and analyze a lot of data, and be open for change. Furthermore, as the Company aspires to become service-oriented, people-orientation is fairly important. And being result driven is indispensable for a profit-driven, listed company. Finally, clearly defining the concept of talent, makes the concept measurable: the higher agility score an employee has, the more talented he/ she is.

In Case Three, the Hotel Group’s business strategy is driven by opening hotels in prime locations and creating a unique guest experience. The mission statement is: “Inspiring our guest through individuality and passion”. Here follows a description of how the construct of talent has been developed. “...we have defined it in three concepts: each guest must have a welcome feeling, passion and surprise. Guests must be able to feel our passion and be surprised by nice things they do not expect. We create an experience for guests. And then, we looked at the kind of behavior that goes with it. And that is connecting, caring and proactive. You cannot surprise if you are not proactive. And you cannot show passion if you are not caring for people. And you need to be able to connect in order to give a welcome feeling.” Similar to Case One, talent for the Hotel Group pertains to behavioral repertoire that enables the Hotel Group to achieve its business goals.

**Proposition 1a:** In MNCs, the institutional logic of the corporation mediates the definition of talent by highlighting those behavioral expressions and/ or competencies that support the business strategy and are essential for its realization.

What makes Case Two different is that for a successful execution of the business strategy, four occupational clusters with very little structural overlap are required. Moreover, whereas working in retail is labor intensive, designing new fashion, or promoting brands are knowledge intensive activities. That makes defining a concept of talent as a set of competences for the whole organization complicated. Furthermore, it is the largest company in the sample with stores all over the world. In constructing its concept of talent, the Group combines the performance appraisal scores with the soft skills define for the whole Group. For instance, according to Director HR of Emerging Markets, the desired soft skills are: flexibility, adjustability, cultural awareness, willing to learn new things and approaches, and an ability to take people along. Thus, the following propositions can be made:

**Proposition 1b:** In MNCs, where both labor intensive as knowledge intensive activities are essential for executing the business strategy, talent is defined as high performance.

**Proposition 1c:** Centralized MNCs that operate in various and diverse environments, define talent based on the company-wide values.

Similar to Case One, the Hotel Group from Case Three defines talent in terms of behavioral expressions. As TA manager from Case One describes it: "The reality is that technical skills can carry the business so far. They are hard skills, they are relatively easy to train and acquire... What I mean by that is ... in a product-centric organization, people have clear functions, they know what they are expected to do. Services and solutions are much more soft skills based." Regional HR manager from Case Three concurs: "There are certain qualities that we are paying attention to already in the recruitment process. For us, enthusiasm and passion are very important. So we look more at the behavior than at technical skills". Yet there is a principal difference between the two MNCs: where is the Company from Case One is knowledge intensive, the Hotel Group is a labor intensive organization. Thus:

**Proposition d:** Labor intensive service MNCs whose competitive advantage entails providing a unique customer experience, define talent as soft skills that are required to create that experience.

**Proposition e:** Knowledge intensive solution-based MNCs define talent based on learning agility.

In all three cases, the corporate logic dominates over the market logic. According to a market logic, TM is a high risk investment. Thus:

**Proposition f:** MNCs whose business strategy is developed based on the market logic do not invest in talent management.

### Institutional logics and Succession Management

Managers from Case One and Case Two are unanimous in recognizing the importance of TM for Succession Management. For HR Director of Emerging Markets from Case Two, TM adds value by facilitating Succession Management. "Ideally, the SM system has a goal to provide High Performers and HiPo's for a lot of different business positions, so that we can identify those people and offer those people meaningful positions. That should have an impact on the business side, and that is the reason why we go through the process." Almost identical explanation is provided by TM manager from Case One: "Our employees show great interest in TM, the question comes also from the business, the question about who our successors are e.g. 'Who is going to be my successor? And now we can easily put in the system."

In Case Three, The Hotel Group has created an Internal Talent Bank of employees who are high performers and score high on motivation, good judgement and interpersonal skills. The employees who qualify for the Internal Talent and who are willing to relocate abroad from a Central Talent Bank. The Hotel Group finds it important that the employees can keep growing within the organization.

In a similar vein, the Company from Case One offers a special development program to mobile Future Leaders and expects that having more Future Leaders will make the Company more profitable. By linking Top Talent in key positions to the market position of the organization, the interviewed Companies enact the institutional logic of the corporation (Thornton, 2005). Furthermore, offering exclusive development programs to the selected few, the organization achieves higher return on investment which is consistent with the institutional logic of the market. Therefore, the following proposition can be made:

**Proposition 2:** By designing TM strategies to facilitate succession management, MNCs enact the institutional logic of the corporation by coupling a number of key positions occupied by Top Talent to a market (competitive) position of the organization, and the market logic by offering key positions to a narrowly defined and thoroughly selected group of employees in the expectation of higher return on investment.

#### Institutional logics and Retention

The interviewed companies were unanimous in recognizing an important role that TM plays in achieving retention through career development. Here is how Regional HR Manager from Case Three describes it: "We work in a branch where it is very difficult to find people, so you have to offer something to let them stay. If people do not have a feeling that their talents get recognized, and there is neither enough room for self-development, nor interest to place the right person into the right position, people will leave..."

The TA Manager from Case One adds: "... you see from studies done of Millennial generation, generation Y, generation Z that people increasingly expect to do a job for one, two, three years and then move on to something else as a way of expanding their horizons. And I think that one of the things that can recognize it from the HR perspective is that we need to give people opportunities to experience different parts of the business in order to keep them motivated and rewarded and to keep them in the business." HR Director of Emerging Markets concurs: "Winning talent is important, but even more important is retaining our talent by having good offerings, aligning people with positions and offer choices."

Yet, the interviewed companies have different approaches to career development. For instance, as indicated by Table 1 and Table 2, although career development in Case One and Case Two is influenced by the institutional logics of the corporation and of the market, it takes different forms. In Case One, career development is based on the idea of personal entrepreneurship. The employees are provided with the tools, but it is up to the employees to initiate the process. As TM explains it: "TM exists on top of the existing package. And if you do not want to share your CV and you do not want to have your traits assessed, why should we offer a development plan if you do not want to look at your traits?". Thus, career development is available exclusively to those employees who are willing to comply with the corporate requirements. Furthermore, the amount of development options depends of the employee's score on learning agility: the higher the score, the more options are there. The idea of career entrepreneurship is consistent with the business strategy of the Company (see Table 4), and in the business environment of rapid technological change where the Company operates. "We find that the more learning agile you are, the more successful you are in different dynamics, in horizontal, or vertical career moves...", asserts TM manager. By placing the retention strategy from Case One in the context of its organizational environment, the following proposition can be made:

**Proposition 3a:** MNCs competing through continuous innovation in several industries expect their employees to take initiative about their career development, thus stimulating self-selection.

Proposition 3b: MNCs competing through continuous innovation in several industries design their career development strategy according to the exclusive/ developable talent philosophy (Meyers & van Woerkom, 2014).

What makes the Group from Case Two stand out is that it offers leadership development programs at various levels. HR Director of the Group explains: "There is a clear emphasis on leadership development, the Group is very committed to that. So there is a clear commitment that we will invest even more, maybe even in a smarter way in leadership development. So the logic behind it sounds so obvious, but if you define, figure out our key leaders, our role models of the organization who possess the qualities that we want to see in a leader, and then to develop them further to develop their team members, we believe that with that comes everything else. So there is a big commitment focus on leadership development on very different levels." Moreover, although the Group operates on different continents in very diverse cultural environment, one of the business objectives pertains to the consistency of the brand presentation in a physical and in an online environment. As one of the top executives describes it: "To win the consumers' hearts everybody in the organization has to move in the same direction." The various leadership trainings are perceived as powerful tools to instill the Groups' vision and values in its workforce worldwide. Third, given a large size of the Group, it can roll out multiple leadership trainings in a cost-effective way due to economies of scale.

Proposition 3c: Large centralized MNCs operating in diverse environments enact both the corporate and the market logics in rolling out leadership programs at every level to unify various regions by instilling the Company's values and mission while realizing economies of scales.

In Case Three, an inclusive/ developable philosophy (Meyers & van Woerkom, 2014) underpins the retention management. The Hotel Group enacts both the institutional logic of the community and the institutional logic of the corporation by providing development opportunities to everybody, as community values of reciprocity and trust are integrated in the corporate culture. Colleagues are internal guests and they are supposed to be treated as well as the external guests that generate revenues. That approach is consistent with the Group's business strategy that considers creating unique guest experience as its competitive advantage. The company selects candidates based on their behavioral expressions. The Regional HR Manager is convinced that a motivated person can learn a lot in a hospitality branch: "Motivated people learn a lot ... especially in our industry, it's all not rocket science where you have to have a high IQ score; maybe for some functions, but certainly not in the operational functions. So if people want to make sideway career step, we want to make a room for that because we know that we have someone who is engaged and loyal to the company."

Proposition 3d: Multidisciplinary listed MNCs who compete by creating a unique client experience and who do not operate in knowledge intensive industries enact both the institutional logic of the corporation and the community in providing development opportunities to every employee.

In the following chapter some theoretical and practical implications will be discussed.

## 6 DISCUSSIONS AND CONCLUSIONS

The current study has explored how institutional logics influence TM strategies of multidisciplinary listed MNCs. Based on a comparative study of three MNCs of different size, different origin, and operating in different industries, the institutional logics of the corporation and the market have been found mediating between the business strategy of an MNC and its TM strategy, including the definition of talent.

### 6.1 THEORETICAL IMPLICATIONS

From a theoretical perspective, this study made a contribution by investigating TM strategies of multidisciplinary MNCs through the theoretical lens of the institutional logics perspective. It therefore, contributed to a body of knowledge on TM through a theory-driven study. Furthermore, much of the research on institutional logics to date has been done either at professional firms (Lounsbury, 2007), or within the same industry (Durand et al., 2013; Fuenfschilling & Truffer, 2014). The current study has explored how institutional logics influence TM strategies at multidisciplinary listed MNCs.

Defining talent as a function of the business strategy mediated by the institutional logics has a profound consequence for the concept of talent: whenever the business strategy changes, it would inevitably lead to changes in how talent is defined. The Japanese electronics company is a good example of that. When it considered itself a product-centric company, efficiency was part of the competitive advantage. The concept of talent was coupled with specific competences that would allow employees to excel in very specific functions. Redefining itself as solution-based company competing on innovation, the company needs people who are able to offer tailored solution to the company's customers which will be a mixture of products and services. So according to this new business strategy, being able to learn a lot and fast is a must to stay ahead of the competition. The company redefined its constructed concept of talent as being based on learning agility.

The socially constructed concept of talent in the business setting contradicts academic attempts to describe talent as an absolute construct. For instance, while scholars are debating whether talent is an innate trait, or a mere potential that can be developed (Meyers & van Woerkom, 2014; Meyers et al., 2013), the interviewed companies develop those traits or competences that are essential for the execution of its business strategy, provided it can be cost-efficiently realized within the company. In part, that happens because no consensus exists on whether some important to MNCs qualities such as leadership are developable (Northouse, 2013). In the absence of clarity, the interviewed global sport footwear and apparel group has created leadership programs at every level of the organization and is planning to continue investing into leadership development to equip a wide employee population with the right mindset.

This research found that all three interviewed MNCs, although being very different in size and operating in different industries, apply the exclusive approach to its succession management. From the corporate logic perspective, the exclusiveness of that process is legitimate due to the scarcity of the top management roles. At the same time, regardless of whether an MNC considers talent as a stable trait or mere a potential, candidates for succession are tested both on their innate and acquired traits prior to getting appointed to a new role. As the financial stakes of appointing a wrong person to a senior position with a lot of responsibilities are high, the market logics justifies that the selected candidate undergoes various kinds of assessment regardless of the MNC's stance on the nature of talent.

Contrary to succession management, the influence of the institutional logics on retention management results in more diverse practices. The diversity of those practices are thought to arise from various business strategies supported by the institutional logic of the corporation. For instance, as an informal control mechanism, the organization culture of the Hotel Group is influenced by the institutional culture

of the community with the prominent values of reciprocity and trust. Those values are consistently integrated into the TM pertaining to retention management which is congruent with the inclusive/developable philosophy as described by Meyers and van Woerkom (2014). Nevertheless, since that pattern has been found only in one of the three MNCs, more research is needed to refine this study's propositions and to increase its external validity which will be addressed in the next section.

## 6.2 LIMITATIONS

The empirical part of the study has been conducted by using the triangulation of sources of information. Since all three MNS are listed, information about their business strategies and financial position was taken from their annual reports. Special focus was paid to taking and analyzing of the in-depth interviews with the TM decision makers; thus the internal validity of this study is moderate to high. Nevertheless, the external validity of this research is quite limited. The study has been performed at three listed multidisciplinary MNCs, and the formulated propositions may not be applicable to multidisciplinary MNCs that are not listed, or to professional companies. Furthermore, researching TM practices through the lens of the institutional logics may yield different results in manufacturing, and professional MNCs which are not part of this study.

## 6.3 PRACTICAL IMPLICATIONS

Although TM at all interviewed MNCs was influenced by the institutional logic of the corporation, the market, and in one case, the community logic, the TM takes different forms in all three companies. Nevertheless, this study shows that there are some trends in regards to TM.

First, for at least some service and solution-based multidisciplinary MNCs, behavior is important and at the same time expensive to develop through TM interventions. For instance, service-oriented labor-intensive MNCs whose business strategy entails creating a unique customer experience, are inclined to consider behavioral traits as talent that is difficult to develop and technical competences as developable. In knowledge-intensive solution-based MNC, behavior is a distinguishing factor of talent when employees with an equal level of knowledge and expertise are compared. Thus, before investing in development of employees, the above mentioned MNCs conduct assessments, based on learning agility as they want their employees to be efficient and effective in different dynamics.

Second, the corporate and the market logic of large product- and brand-centric multidisciplinary MNCs may influence them to define talent in terms of competencies needed to carry out narrowly specified functions, which is measured to a large extent during performance appraisals. Behavioral trainings (e.g. leadership) are offered to those who score above average in terms of performance at every level of the organization, as due to its size, the MNCs is able to utilize economies of scales.

The third trend pertains to the extensive cooperation of multidisciplinary listed MNCs with the universities and the certification bodies with an aim to develop custom-made training and development programs. All interviewed companies have admitted to have a strong preference to having their TM programs developed by either in-house or external professionals rather than having their employees attend trainings at external vendors. That tendency is consistent with the institutional logics of the corporation as it provides control over knowledge to the MNCs. One interviewed MNC goes as far as having an in-house trainers and coaches.

Forth, regardless of how MNCs view talent, they extensively use on-the-job training as a cost-effective way of developing knowledge or competencies. Besides economic reasons, an on-the-job training provides a supervisor with an opportunity to monitor and where necessary intervene at an early stage, thus increasing the efficiency of the training. Finally, multidisciplinary listed MNCs are increasingly creating online learning environments such as University Platform or Learning Campus that are available

to all employees. The aim is twofold: whereas it provides individual employees with an opportunity to improve their skills and performance, the MNC gains a reputation of an employer who fosters employees' personal and professional development, which is seen as an important factor for gaining a reputation of a top employer<sup>1</sup>.

## 6.4 CONCLUSION

Although the institutional logics perspective is not known to be previously applied to research on TM in regards to MNCs, this study shows its potency for producing theory-driven knowledge relevant both for academics as for professionals in the field. The most prominent finding of this study pertains to the mediating role that the institutional logics of the corporation has in defining talent as a social construct. It mediates between the business strategy and TM. The multiplicity of TM strategies is not only due to a variety of business strategies. This research shows that transposition of categories from other institutional orders in the context of the institutional order leads to unexpected decisions regarding TM, such as the inclusive approach to retention management in Case Three. To investigate the influence of the institutional logic on TM is important as when different institutional logics coexist, the MNC has to choose between different symbolic and material practices. This research shows that TM is a salient need under the corporate logic and an illegitimate choice according to the market logic. The influence of the market logic is mainly limited to cost-effectiveness and efficiency of the execution of the TM interventions.

This study has also identified some congruencies between the business strategies and the corresponding TM strategies. However, more research is required in order to generate enough data that would enable scholars to create TM typologies and their potential compatibilities with specific business strategies, thus helping those many companies who according to academic researchers are struggling to develop and implement effective TM strategies (Al Ariss et al., 2014; Meyers & van Woerkom, 2014; Meyers et al., 2013).

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<sup>1</sup> Top Employers Institute: "How it works." Retrieved on October, 15, 2016, from: <http://www.top-employers.com/>.

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