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Global talent management in science-based firms: an exploratory investigation of the pharmaceutical industry during the global downturn

Thomas N. Garavan*

Department of Personnel and Employment Relations, Kemmy Business School, University of Limerick, Limerick, Republic of Ireland

This paper investigates global talent management (GTM) in science-based firms during the global downturn. Literature on the resource-based view, the best-fit perspective and resource dependency theory is used to frame a qualitative study of nine global pharmaceutical firms that explores how multiple actors view GTM during the global downturn. The study investigates how actors perceive the strategic priorities of the firm during the downturn; the challenges of aligning GTM to address these priorities; the values of top management in supporting investment in GTM and the challenges encountered in coordinating and controlling GTM processes. The findings reveal that actors considered GTM to be strategically important because it enabled firms to simultaneously manage downsizing, expansion and structural alignment, and it helped them to prepare for growth in the future. Multi national companies exercised control and coordination of GTM during the global downturn through increased use of structural reporting, greater involvement of headquarter (HQ) and regional HQ in subsidiary talent decisions, networking and cognitive control strategies. The paper concludes by identifying direction for future research on this topic.

Keywords: economic downturn; global talent management; science-based organisations; top team commitment

Introduction

The role of global talent management (GTM) in enabling a firm to remain competitive is increasingly recognised by scholars and practitioners (Stahl et al. 2007; Farndale, Scullion and Sparrow 2010; Iles, Chaui and Preece 2010). GTM exploded in the past 10 years in the business world as an important practice in multinational companies (MNCs). It is typically promoted as an HR functional activity that enables firms to achieve competitive advantage (Lewis and Heckman 2006; Cappelli 2008; McDonnell, Lamare, Gunnigle and Lavelle 2010). People, intellectual capital and talent are viewed as critical components of strategic success irrespective of competitive and economic conditions. Pivotal talent pools, to use a term proposed by Boudreau and Ramstad (2005), enable firms to remain competitive and cope with recessionary pressures. Gardner (2005) for example found that firms competed for top talent because it not only enhanced their competitiveness but also depleted the advantage of competitors. GTM does, however, require a major investment of resources in strategies, processes and practices to acquire, develop and deploy talent to achieve competitive advantage (Döving and Nordhaug 2010).

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This paper reports findings of a study of GTM in pharmaceutical MNCs during the global downturn. It makes a number of contributions to the literature on GTM and international human resource management (IHRM). First, there is scope to understand how internal actors in MNCs perceive the importance of GTM during periods of global economic downturn. Do they (Actors) demonstrate the same levels of commitment as was apparent during the boom years of 2002 to 2007? Commentators have highlighted a ‘recession reaction’ by some MNCs where the focus on people has taken a back seat to organisational survival (Bersin 2008; Gibbons 2010). Aguirre and Post (2009) found, in the pharmaceutical industry, that GTM models reflected boom-time assumptions concerning the types of talent and competencies required for competitive success, the role of monetary rewards as motivators of performance and the career expectations of leaders. A survey of 197 senior executives undertaken by the Economist Intelligence Unit (2009) found that internal actors considered GTM to be integral to manage out of the recession; however, 44% believed that their global talent strategy was not currently aligned to business strategy. McCartney (2010) found that MNCs have adopted more innovative talent management practices during the recession including the streamlining of talent management processes, a focus on experiential learning, leadership exchange programmes and partnering with other organisations to realise talent management goals. The focus is increasingly on retention and development of key talent rather than talent acquisition. A large-scale survey of 10,000 organisations conducted by the Corporate Executive Board (2009) found both commitment to talent management and talent effectiveness issues arising from the global downturn. Forty-two per cent of firms reported that they were highly committed to GTM but struggled with its implementation. Thirty-one per cent of firms were not convinced that GTM was useful in solving current business challenges. They also experienced problems in coordinating and controlling talent management activities. The available data highlight significant gaps between policy and execution. Execution issues focused on difficulties in controlling and integrating GTM across business units, challenges around resource deployment, leader mobility issues and the lack of best-fit talent metrics. In addition there are issues around the availability of resources to invest in GTM processes, challenges in managing a disengaged talent pool and difficulties in aligning talent management processes with global business strategies. These issues, in the context of the global downturn, have yet to be investigated in the academic literature.

Second, the study contributes to a growing literature on how specific HR functions become globalised. This dimension of the globalisation of HR is less frequently reported in the literature. Sparrow (2007) studied the globalisation of recruitment and selection functions and concluded that functional-level analysis of HRM provided useful insights for IHRM literatures. Malbright (1995) and Kim, Park and Prescott (2003) similarly emphasised the need for functional-level studies. Kim et al. (2003) argued that it is necessary to more fully understand the processes of functional alignment within firms that are globalising. Such investigation will enhance our understanding of the factors that drive the coordination and control of functional HR activities across boundaries. Malbright (1995) argued that globalisation as a process occurs at the level of the function rather than the level of the firm. The study reported in this paper presents findings on the challenges involved in coordinating and controlling GTM processes in science-based MNCs during the global downturn.

Third, the study utilises an internal actor perspective to understand the challenges encountered in managing GTM. Previous research has highlighted the importance that internal actor perceptions play in how functional HR activities are implemented in firms. Wright and Nishii (2007) highlighted that it is not the HR practices as intended in policy documents that were important, but rather how internal actors experienced these practices.
A multi-actor perspective has advantages in terms of methodological rigour. Wright and Boswell (2002) and Sparrow (2007) have criticised traditional approaches that focus on ‘manager counts’ and single-source respondent studies of the policy and practice dimensions of functional HR. Such approaches are less effective in capturing complexity and understanding the different perceptions of policy and practice. Increasingly, the effective delivery of functional HR activities in MNCs requires the involvement of a multiplicity of internal actors. MNCs are also considered to be contested social spaces where diverse actors with different power resources pursue their own interests (Edwards, Collings and Ferner 2007). Given the struggles among actors with their self-interest issues, there is a need to more fully understand how actors’ perceptions and actions influence priorities, control and coordination issues in the context of GTM.

Finally, the study focuses on a specific sector. The majority of studies on functional HR activities report multi-industry rather than industry-specific findings. A number of studies have reported industry-specific findings such as those by Gardner (2005), Finegold and Frenkel (2006), McAlearney (2006) and Pena and Villasalero (2010). These studies reveal unique labour markets within specific sectors. They also reveal a blurring of intra-industry HR practices with inter-industry HR practices. Pharmaceutical firms operate in increasingly globalised labour markets. There is a worldwide demand for scientists, regulatory specialists and leaders due to mergers and acquisitions within the sector and emerging drug markets such as Brazil, India and China. Significant power shifts have occurred within the pharmaceutical industry between headquarters (HQs) and local operations in order to capitalise on local knowledge and the need to possess talent that can deal with cross-border communication (Clark, Stewart and Clark 2006; Oberoi and Lin 2006). However, pharmaceutical firms are relatively late adaptors of HR functional activities such as GTM, leadership development and leadership mobility programmes (McAlearney 2006; Buxton 2010). Pharmaceutical firms lack strong leadership pipelines and experience significant challenges in implementing HR functional activities at a global level.

The concept of GTM is currently rather fluid, given that it is an emerging HR functional activity. Kramar, Bartram and DeCieri (2011) consider GTM to be an emerging discipline that has strong links to IHRM. They emphasise long-term and integrated approach to managing employees. Tarique and Schuler (2010) conceptualise GTM as a multi-disciplinary bridge field that is in the early stages of development, both as an academic discipline and as a set of organisational practices. It should, however, be acknowledged that while there are problems with current definitions of GTM, its strategic value is considered to be incontestable (Mellahi and Collings 2010). Recent contributions (Sparrow 2007; Beechler and Woodward 2009; Fardale et al. 2010; Schuler, Jackson and Tarique 2010; Tarique and Schuler 2010; Scullion and Collings 2011) highlight dimensions of GTM as a functional activity relevant to this study. These dimensions can be summarised as follows: (i) a focus on local, regional and global levels of the firm when sourcing and hiring talent; (ii) employment branding across international operations; (iii) the existence of centres of excellence to address issues such as talent development, talent mobility and talent retention; (iv) frameworks for global risk management to address talent gap risk exposures; (v) policies, strategies and practices around the use of expatriates and the development of a highly mobile pool of managers that are aligned to firm strategy; (vi) and the involvement of multiple actors in the management of global talent at global, regional and country levels. These characteristics guided both the selection of the sample and the issues that were investigated during the data collection process.

Drawing on three theoretical perspectives, the resource-based view (RBV), the best-fit (or contingency) perspective and resource dependency theory, this paper seeks to provide...
an insight into the interplay of factors that influence the ways in which GTM is aligned, valued, coordinated and controlled in science-based MNCs during a global downturn. There are a number of reasons for selecting pharmaceutical firms as a representative sector of science-based firms. First, pharmaceutical firms contribute significantly in terms of financial value to the world economy. Second, the sector has traditionally placed strong emphasis on technical talent. Third, the sector has experienced major merger activity, the convergence of biotechnology and organic chemistry in conjunction with the impact of the global downturn. Fourth, global pharmaceutical firms face an increasingly competitive global environment where technical know-how, R&D and innovation are important to achieve sustained competitive advantage, given the threat from generics and demand for cheaper drugs.

Before reporting and discussing the study findings, the paper discusses the three theoretical perspectives and their prescriptions for GTM. Second, a methodology section discusses data collection, the sample of firms included in the study and the issues investigated during the data collection phase of the study. The paper then focuses on the presentation of the key research findings, the significance of the findings and the implications for practice. According to the findings, GTM can help global firms: (1) cope with the intensity of the global downturn and simultaneously manage downsizing, expansion and globalisation issues and (2) prepare firms for growth post-recession. However, specific coordination and control issues emerged in managing the GTM function. The three theoretical perspectives combined with the study methodological approach provide a more granular and detailed understanding of GTM in global pharmaceutical firms and the challenges that are encountered in managing a global HR functional activity to achieve alignment during a downturn.

GTM and the global downturn: theoretical perspectives

Research on HRM has produced several theoretical perspectives to understand the importance and role of functional HRM activities in MNCs. The RBV, the best-fit (or contingency) perspective and resource dependency theory provide frameworks for investigating GTM in MNCs. The RBV emphasises the importance of aligning GTM with specific organisation competencies in order to achieve and sustain competitive advantage (Barney 1991). The best-fit (or contingency) perspective focuses on the need to match GTM to prevailing conditions in a specific sector or organisation and rejects the notion of a one best way of doing things in all contexts (Delery and Doty 1996). The resource dependency perspective is based on the assumption that an MNC is unable to generate all of the resources necessary to survive and grow, and therefore depends on other actors to provide these resources (Pfeffer and Salancik 1978). It highlights the dependence of a subsidiary on the parent company in shaping GTM policy and controlling its implementation throughout the MNC. These three perspectives highlight a number of dimensions or characteristics of MNCs that should be explored in order to understand their impact on GTM functional activities during the global downturn.

International strategy of the MNC and GTM

The RBV predicates competitive advantage on the capacity of the MNC to acquire, develop and maintain idiosyncratic resources that are rare, difficult to imitate and are not substitutable. Functional HR activities are viewed as strategies to ensure that the MNC’s human resource capabilities meet these characteristics. Human resources provide MNCs with unique
managerial challenges, in that there are significant subtleties around the acquisition and development of capabilities. The RBV provides the foundation for the assertion that MNCs should continue to invest in GTM in times of global downturn because it will enhance the performance of human resources to achieve strategic objectives. It is also useful to understand the contributions of individual HR practices. A number of studies have highlighted the importance of talent in the pharmaceutical sector. Deng et al. (1997) found that motivated, organised and creative scientists were vital for innovation and competitiveness in the context of the science content of patients. Innovative human resources are considered a particularly rare and valuable resource in turbulent times. A study by Rigby et al. (2009) found that innovative talent tended to be right-brained thinkers, who possessed raw intelligence and were highly motivated. They contributed to the innovative capacity of firms and ultimately their competitiveness. Santoro and McGill (2005) found that scientific talent was particularly important in the context of biotechnology products where there is less than 1% chance of commercialisation.

A best-fit (or contingency) perspective argues that HR functional activities such as GTM can contribute to the achievement of international strategy; however, this perspective rejects the one size fits all approach. Consistent with a best-fit perspective, GTM should be carefully aligned to the MNC’s business strategy; and, not all talent is of equal value in achieving that strategy. In terms of international strategy, pharmaceutical firms have increasingly shifted from a fully integrated industry, largely focused on the USA and EU markets, to an industry that utilises more decentralised business models and which competes in the global market place. This strategic shift requires key talent that possess the skills to work in joint ventures, manage strategic alliances and work across subsidiaries. Consistent with the best-fit perspective, particular categories of human resources are of greater value in achieving international strategy. In pharmaceutical firms, scientific, regulatory and compliance human resources are particularly valuable. Scientific human resources facilitate and enable innovation, whereas regulatory and compliance human resources are vital to ensure Food and Drug Administration (FDA) approval (Coombs, Mudambi and Deeds 2006). Leadership talent is highlighted as a particularly challenge for pharmaceutical firms. Unique skills required of leadership talent in this sector include working in joint ventures and across divisions, cultures and countries, skills in managing teams of scientists, redesigning business strategies and managing high performance (Steiner et al. 2007).

Resource dependency theory focuses on the degree of interdependency between subsidiaries and HQs, and between subsidiaries of the MNC. In the context of GTM, it suggests that MNCs will utilise talent developed in one part of the MNC to create competitive advantage in other parts. MNCs therefore have a greater requirement to coordinate their GTM activities. They will also be less dependent on the local environment to source talent. They will make use of international managers, expatriates and mobile managers. Taylor, Beechler and Napier (1996) suggested that the international competitive strategy of the MNC will determine how responsibilities for GTM are structured and organised, and operational responsibilities between subsidiary and HQs are allocated. In times of global downturn, it follows that GTM will be more tightly coordinated at the centre in order to deal with changing strategic conditions, ensure better alignment with international strategy, control talent costs and make more effective use of scarce talent resources.

**Characteristics of the MNC**

A number of studies highlight the maturity of the MNC, and external and internal characteristics as important when making decisions about GTM (Dowling 1989). Consistent
with the RBV, mature MNCs will likely adopt a more long-term view of GTM. They will also have a more diverse set of GTM practices and exert less control from the centre. Schuler, Dowling and De Cieri (1993) highlighted that more mature MNCs were better at dealing with complex issues and changes in economic conditions due to accumulated expertise. Where the MNC has significant expertise, it will be more likely to let the subsidiary have an input into the types of GTM practices that are implemented at a local level. Paradoxically, global pharmaceutical firms are considered late adopters of GTM activities and may therefore not possess maturity in the implementation of such practices (Steiner et al. 2007). Consistent with the best-fit perspective, pharmaceutical MNCs will be concerned with aligning GTM with firm strategy, in acquiring, developing and retaining leadership talent, developing high potential leaders for the future and managing an integrated global talent pool (Cooper 2007; Bartlett 2009).

The best-fit (or contingency) perspective highlights the role of external characteristics and suggests that the links between GTM and performance may be stronger in particular industries. This perspective highlights the importance of the cultural and institutional contexts within which global pharmaceutical MNCs operate (Paauwe and Boselie 2007). Pharmaceutical firms, in addition to coping with the global downturn, have had to cope with a complex external set of factors such as increased regulation, the expiry of patients on blockbuster drugs, poor drug pipelines, consumer demands for cheaper drugs and the emergence of powerful competitors due to mergers and acquisitions (Harris 2009; Hewlett 2009). Internally these firms are characterised by significant hierarchy, an abundance of rules and processes, slowness in responding to change and conservatism in adopting new HR practices.

Management values, orientation and commitment to GTM

MNCs are characterised by an ‘administrative heritage’ (Bartlett and Ghoshal 1987). This broad administrative heritage will be manifested in the power structures between subsidiaries and HQs, the history of decisions on GTM and HR issues, the perceptions of top management with respect to GTM and the extent to which people are considered a source of competitive advantage (Beechler and Yang 1994; Bae, Chen and Lawler 1998). Where there is a strong culture and commitment by top management to HR practices, MNCs will place more emphasis on the internal development of talent. The beliefs of top management concerning the importance of human resource competence will be relevant in explaining commitment to GTM in times of global downturn. Where there is a strong belief in the value of people, this will be reflected in a strong commitment to GTM (Nylon, Harzing and Mirza 2007).

Global orientation is highlighted as an important characteristic of top managers in MNCs. Taylor, Levy, Boyacigiller and Beechler (2008) found that managers who possessed a global orientation were more likely to face the challenges associated with a global downturn and address them effectively. They are also more likely to inculcate trust in other internal actors because they are perceived as capable of guiding the MNC through the challenges presented by the global downturn. However, in line with the key propositions of RBV, GTM is not a strategic resource of itself, but rather it is a functional activity to be used by MNCs to achieve and sustain competitive advantage (Wright, Dunford and Snell 2001). GTM practices represent important building blocks to enable employees and leaders cope with uncertainty and manage crises more effectively. GTM practices increase the capabilities and motivation of managers and employees to engage in behaviours that are conducive to a firm’s success (Day 1994). Farris and Cordero (2002) found that strategically focused initiatives such as GTM enhanced the capacity of human
resources to be innovative and they enabled firms to move a drug from discovery to market quickly. A study conducted by the Corporate Executive Board (2009) found that during the global downturn, 19% of firms were described as talent champions. They demonstrated strong commitment to GTM and were successful in executing it during the recession.

Control of GTM processes during the global downturn

A central issue when making decisions regarding GTM in times of global downturn focuses on the level of autonomy given to subsidiaries to make decisions on talent management (Nylon et al. 2007; Navrbjerg and Minbaeve 2009). Resource dependency theory postulates that where there is high resource dependency, this will lead to a need for greater control. In times of global downturn, the need to control talent resources will be significantly higher; therefore, the MNC will exert greater control over critical talent resources and will do so through formal mechanisms. Standardised approaches to HR implementation will be more highly valued during times of uncertainty (Walsh 1996). However, the extent of control will vary ranging from situations where HQ makes decisions about the policy dimensions of GTM and imposes headcount restrictions, and the subsidiary has discretion over operational aspects of GTM to one where HQ exercises control over all dimensions of GTM. Consistent with resource dependency theory, global HR functions will utilise a variety of mechanisms to facilitate or enable coordination and control. These include meetings of talent or HR managers from different subsidiaries at global and regional levels (Farndale and Paauwe 2005); direct reporting relationships between subsidiary talent management functions and the function at regional or global level (Ferner et al. 2011); the use of HRIS systems such as the Intranet, SAP HR or PeopleSoft, emails to monitor talent management metrics (Farndale and Paauwe 2007), the control of talent costs, the use of international talent task forces, virtual forums, networking and periodic meetings (Bjorkman and Lervik 2007) and much clearer delineation of GTM policy and practice issues that can be addressed at corporate, regional and subsidiary levels (Tregaskis, Clover and Ferner 2005).

Method

Study design

In order to explore the issues highlighted in the literature, nine case firms were selected within the pharmaceutical sector based on their having adopted GTM practices for a minimum of 5 years prior to this study. In order to select the sample, each firm was audited against the definitional criteria for GTM set out in this paper. This method of case selection is considered purposeful. Consistent with the multi-actor approach discussed in this paper, 120 key informant interviews with individuals who had responsibility for talent management in nine global pharmaceutical firms were undertaken. The actors interviewed as part of this study held comparable positions in each firm and had accumulated considerable experience in implementing GTM. Standard semi-structured interview guides included open-ended questions to frame the interviews and facilitate probing for additional information were used. The original interview guides were piloted with a sample of talent management specialists and other actors in one of the study firms. A qualitative design was appropriate given the exploratory nature of the study. The study design enabled the researcher to capture the complexity and multi-dimensional nature of the issues under investigation. Study participants were assured that their voluntary participation would remain anonymous. Table 1 summarises the study participants. Table 2 provides details on the study firms.
Organisational case studies

The case studies (Yin 1984) consisted of interviews with key informants, combined with the collection and study of documents related to each firm’s talent management processes. The sample of respondents was drawn from local plants in Ireland, regional HQs in Europe and Asia and corporate HQs in the USA, the UK and Switzerland. Questions explored the importance of GTM to the achievement of international strategy during the global downturn, the particular GTM issues that were unique to the sector, the commitment of top management to GTM and the control and coordination issues encountered in implementing GTM throughout the MNC during the global downturn. The fieldwork was undertaken over a period of 2 years (September 2008 to June 2010). Each interview focused on the respondent’s organisational role in respect of GTM within the firm. The sample in each case organisation consisted of a vertical slice of respondents. Priority was given to four levels of responsibility within each firm: strategic decision makers at corporate and regional levels; HR professionals at corporate, regional and subsidiary levels responsible for the design and implementation of talent management practices; functional managers in subsidiaries and leaders who experienced talent management activities within the firm.

Analysis

Interviews were audiotaped and professionally transcribed with extensive field notes used to support the interview process. A standard set of talent management documentation was collected from each firm including policy statements, talent management frameworks and documentation, as well as samples of completed talent management documentation were collected. In total, 35 examples of talent management documentation were analysed. The interview process yielded 120 transcripts and over 650 single-spaced pages for analysis. The analyses consisted of the use of the constant comparative method of qualitative data analysis (Glaser and Strauss 1987) Appropriate techniques to code the data including axial coding were used (Strauss and Corbin 1998). This process involved the generation of broad themes and the identification of extracts across the interviews that illustrated these themes. This was repeated until no more new themes emerged. The transcripts and findings were discussed with research colleagues as the study progressed. This iterative process enabled new themes to emerge and be explored in subsequent interviews and case studies. Both deductive and inductive methods were used in the analysis of the data. Prior to coding the data and based on a review of the literature, a potential list of themes that were expected to be found was constructed. Each transcript was scrutinised in detail to inductively advance the coding process. The documentation collected was used to

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
<th>%</th>
</tr>
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<tbody>
<tr>
<td>Case study informants</td>
<td></td>
<td></td>
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<tr>
<td>Executive level informants</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Director level informants</td>
<td>21</td>
<td>17.5</td>
</tr>
<tr>
<td>HR professional informants</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>Functional manager level informants</td>
<td>10</td>
<td>19.5</td>
</tr>
<tr>
<td>Individuals subject to talent management informants</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Total key informants</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>
understand the intentions of firms’ GTM processes and achieve insights into policy and practice issues.

Results

An overall finding is that a significant number of global pharmaceutical firms included in the study have continued to invest in GTM. Some firms had increased their investment, whereas others had cutback on particular aspects of talent management such as talent acquisition. Corporate level executive respondents were asked the following question as part of the study: ‘How has your overall level of commitment to and investment in GTM changed over the past 2 years?’ Three firms indicated that they had increased their investment in GTM; four firms have maintained their existing investment and two firms reported significant cutbacks on a variety of GTM activities. In the analysis that follows,
the four major themes that emerged are explored in detail. Each of these themes was analysed across informants, therefore supporting the validity of the findings.

**Role of GTM in the achievement of international strategy**

Consistent with the RBV respondents emphasised the need to utilise talent more effectively to sustain competitive advantage during the global downturn. Specific sub-themes that emerged from the data analysis included: the alignment of talent with changed strategic priorities; an increased focus on the flexibility, quality, cost and innovativeness of talent to achieve international strategy; the challenges of dealing with major organisational and structural design issues; and the use of talent to support merger and acquisition activity. These sub-themes reinforce the notion that during the global downturn, growth and competitive success can be achieved through human resource capabilities that are valuable and rare to meet current strategic challenges.

Alignment of GTM with business strategy emerged as a major issue in this study. As a senior executive in Medico explained:

> In times of economic downturn the typical response is to focus on efficiency, cut costs, sales and customer service and get rid of non-priority expenditures. This however would be a mistake. Recession is an opportunity as well as a threat. We need to be more agile and find better ways to deliver value. R&D can never be compromised in this firm. We are experiencing significant difficulties with our drug pipeline. We need to have the talent to be effective and efficient in our drug development. Our talent needs to be agile, flexible and willing to address the challenges that we face. (Executive, Medico)

Respondents acknowledged that the process of alignment was difficult to achieve during the downturn. They highlighted a variety of conflicts in implementing current international strategy. These included managing innovation while controlling costs; partnering across business unit boundaries while also building cohesiveness within the MNC; openness to new ideas and risk taking while also focusing on regulatory compliance; encouraging diverse perspectives while also making difficult strategic decisions that lead to positive change; and building employer brand while at the same time controlling the cost of talent. A corporate level executive in Ventico explains some of these conflicts this way:

> In a time of economic uncertainty we have realised that simplicity and focus are key to succeeding. Our industry is full of rules, processes and unsustainable complexity. This all adds cost and frankly stifles innovation. We have used the global downturn to drive meaningful cost reduction but not at the cost to the morale of our people. (Executive, Ventico)

Respondents considered GTM to make an important contribution to managing several dimensions of international business strategy (Table 3 identifies the priority strategic issues highlighted in the study). They acknowledged that these challenges were compounded by the global downturn. A corporate level executive in Visionco summarises the complexity of this challenge:

> Our most important challenge is that of strategic renewal. We are challenged to change as fast as the environment around us is changing. In many ways we did not focus on renewal when the economy was doing good. However, the economic downturn has seen our business model challenged like never before. Our biggest challenge will be the need to compete in increasingly competitive and crowded markets. (Executive, Visionco)

Therefore in line with the RBV, global MNCs in the pharmaceutical sector viewed the adoption of GTM during the global downturn as a strategy to achieve competitive differentiation. They sought to align their GTM strategy with international strategy.
GTM issues in pharmaceutical MNCs

Consistent with the best-fit perspective, the internal and external contexts of global pharmaceutical firms highlighted particular challenges for GTM. Respondents identified a number of GTM issues within the sector including the major erosion of the EVP, major declines in employee engagement, disappointing leadership effectiveness in dealing with the downturn, significant leadership skill gaps, initiation of actions to enhance alignment of GTM with strategy, insufficient investment in GTM during the boom and a perception of a significant lag in the adoption of GTM compared to other sectors.

Three dimensions of the employer value proposition emerged from the data analysis: a significant decline in discretionary effort by employees and leaders, an increased tendency for the disengaged to stay and an increased probability that high potential and highly engaged leaders would quit the organisation. The HR director of Hyperco described it this way:

We have seen employee engagement decline by almost 30% over a two year period (2007–2009). We consistently monitor employee engagement and therefore have the data. The declining disengagement has created major problems for us. We have managers who are not skilled in managing disengaged employees. Our performance management process is finding it difficult to cope. I continually get asked questions by senior leaders concerning how to address it. Solutions are not easy to find. (HR Director, Hyperco)

HR specialists highlighted employee engagement as a major talent management priority during 2010 and 2011. A senior subsidiary manager in Pharmaco described the problem this way:

A key priority for the next six months is to improve employee engagement. We cannot afford to offer financial incentives. We are not doing enough, however, our options are limited. We measure engagement but that is not of itself sufficient. (Senior Manager, Pharmaco)

The effectiveness of leaders emerged as another GTM issue. The most salient sub-themes were as follows: the need for changed leadership competencies, disappointing leadership effectiveness in coping with the downturn, increased risk aversion by leaders and major gaps in leadership bench strength. The need for leaders to develop different types of competencies was also reported. A middle-level subsidiary manager in Mspco described the new competency requirements this way.

**Table 3. Strategic priorities facing the study firms (n = 9).**

<table>
<thead>
<tr>
<th>Key strategic priority</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerating time to market</td>
<td>Pharmaco, Medico, Pharmachem, Biochem, Visionco, Ventico, Hyperco and Mspco</td>
</tr>
<tr>
<td>Pursue strategic acquisitions related to core business</td>
<td>Ventico, Visionco, Biochem, Mspco and Medico</td>
</tr>
<tr>
<td>Increased use of outsourcing and co-sourcing</td>
<td>Pharmaco, Pharmachem, Biochem, Ventico and Mspco</td>
</tr>
<tr>
<td>An increased focus on managing key customers and accounts</td>
<td>Mspco, Hyperco, Visionco, Limbco and Biochem</td>
</tr>
<tr>
<td>Proactive communications with lenders, analysts and rating agencies</td>
<td>Biochem, Visionco, Pharmaco, Pharmachem and Mspco</td>
</tr>
<tr>
<td>Increased focus on strategic alliances and mergers</td>
<td>Mspco, Visionco, Pharmachem and Hyperco</td>
</tr>
<tr>
<td>Divestment of non-performing businesses</td>
<td>Limbco, Vertico and Mspco</td>
</tr>
<tr>
<td>The movement of operations to low-cost locations</td>
<td>Biochem, Visionco, Mspco and Pharmaco</td>
</tr>
<tr>
<td>More strategic hires to address business deficiencies</td>
<td>Hyperco, Visionco and Biochem</td>
</tr>
</tbody>
</table>

**GTM issues in pharmaceutical MNCs**

Consistent with the best-fit perspective, the internal and external contexts of global pharmaceutical firms highlighted particular challenges for GTM. Respondents identified a number of GTM issues within the sector including the major erosion of the EVP, major declines in employee engagement, disappointing leadership effectiveness in dealing with the downturn, significant leadership skill gaps, initiation of actions to enhance alignment of GTM with strategy, insufficient investment in GTM during the boom and a perception of a significant lag in the adoption of GTM compared to other sectors.

Three dimensions of the employer value proposition emerged from the data analysis: a significant decline in discretionary effort by employees and leaders, an increased tendency for the disengaged to stay and an increased probability that high potential and highly engaged leaders would quit the organisation. The HR director of Hyperco described it this way:

We have seen employee engagement decline by almost 30% over a two year period (2007–2009). We consistently monitor employee engagement and therefore have the data. The declining disengagement has created major problems for us. We have managers who are not skilled in managing disengaged employees. Our performance management process is finding it difficult to cope. I continually get asked questions by senior leaders concerning how to address it. Solutions are not easy to find. (HR Director, Hyperco)

HR specialists highlighted employee engagement as a major talent management priority during 2010 and 2011. A senior subsidiary manager in Pharmaco described the problem this way:

A key priority for the next six months is to improve employee engagement. We cannot afford to offer financial incentives. We are not doing enough, however, our options are limited. We measure engagement but that is not of itself sufficient. (Senior Manager, Pharmaco)

The effectiveness of leaders emerged as another GTM issue. The most salient sub-themes were as follows: the need for changed leadership competencies, disappointing leadership effectiveness in coping with the downturn, increased risk aversion by leaders and major gaps in leadership bench strength. The need for leaders to develop different types of competencies was also reported. A middle-level subsidiary manager in Mspco described the new competency requirements this way.
We are way too slow in our decision making. Decision making needs to be much faster. The reality is that the Pharma industry makes decisions too slowly. We need leaders who can operate in an environment that is complex and uncertain. At this time we do not have enough of these leaders. (Middle Manager, Mspco)

A subsidiary HR director in Pharmachem described the leadership effectiveness issue this way:

The Pharma industry is very traditional. It finds it difficult to make tough decisions and ask people to do things differently. These are the skills that leaders require at this time. Unfortunately we do not have enough leaders who possess these types of skills. Some pharma firms have only recently woken up to this reality. (Director, Pharmachem)

A number of challenges were reported around the development of leadership talent. These included the time taken to develop soft competencies, difficulties in getting managers to take ownership for leadership development and a lack of creativity in the use of development strategies. A subsidiary HR business partner in Limbco described some of these issues this way:

It is a speed issue and frankly we did not start in time. We have consistently relied on formal courses and these have not worked. I have spent months trying to convince the director of my business unit to think about strategies such as job assignments, structured coaching, mentoring and personal development plans. I have yet to get the resources. I need to implement them. (HR Business Partner, Limbco)

Table 4 summarises respondents’ perceptions of GTM priorities during the global downturn. The four most frequently reported priorities were (1) seeking strategic leadership hires to fill competency gaps, (2) using innovative incentives to retain key leadership talent, (3) implementing leadership mobility programmes and (4) retaining technical talent resources.

A corporate level manager in Biochem described current GTM priorities this way:

The turbulence of the past two years has taught us that we need to build flexibility into our leadership and technical talent pool. We have not sufficiently focused on our talent pipeline. We need to reach outside our organisation and industry to attract a diverse pool of leadership skills. We need to think about talent management issues differently. (Manager, Biochem)

Table 4. GTM priorities of study firms ($n = 9$).

<table>
<thead>
<tr>
<th>Talent management priority</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seek strategic leadership hires to fill competency gaps</td>
<td>Pharmaco, Medico, Pharmachem, Ventico, Limbco, Biochem and Mspco</td>
</tr>
<tr>
<td>Use of development opportunities to retain key leadership talent</td>
<td>Mspco, Hyperco, Venticco, Biochem, Visionco, Pharmaco and Limbco</td>
</tr>
<tr>
<td>Acceleration of leadership mobility initiatives</td>
<td>Visionco, Biochem, Pharmachem, Pharmaco, Medico and Mspco</td>
</tr>
<tr>
<td>Retention of technical talent resources</td>
<td>Medico, Biochem, Pharmachem, Visionco, Venticco and Mspco</td>
</tr>
<tr>
<td>Retention of high-performance leadership talent</td>
<td>Venticco, Hyperco, Limbco and Visionco</td>
</tr>
<tr>
<td>Management of an integrated global talent pool</td>
<td>Pharmaco, Medico, Pharmachem and Hyperco</td>
</tr>
<tr>
<td>Managing global careers</td>
<td>Hyperco, Venticco, Biochem, Mspco and Medico</td>
</tr>
<tr>
<td>Implementation of a global approach to succession management</td>
<td>Mspco, Venticco and Biochem</td>
</tr>
<tr>
<td>Development of high potential leaders for global positions</td>
<td>Pharmaco, Medico and Mspco</td>
</tr>
</tbody>
</table>
Pharmaceutical firms are late adopters of talent management practices. One respondent, a senior executive in a subsidiary of Visionco described it this way:

We have been slow in adopting many leading edge talent management practices such as formalised talent assessment processes, talent scaling, high potential programmes and strategic senior leadership development programmes. It takes us ages to get things done. I continually recommend to the executive team in my business unit that we have to do things differently. All I get is excuses and a concern that day to day operations will be compromised. (Executive, Visionco)

Retaining technical talent for R&D and compliance roles emerged as a major priority. Respondents highlighted that this would grow in significance as pharmaceutical firms look beyond the blockbuster model. Technical capability gaps are difficult to address given the short supply of such talent. Respondents highlighted the importance of having a more diverse set of skills such as working with regulatory and government institutions, working with third parties and addressing the challenges of attracting young talent arising from cynicism about the pharmaceutical industry in general.

The development of a global talent pool emerged as a lower level GTM priority. The focus on divisions and local units rather than on the global level may be explained in a number of ways highlighted by respondents. Leaders within the sector have a strong business unit and silo focus and are slow to learn from other parts of the business. In some of the firms studied, there was no role at corporate level that focused on identifying the future leaders for the firm. Management succession was difficult to plan and business units found it increasingly difficult to attract R&D and post-doctoral specialists.

The alignment of GTM processes with strategic priorities emerged as a strong theme for respondents across all firms in this study. Eight of the firms studied had implemented competency frameworks or leadership behaviour frameworks to guide and inform GTM strategy, policy and practice. In three of the firms, a strong corporate or global competency framework for leadership positions was in operation; however, this was less likely to be the case for professional, technical or functional competencies.

Executives and senior leaders, in particular, highlighted issues directly related to the downturn. The downturn has created the need to reappraise talent supply and to focus on the costs of talent. The need to focus on new business models and new partnerships has highlighted key deficiencies in the leadership population. A subsidiary HR manager in Mspco suggested that:

Pharmaceutical firms are traditionally very self-sufficient and inward looking. They are slow to challenge the status quo. This had advantages but now it is a major disadvantage. As a result many of our leaders are not sufficiently aligned with what we have to deal with now. Leaders in the pharmaceutical industry in my experience are not capable of addressing the current complex market and environment. (HR Manager, Mspco)

Organisational culture issues were highlighted as a key reason for the lack of strategic alignment. This culture limits the thinking of leaders, and as a result they find it difficult to deal with unconventional ideas or approaches. A senior manager in a subsidiary of Biochem described it this way:

We continually talk about the need to be innovative but in reality we are not. We have continually avoided making the difficult decisions. The global financial crises should represent an opportunity for us to transform how we operate. However, I doubt that our executives are willing to make the changes required and not do so at the pace required. (Senior Manager, Biochem)

The findings on GTM issues specific to the pharmaceutical sector suggest that the sectoral dimension of the best-fit approach has relevance in explaining the complexities of delivering GTM during a global downturn.
Top management values and commitment to GTM during the global downturn
Consistent with the RBV, this study investigated dimensions of administrative heritage within the nine firms that supported or restricted GTM. Of particular salience were the values of top managers and their commitment to GTM. Executives reported significant risks associated with not attending to GTM. In times of uncertainty, highly talented individuals will search for firms offering the greatest short-term rewards. Approximately 50% of the executives interviewed reported that GTM was mission critical to the firm’s success in the future. An example of a firm with a strong commitment to GTM was Biochem. A senior executive at corporate HQ in this firm observed:

Talent represents the future for our firm. We are a major biotech player and need a supply of both technical and leadership talent. We need a leadership pool that will avoid the pursuit of tactical objectives at the expense of our broader business portfolio. It is important that we articulate a clear vision concerning our talent requirements and our broader business goals. (Executive, Biochem)

Some executives reported that the global downturn had brought talent management issues to the fore. An executive in Ventico described the challenge this way:

We have only recently realised that talent management strategies are critical to our future growth. We have had some talent management practices but to date they were not integrated or clearly linked to business objectives. We have not been sufficiently global in our thinking about talent. This will be a key challenge for us in the next three years. (Executive, Ventico)

The imperatives of achieving business growth in a highly competitive environment were a significant driver of commitment to talent management. The following extract from a corporate HQ executive in Pharmaco captures this theme effectively:

We are at risk if we do not continue to invest in global talent management. I can think of several risks: We will be unable to attract emerging talent and we risk the possibility of losing top performers. We ultimately must remain competitive in the marketplace. This I believe we can only achieve if we actively manage talent. (Executive, Pharmaco)

A corporate level executive in Pharmaco also emphasised the dynamics of competition as the basis for supporting investment in GTM. He reported:

Talent management is on our Board agenda. We will not grow unless we have the talent necessary in this industry. We need the best scientists in the business, the best regulatory and compliance talent and most important of all, we need leaders. These are and will remain our priority. (Executive, Pharmachem)

Some executives reported a more short-term view. This view is best exemplified in the views of an executive from Ventico:

Talent management is something of a luxury at this time. Time is an issue in our industry. Our customers demand products in time and at the highest level of quality. Talent management must take the back seat in these circumstances. (Executive, Ventico)

The findings do, however, reveal that top management in the MNCs studied generally reported positive beliefs concerning the importance of GTM. Their beliefs were driven by the view that talent is a source of competitive advantage.

Coordination and control of GTM during the global downturn
Resource dependency theory highlights issues related to control, integration and co-ordination of GTM policies and practices within MNCs. Respondents highlighted five particular aspects of control and co-ordination: use of formal control mechanisms, an increased focus on both the reporting and controlling of GTM costs to regional and
corporate HQ, greater use of social control mechanisms such as networking, project
groups and virtual teams, the implementation of a standardised GTM policy framework
across all subsidiaries and increased monitoring of GTM policy implementation.

The increased emphasis on formal control in the form of seeking approval for talent
management initiatives in the subsidiary is revealed in the data. A corporate HR
professional in Limbco describes this requirement as follows:

We have insisted on a formal reporting relationship between HR in the subsidiary and HR at
regional and global level for all major decisions in respect of talent management. This is
particularly so in the case of talent acquisition costs. This was less the case in the past;
however, we have had to tighten things up considerably. (HR Professional, Limbco)

Respondents reported that the corporate and regional HR function was not ready for
the global downturn and did not know how to respond to issues in structural terms. A high
potential manager described the problem this way:

We have a very ineffective HR group at global and local levels. They continually tell us they
do not have the time, the resources or the skills to deliver what we need. We have a talent
management process that is all systems and paperwork. It is not however in tune with the
current realities of the business. (High Potential Manager, Pharmachem)

Respondents reported that the global downturn has resulted in greater involvement by
HQ in operational GTM decisions in subsidiaries. A HR professional in a subsidiary
described it this way:

I have seen a lot of tightening up in the past two years. We have less discretion on operational
talent management issues in the subsidiary. HQ is making sure that our GTM framework
aligns with global policy and that we seek approval if we wish to deviate from it. We have to
seek approval for any decision that does not readily fall within the policy framework. It is
often a no answer when we look for exceptions. (HR Professional, Medico)

Another perspective on the involvement of HQ in GTM in the subsidiary is revealed in
these comments from a corporate HQ HR professional in Biochem.

We have taken a number of steps to tighten up our talent management processes. We have
instituted an internal audit process that will occur on a half-yearly basis. We have also begun
to make more input on specific talent decisions in each subsidiary. All subsidiaries are now
required to report a set of talent metrics on a quarterly basis. Our desire is to ensure that
policies are implemented in a consistent way throughout the corporation. (HR Professional,
Biochem)

Respondents emphasised the need to control the cost of talent acquisition and talent
costs in general. This problem is illustrated by an executive in Hyperco:

We have had a major wake-up call as a result of the recession. We have lots of people in the
wrong place; too much talent at the wrong price. We overpaid for talent in the good times.
When we have sought to reduce the cost of our talent, but have encountered a lot of push back
from the subsidiary. (Executive, Hyperco)

However, this view contrasts with that reported by a director in Mspco:

We are increasingly cost conscious but still seek top quality talent. We must think of it as
a long term investment. We are in something of a bind because other competitors will pay the
price. I am fully convinced that top talent will help us grow into the future. (Director, Mspco)

Respondents provided numerous examples of increased use of networking and social
control mechanisms during the global downturn. These included more frequent meetings
at regional and global HQ, increased use of email and corporate Intranets, and the
increased use of HR information systems. A subsidiary HR director in Hyperco describes
these information-based mechanisms this way:
I have attended many meetings at corporate HQ to discuss global talent and other HR issues. The frequency of these meetings has increased considerably when you compare it to five years ago. This has brought a lot of additional work involved in travel, in responding to requests for information. I attribute these additional meetings to the difficult times that we are in. (HR Director, Hyperco)

Another subsidiary director described the increased number of meetings and greater networking this way:

We have numerous taskforces in operation analysing talent management issues. We hold monthly conference call meetings that I participate in to monitor talent costs. I am required to prepare a quarterly report for regional and corporate HR that addresses key talent metrics. They have really upped the ante on date collection and analysis. (Director, Pharmaco)

The findings on coordination and control reveal an increased usage and intensity of both formal and informal control mechanisms.

**Discussion and conclusions**

In this paper three theoretical perspectives were used to understand GTM in a selected sample of global pharmaceutical firms during the global downturn. The findings highlight how GTM is important to achieve key business objectives such as innovation, R&D, utilisation of new technology and sustained competitive advantage and to manage the competing demands of the global downturn. The study findings are based on the observations of multiple actors and they provide four relevant contributions to the IHRM literatures.

First of all, the paper extends our understanding of how global pharmaceutical firms view a functional HR activity such as GTM during a global downturn. Consistent with the RVB, global MNCs reported significant levels of commitment to continuing their GTM activities. The global downturn has not necessarily led to major cutbacks in the investment that global pharmaceutical firms make in GTM. Given the need to operate in and be competitive in the global marketplace, the majority of firms in this study have either continued to invest in GTM at the same level as was the case prior to the recession, or they have increased their level of investment. The reasons for this continued investment primarily focused on concerns about the difficulties in attracting high potential talent, the challenges of retaining top performers, the need to have a strong leadership pipeline and, most important of all, the concern that business growth needed to be sustained. As the RBV suggests, global pharmaceutical firms acknowledge that talent is an important source of competitive advantage, a key factor driving business performance during the recession and a key lever in helping the firm to grow when the recovery starts. Competitive advantage emerged as a major driver of continued investment in and commitment to GTM.

This suggests that the pressures to remain competitive will drive investment in GTM irrespective of economic conditions. Global MNCs seek to sustain competitive advantage during the global downturn by continuing to implement GTM practices that have proven effective during the boom period. The data provide evidence that this investment in GTM was sustained; however, the talent management priorities were different.

Consistent with the best-fit (or contingency) perspective, the study found evidence that global MNC will differ in how they approach GTM during times of recession. Given the internal and external contexts in which these firms operate, the study found that MNCs will give differential emphasis to components of GTM. A number of MNCs concentrated on leadership talent pools, whereas others focused on the attraction and retention of technical talent. MNCs varied in how they prioritised succession management, the management of poor performing talent and the amount of time that executive boards devoted to GTM.
issues. The study findings reveal important differences between global MNCs that increased their investment in GTM during the global downturn and those that decreased their investment. Firms that increased their investment in GTM during the recession placed particular priority on addressing technical and leadership talent deficiencies, hiring new talent and managing talent performance. Firms that decreased their investment in GTM acknowledged that they did not respond as quickly as they could to the global economic crisis. This slow response was attributed to leadership deficiencies, too much reliance on traditional ways of doing things and too much focus on local and divisional GTM issues rather than global ones. Firms that were less committed to GTM viewed it as something driven by HR departments or considered it as to be a luxury that could not be sustained in difficult economic times.

Consistent with the best-fit (or contingency) perspective, global pharmaceutical firms prioritised technical, regulatory and leadership talent to be particularly important to the achievement of strategic objectives by virtue of their fit with the strategic priorities of the firm. This lends support to the findings of the HR architecture literature and in particular the need to develop this talent internally. These talent groups make a unique contribution to the competitive advantage of global pharmaceutical MNCs during times of global downturn.

Consistent with the findings of resource dependency theory, the study revealed that a variety of coordination and control mechanisms that were important to the effective management of GTM practices during times of global downturn. Many coordination and control mechanisms were highlighted including regional and global meetings of HR professionals, increased formal and informal communication, meetings and networking and increased use of the Intranet. Formal mechanisms such as HQ decision making, the requirement to report to regional and global HQ and centralised resource allocation processes were increasingly used. The findings reveal the importance of information gathering and dissemination to ensure that subsidiaries worked within GTM frameworks and guidelines. MNCs sought to strike a balance between global integration of GTM and differentiation at the level of the subsidiary. A particular feature of the findings concerned the use of networking and what might be called cognitive control strategies. There was an acknowledgment in this respect that various actors could operate in a collective sense to facilitate better control. HR and talent management specialists exercised social control through their networking activities. Both regional and corporate HQs played a major role in facilitating coordination and control over the activities of the subsidiary in respect of GTM.

The study findings lend support to the view that the values and commitment of executives are significant in explaining commitment to GTM. The findings reveal strong levels of commitment in those MNCs that increased investment in GTM activities during the global downturn. This finding, while based on a small sample of MNCs, lends support to the view that executive and top management have an important role to play in enhancing the organisational culture for GTM and in influencing the beliefs of other internal actors that GTM can make an important contribution to the MNC. Where top management were committed to GTM, it resulted in a more uniform or common set of GTM policies and practices across the various subsidiaries of the MNC. MNCs included in this study were mature and had significant experience of multinationality; however, they had less experience of GTM. Overall, the findings lend some support to the tentative conclusion that the support of executives to GTM will help to sustain it as a practice during times of global downturn.
Second, the paper contributes to the literature on the globalisation of a specific HR function. The study revealed significant gaps between GTM policy statements and the extent of practice as perceived by multiple actors in each MNC. GTM as practised in pharmaceutical firms can best be described as international rather than GTM. The study firms focused on the management of a group of international employees rather than the adoption of more globalised talent management processes. Global dimensions of talent management were less frequently viewed as a top priority in the firms studied. Global pharmaceutical firms were sensitive to the needs of both the subsidiary and those of regional and corporate HQs in the implementation of GTM. The findings suggest that the role of corporate HR in pharmaceutical firms is currently focused on championing talent management processes and on ensuring that there is a supply of leadership and technical talent available to the MNC. They are also concerned with managing internal receptivity (Farndale et al. 2010). This latter role dimension focuses on creating the conditions where corporate HR has oversight of talent management processes and on how to cost-effectively develop talent to meet global challenges. To date, relatively few pharmaceutical firms have implemented GTM centres of excellence to ensure that GTM receives the appropriate level of visibility at the corporate centre.

Third, the paper makes an original contribution, in that it sheds some light on a multi-actor approach to study functional HR activities. Such an approach can provide more insight into the extent of utilisation of GTM rather than the factual availability of GTM practices. To understand perceptions of GTM in this study, respondents were asked a number of questions designed to elicit their experiences of GTM practices instead of their colleague’s or the firm as a whole. Given that the actual GTM policies and operation are similar for all employees, how they are experienced represents an important dimension of their translation from policy to practice. The study methodology was effective at surfacing actors’ perceptions and attitudes, as well as their feelings of how GTM operated within the firm. The interview data revealed that although MNCs may have a uniform GTM policy for all employees, differences in how it operates stem from differences in respondents’ perceptions rather than differences in the actual GTM practices offered to employees. Different actors are likely to interpret the same GTM practices differently. Therefore, it suggests that MNCs should spend time managing actors’ perceptions as these may be beneficial to the effective implementation of GTM. The study findings also lend some support to the view that the interactions of multiple actors are important in managing the conflicts or duality found in MNCs. Characteristics of actors that emerge as important include perceived HR expertise, relationships, trust and involvement in decisions.

Fourth, the study findings provide insights concerning the GTM issues that are specific to science-based organisations. The focus of this study was pharmaceutical firms. This sector meets the requirements of being a well-defined industry with unique labour market conditions, business strategies and technologies. These characteristics resulted in these firms adopting GTM activities that are distinguishable in four ways: (i) a strong focus on the acquisition, development and retention of technical talent; (ii) a significant lag in leadership talent acquisition and development and mobility; (iii) the internal development of technical and leadership talent and (iv) an emphasis on international rather than GTM. The study findings revealed similarity of GTM priorities across the firms studied. This may be explained by the similarity of strategic challenges that these firms face such as the development of emerging markets, the management of major mergers and acquisitions and the need to leverage knowledge to support globalisation.

Since the paper is explorative rather than conclusive, a number of study limitations are highlighted. First, despite the attention paid to selecting the sample, the analysis conducted
is exploratory and it does not provide support on the relationships between the three perspectives and the practice of GTM. It would, therefore, be necessary to use a quantitative research design to unravel the potential relationships. The sample consisted primarily of firms that had continued to invest in GTM. The findings do however highlight avenues for future research. Potential areas of research should focus on more fully understanding policy–practice gaps and the theoretical perspectives that may best explain these gaps. There is a gap to be filled in understanding the extent to which formal control mechanisms are used during difficult economic times. There is also scope to understand country of origin effects. The study design consisted of US-owned multinationals, so it is not possible to draw any conclusions from the findings reported here. The MNCs studied came from the well-developed economies, so it would be useful to explore these findings in the context of MNCs from lately developed or developing countries. Other questions that can be addressed are as follows: Do, for example, more formal controls become more prevalent during periods of economic crises? How do differences in organisational culture and management style influence control and coordination mechanisms? It is also possible that the cultural and structural characteristics of pharmaceutical MNCs such as an abundance of formal rules, strong hierarchy and limited use of empowerment explain the use of particular coordination and control mechanisms. More research can be undertaken on the influence of top management values towards people and GTM and other HR practices in times of crises. How, for example, do other actors perceive these values and what implications do they have for how they perceive the effectiveness of HR practices? The findings revealed in this study may apply to other science-based industries and firms. However, it is important to be aware of the risks of over-generalisation. It would, therefore, be prudent to conduct research to study GTM in other science-based sectors to see whether these findings are replicated.

For GTM practitioners, the findings suggest a number of issues that need to be taken into account when managing GTM issues during times of global downturn. GTM practitioners will face difficult choices concerning how best to gain the commitment of top management to sustain investment in GTM. They also have to make choices concerning the most appropriate mechanisms to ensure an effective balance between corporate control and flexibility within the individual subsidiary. The study revealed the use of a multiplicity of mechanisms, in particular the value of networking and other forms of social and cognitive control. It is likely that such mechanisms will operate more effectively where there is a strong belief in the value of GTM at corporate level within the MNC.

References


