



Aalto University  
School of Business

# People management in multinational organizations

26E03400, 6 ECTS



Aalto University  
School of Business

# Global Talent Management: Case KONE

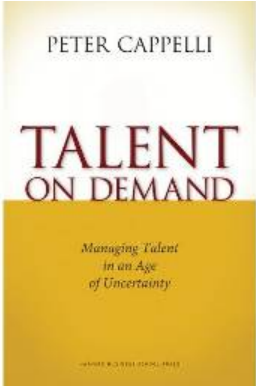
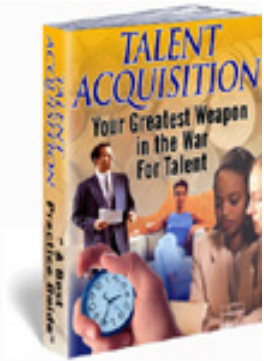
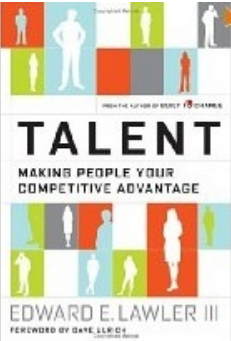
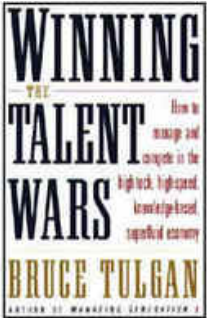
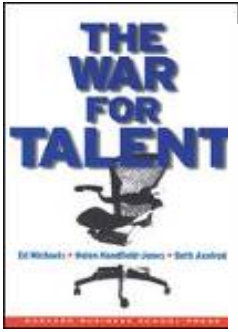
## Session 8

**Ingmar Björkman**

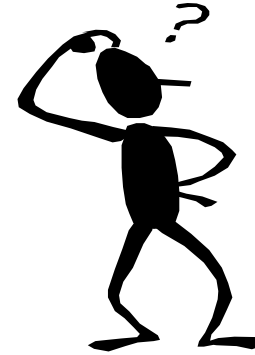
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March 21, 2019





*But what is meant by  
Talent  
Management?*



# What is Talent?

'Individuals - and teams - likely to have a significant impact on the future performance of the organization'

(high performers in positions that are key to the competitive advantage of the firm)

# And what is Talent Management?



Adapted from:  
Stahl, Björkman, et al. (2012)  
MIT Sloan Management Review

# Acquiring Talent

What is the company's **Value Proposition** to potential (and current) employees that:

*(i) Is enticing?*

*(ii) Makes you stand out from others?*  
**(Differentiation is key!)**

*(iii) Helps you get & keep the right people?*

# The Employee Value Proposition



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***Differentiation?***



# Southwest Airlines



**WORK IN A  
PLACE WHERE  
ELVIS HAS  
BEEN SPOTTED.**

**Founder-CEO  
Herb Kelleher !**

No doubt about it, Southwest Airlines has a distinct personality. For instance, how many major airlines have the King of Rock and Roll for a CEO? Or pilots who do impersonations, flight attendants who sing or ticket agents who do stand-up comedy?

And how many have a success story to rival ours? In fact, we're one of the fastest growing companies around, which means we're always looking for more fun-loving, friendly people.

The qualifications? It helps to be outgoing. Maybe even a bit off-center. And be prepared to stay awhile. After all, we have the lowest employee turnover rate in the industry. We also offer outstanding growth opportunities, profit sharing and lots of neat places to live. If this sounds good to you, just phone our jobline at (214) 904-4803 or just send your resume to P.O. Box 36611, Dallas, Texas 75235-1611, Attention: Elvis.

If you come aboard, we can't promise a free Cadillac, but there's a good chance you'll meet the King if he's dressed as Blueberry. Ignore him. We're trying to break him of that!

**SOUTHWEST  
AIRLINES**

World-class researchers → High-class Teaching + Societal contribution

*How to attract (and keep) great professors to a place with high taxes, low salaries, cold climate, a difficult language?*

## Value proposition that is consistently communicated & lived up to

- Some **world-class scholars** as **magnets**, supported by top notch visiting professors
  - Great access to **research data**: from public sources, from firms
  - Generous **funding**: to invite international guests, collect data, take part in conferences, etc.
  - Heaps of **PhD students** to collaborate with
  - **Research-oriented environment** with very high level of ambition, success valued
  - **Top performers supported** (awards, research funds, co-affiliation OK, ex.ed. work)
  - Comparatively **modest "teaching loads"**, working with smart students
- (Safe and clean national environment with very good, free educational system)

***Why would anyone want to work for Your Organization (or unit)?***



# Talent Management at Kone

1. Critically evaluate KONE's global talent management activities. What kinds of improvements should KONE still make?
2. How would you describe the challenges KONE is facing in China?
  - a) What should KONE do in China?
  - b) Should KONE transfer some of its talent management practices in China to other parts of the global corporation?

# Questions in TM



- **Whom** to include?
- **What** is assessed, leadership potential vs. other (strategically) important competency areas?
- **What** to use as input?
- How **strictly** to enforce criteria **across** individuals, units, **countries**?
- Current leaders and high potentials
- Traditional focus on leadership potential but increased emphasis on identifying individuals with strategically important functional competencies ( $\Delta$  Strategy  $\rightarrow$ )
- Assessment of future potential based largely on data from the performance management system
- Global blueprints, criteria, and tools, with some local adaptation
  - China partial exception e.g. concerning language skills



# High Potential Criteria

## Performance

- Consistently strong ratings (3 or 4) in Performance Appraisal (What and How)  
Especially the HOW (values and leadership behavior for those in managerial positions)
  - Decision Making
  - Executing
  - Winning through People
  - Collaborating
  - Strategic & Business Acumen

## KONE HiPo Competences

- Proactive communication
- Drive and Persistence
- Conceptual thinking
- Flexibility
- Interpersonal sensitivity
- Self confidence

## Basic requirements

- Strong educational background (at least BSc-level degree or equivalent)
- Fluent English
- Typically from Grade 4-5 (IPE 50-57)
- Enough time in KONE (>6 months) to demonstrate performance and behaviors

## Motivation to become a leader

- Interest and ability to accept cross-functional or cross-border assignments
- Self-awareness and learning agility i.e. motivation and capability to learn and develop
- Stretching beyond responsibility of current role (geographically or functionally)
- Mobile
- Growth capacity: Current +1 or +2

# Questions in TM



- **How** and by **whom** is the assessment of individuals done?

## Leadership and Talent Review Workshops

- Done by management teams supported by HR at least once per year across different levels and units with involvement of the next level
- Posters with pictures and personal data used as tool for collecting participant input for discussions
- Leading up to concrete succession and individual development plans



# Questions in TM



- **How to avoid biases** (gender, function, education, nationality, etc.) due to social capital and patterns of cloning?
- **Transparency?** Will you let the 'chosen ones' know?
- Over-emphasis on identification **at expense of development** (through challenges in line with the 70:20:10 principle)?
- Involve people from different backgrounds
- Target % with different backgrounds (gender, education, nationality, external)  
+ Executives meet local talent during visits, move people around
- "High potentials"/"talent" are not (at least not formally but many know!) informed about their status
- Individual development plans are followed up as part of performance management system and "the way we do things"



# Strategy, capabilities, people/talent mgt. strategy

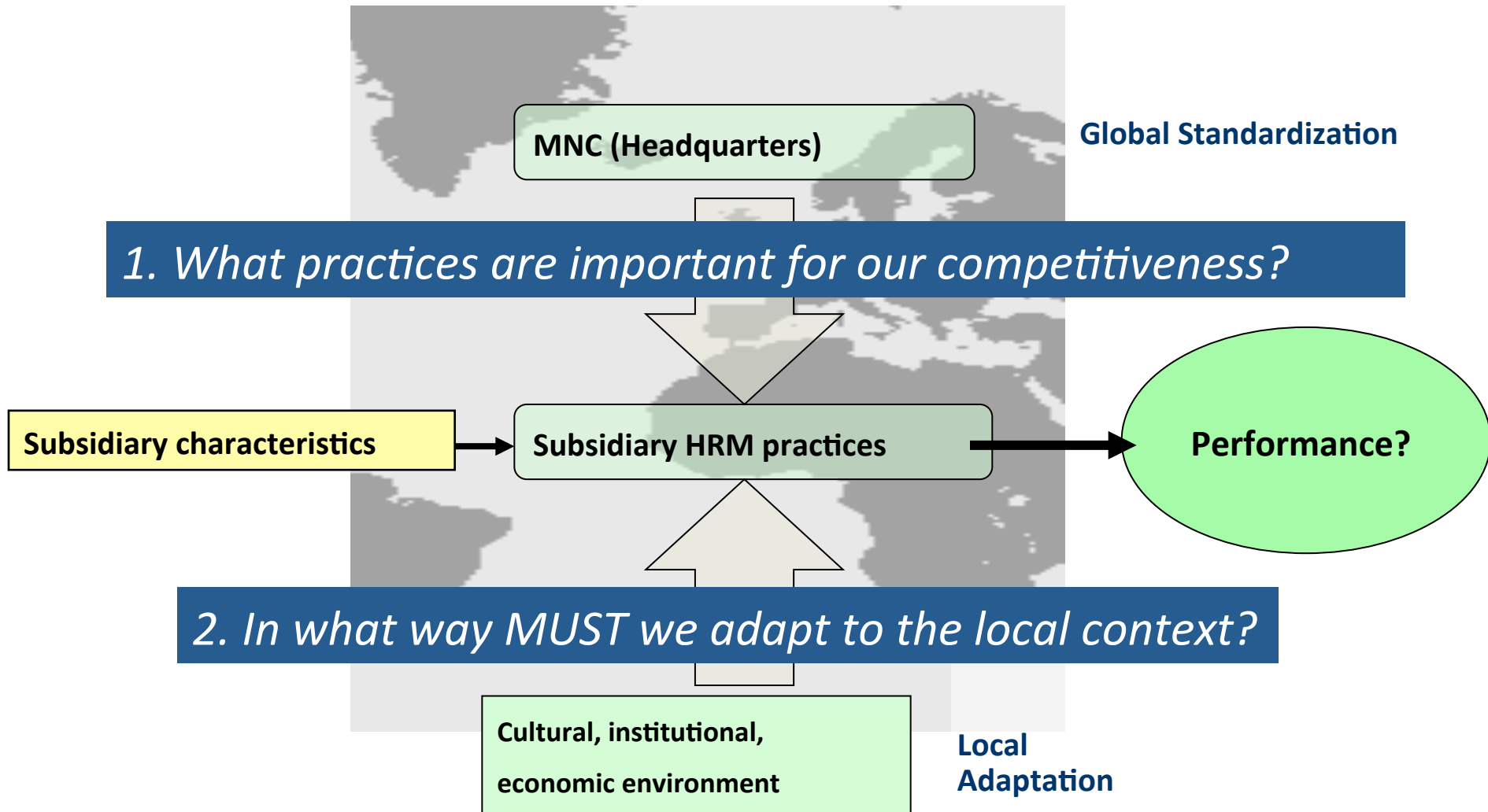
What is our business model (strategy)?  
How do we deliver value to **customers**?

What are the enabling and differentiating  
organizational **capabilities**?  
(A capability can be observed – but must be  
valuable, rare, difficult to imitate)

What kind of **people/talent mgt. strategy**  
can create **competitive** advantage?  
[What human capital is required? What kind of  
social architecture (org. culture, social capital?)]



# HRM and the 'global-local dilemma'



# Talent Development

Adapted from Professor Paul Evans, INSEAD

*What are the most important ingredients in management/leadership development?*

Formal training

Self-development

Coaching

Mentoring

Formal feedback sessions

# **CHALLENGES**

Experience

Responsibility

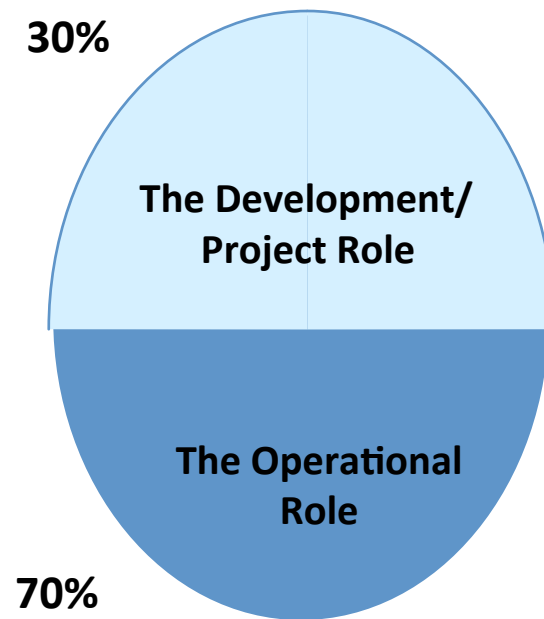
# Challenges

- **Scope:** Increase in numbers of people, € and functions to manage
- **Cross-functional assignments:** Moving to a job where one has little expertise, learning how to set an agenda & get results through people
- **International assignments:** Dealing with diversity, a new context and often conflicting objectives and demands
- **Starting from scratch:** Building something from nothing
- **Change projects:** Fixing or stabilizing a failing operation
- **Project/task force assignments:** Working in 'split eggs' - with other experts, defining objectives, and working collectively to deliver a result

# The Importance of (Cross-Boundary) Project Assignments: Working in « Split Egg Ways »

What knowledge & skills can one learn in this way?

- New subject-specific knowledge
- Team-work & team management skills
- Delegation and related people-management skills
- Exercising leadership without authority
- Virtual and distance management skills



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**Removing expertise under their feet force people to lead!**

***How to get people to take on challenges?***

# ***How to get people to take on challenges?***



- Expectations clearly communicated to employees
- Top management as role models, line managers as coaches and mentors
- Max. tenure in position, especially for high potentials (though not too short)
- All positions well advertised internally – ‘open labor market’ and superiors not allowed to resist rotation
- Yearly targets for cross-unit rotation that are followed up
- HR (Talent Management) manager internal headhunter for open positions

# *What Happens if There is Too Much Mobility in Leadership development?*

## **The pathologies of** *job rotation*

- Leads to too much change and not enough continuity – if taken too far
- People are growing up to become zig-zag managers!
  - Become good at starting change projects
  - Sometimes people have never led deep change and finished off anything – had to live the consequences of their actions



# Challenges

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*How to get people to take on challenges?*

***But what about the risks?***

# The 70-20-10 Principle

Challenge

**X**

People risk  
Management  
(support)

**70%**

- On-the-job experience
- Assignments
- Projects

**20%**

- Coaching
- Feedback
- Support
- Relationships
- Mentoring

**10%**

- Training

1. Helps people learn from/make sense of past experience
2. Helps build human (and social) capital and confidence to act in the future

# Have They Proven Themselves through **Hardship Testing?**



Business failure & mistakes: Ideas that fail, deals that fall apart

Demotions, missed promotions, poor jobs

Confronting subordinate performance problems

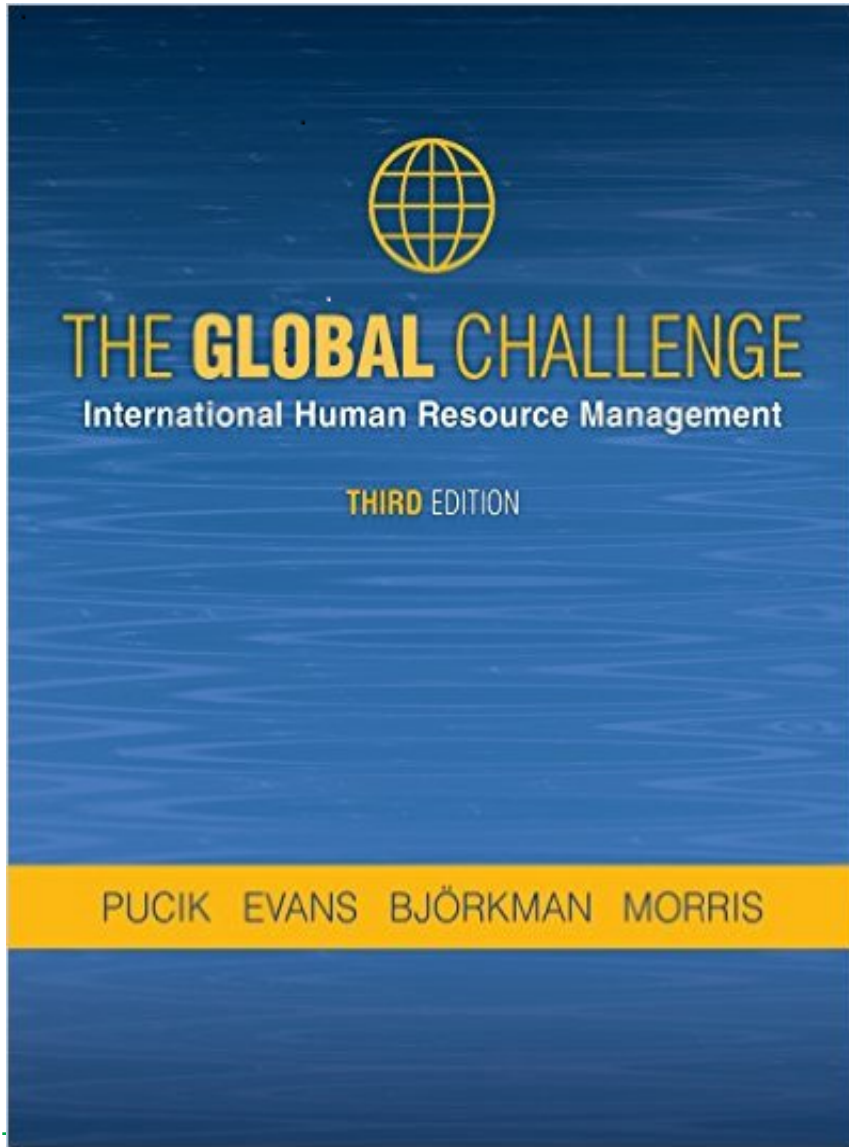
Breaking a rut: Taking on a new career in response to discontent with the current job

Personal trauma: crises such as being fired, divorce, illness, or deaths of close ones

**Demonstrating internal locus of control, developing emotional resilience + perhaps learning from it all**

# And what is Talent Management?





**For anyone interested in learning more about strategic people management issues in multinational corporations, see:**

Pucik, V., Evans, P., Björkman, I., and Morris, S. (2017). *Global Challenge: International Human Resource Management*. Chicago: Chicago Business Press. Third edition.

[https://www.amazon.co.uk/GLOBAL-CHALLENGE-International-Resource-Management/dp/0983332495/ref=sr\\_1\\_6?ie=UTF8&qid=1471520473&sr=8-6&keywords=the+global+challenge+international+human+resource+management](https://www.amazon.co.uk/GLOBAL-CHALLENGE-International-Resource-Management/dp/0983332495/ref=sr_1_6?ie=UTF8&qid=1471520473&sr=8-6&keywords=the+global+challenge+international+human+resource+management)



# The next session

## Session 9: Challenges of work-life integration in multinationals

Guest speaker: Juha Äkräs

Readings:

Christensen, C. M. (2010). How will you measure your life? *Harvard Business Review* 88(7-8), 46-51.

