People management in multinational organizations

26E03400, 6 ECTS
Acquiring and developing talent

Session 10
Agenda for today

- Reflections on company visit to Reaktor
- Talent management: Introduction
- Class discussion of global talent management at KONE Corporation led by Ingmar Björkman (final assignment)
Reflections on the company visit to Reaktor

• How would you describe Reaktor’s corporate culture and how is it reinforced?
• How do you view the role of HR in Reaktor compared to more traditional companies?
• How is talent managed at Reaktor?
• Was there something that surprised you?
Reinforcement of corporate culture

Source: Adapted from Adler (1991)
For Session 11: Global leadership development

- Class starts at 9:00 am, not 9:15 am
- Guest Natasha Pokidko, Account director, Aalto Executive Education
- Reading by Björkman, I., and Mäkelä, K. (2013). Are you willing to do what it takes to become a senior global leader? Explaining the willingness to undertake challenging leadership development activities. European Journal of International Management, 7(5), 570-586 has been replaced by book chapter on developing global leaders
- Please, review the course material for the course wrap-up: you will be in charge of it!
Course readings for today


• KONE case
Talent Management

Ingmar Björkman
March 28, 2017
Why the interest in ’Talent Management’?

• Conviction that individuals differ widely in their performance
• Market for talent is becoming more transparent & efficient
• Organizational commitment cannot be taken for granted
• Shifting demographics: drop in the 35- to 50-year-olds
• Widespread failure to promote female & foreign managers
• Continued globalization of firms, markets, and education
  ➔ need staff with global & local understanding (global mindset)
  ➔ need to respond to competition from new competitors
  ➔ talent exist in surprising places, but also talent gaps that need to be filled
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)
What is Talent Management?

- Integrated and aligned (more or less formal) **Process** consisting of talent:
  1. **Acquisition**: employer branding, recruitment & selection
  2. **Review** → **talent pool inclusion** (of part of the workforce)
     - based primarily on *performance appraisals*
     - sometimes *adherence to company values*
     - but also assessment of *future potential*
  3. Development
  4. Retention

- Linked & aligned with **Strategy** and valuable, rare, difficult to imitate **Organizational Capabilities**
  → What kind of talent (competencies) do we need?

- Embedded in the **Org. Culture**: what really is valued, done
Several key shifts have tilted the traditional balance of power toward employees:

– Shift in talent supply and demand creates opportunities for skilled people

– Low cost of alternative employment search (e.g., corporate websites, monster.com, Facebook, LinkedIn)

– Reduced “switching costs” (OK to have had a significant number of employers, increased mobility)

Increasingly employees will know their worth and opportunities.

Consequently, unless the firm has a superior employee value proposition, it will find itself struggling to attract and keep top talent.
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?**
Figure 6–3: The Employee Value Proposition

- **Company**
  - Values
  - Culture
  - Strong results
  - Exciting challenges

- **Leaders**
  - Integrity
  - Focus on people
  - Career development
  - Respected boss

- **Rewards**
  - Affiliation
  - Work content
  - Career
  - Indirect financial
  - Direct financial

- **Job**
  - Freedom
  - Autonomy
  - Exciting tasks
  - Growth/Development

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- **Focus on people**
- **Career development**
- **Respected boss**
Talent Acquisition

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

**(i) Is enticing?**

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

+ Presence & contribution expected in-house, visits at leading foreign universities encouraged
+ Internal social capital building with professors (f-to-f meetings, faculty retreats, etc.)

Why would anyone want to work for Your Organization (or unit)?
Talent reviews and –pools

• From ”everyone is important” to more focus on ’A Players’: High performers in positions that make a performance difference
• Becoming more formalized
• Typically different pools at different hierarchical levels (but firms increasingly also have functional talent pools)
  Top management
  Middle management
  High potentials

Talent pool inclusion typically two-stage process:
(1) Appraisals part of the Performance Management cycle
(2) Talent Reviews & decisions done by management teams supported by HR
# The 9-Box Framework of NOVARTIS

## Performance Objectives

### Exceeded Expectations
- Superior Results/Unsatisfactory Behavior
- Exceptional Performer, Recognized as Role Model

### Fully Met Expectations
- Good Results/Unsatisfactory Behavior
- Strong Performer (Fully Acceptable Level of Performance)

### Partially Met Expectations
- Unsatisfactory Performer
- Superior Behavior/Unsatisfactory Results

### Values/Behaviors
- Partially Met Expectations
- Fully Met Expectations
- Exceeded Expectations
Pushing the Right Button: Global Talent Management at KONE Corporation
Talent Management at Kone

0. What do you see as particularly good in KONE’s talent management system?

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?
MEGATRENDS
Urbanization
Demographic change
Safety
Environment

STRATEGIC TARGETS
Great place to work
Faster than market growth
Best financial development
Leader in sustainability

KONE delivers the best People Flow® experience

DEVELOPMENT PROGRAMS
First in Customer Loyalty
A Winning Team of True Professionals
The Most Competitive People Flow® Solutions
Preferred Maintenance Partner
Top Modernization Provider

HIGH PRIORITY AREAS
Safety
Quality

VALUES
Delighting the Customer
Energy for Renewal
Passion for Performance
Winning Together
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
Dilemmas in Talent Management

• **What** to use as input? Job performance, values/norms, future potential?
• **Leadership potential vs. other** crucial competency areas?
• **How** to measure potential? «The best player doesn’t always make the best coach»
• **When** to identify potential?
• How **strictly** to enforce criteria/dimensions across individuals, countries?
• **Transparency**? Do the ‘chosen ones’ know? How to **manage expectations**?
  – Knowing that you are ’talent’ has a significant positive effect on work-related attitudes (Björkman et al., 2013), but may also lead to inflated expectations
• **How to avoid parent country & other selection biases ➔ glass ceilings** (gender, functional background, education, nationality, etc.)?
  √ Make sure that executives meet local talent during visits overseas
  √ Increase foreign staff at HQ (inpatriation) and in cross-unit projects
  √ Targets #/% persons with different background (diversity mgt.)
• **Who is accountable for identification?** HQ or local units? HR or line?
• Over-emphasis on identification **at the expense of development?**